

**PRESS RELEASE**

“Price sensitive” press release in compliance with the Finance Act and Consob Regulations

**GRUPPO EDITORIALE L'ESPRESSO S.P.A.**

*The Board of Directors approves results as of March 31, 2011*

**CONSOLIDATED REVENUES, GROWING BY 4%,  
AMOUNT TO €222,2MN**

**OPERATING PROFIT, GROWING BY 30%,  
AMOUNTS TO €27.6 MN**

**NET INDEBTEDNESS REDUCED TO €108,4 MN  
(€135MN AT END 2010)**

ESPRESSO GROUP FINANCIAL RESULTS AS OF MARCH 31, 2011

<b>(€mn) Consolidated data</b>	<i>Jan-Mar 2010</i>	<i>Jan-Mar 2011</i>	<i>Delta% 2011/2010</i>
<b>Revenues, of which:</b>	<b>213.6</b>	<b>222.2</b>	<b>+4.0%</b>
• circulation	88.1	88.2	+0.1%
• advertising	121.6	127.6	+5.0%
• other revenues	3.9	6.3	+62.1%
<b>Gross operating Profit</b>	<b>30.4</b>	<b>36.8</b>	<b>+20.9%</b>
<b>Operating Profit</b>	<b>21.2</b>	<b>27.6</b>	<b>+30.0%</b>
<b>Pre-tax Profit</b>	<b>20.4</b>	<b>23.8</b>	<b>+16.8%</b>
<b>Net Profit</b>	<b>12.1</b>	<b>13.1</b>	<b>+8.1%</b>

<b>(€mn)</b>	<i>December 31 2010</i>	<i>March 31 2011</i>
Net Financial Position	(135.0)	(108.4)
Shareholders' Equity including minority interests	543.3	557.1
• Shareholders' Equity	539.4	553.2
• Minority interests	3.9	3.9
Employees	2,789	2,792

*Rome, April 20, 2011-* The Board of Directors of Gruppo Editoriale L'Espresso S.p.A. met today in Rome under the chairmanship of Mr. Carlo De Benedetti and approved the Consolidated Financial Statements as of March 31, 2011.



## MARKET OUTLOOK

The Italian economy scenario of year 2010 was characterized by weak signs of growth and scarce visibility over the macro-economic perspectives, and this situation is stretching over year 2011.

This framework reflected over the advertising market that, in the first two months of year 2011, has recorded a 2% decline vis-à-vis the corresponding period of 2010 (Nielsen Media Research).

Performance - even if still of very little meaning as this is the first two-month-period of the year - has resulted quite uneven in the various economic sectors and media: the Internet is the only medium which has markedly increased (+15.5%), while radio and TV have substantially confirmed their performances of the corresponding period of year 2010 (+1% and -0.5%, respectively), and the publishing sector has still suffered a decline (-7.4%).

More specifically, daily newspapers sales have recorded an 8.7% decline, both in national (-12.8%) and in classified advertising (-4.5%); a more limited, still noticeable, decline has involved the periodicals sector (-4.3%).

As regards circulation, the only data (Fieg) available on daily newspapers show that, in the first two months of 2011, total circulation has confirmed a substantially stable situation (-0.4%).

## COMMENTS ON THE ESPRESSO GROUP RESULTS IN THE FIRST QUARTER OF 2011

The Group's **consolidated revenues** amount to €222.2mn, increasing by 4% vis-à-vis the first quarter of 2010 (€13.6mn).

**Circulation revenues** amount to €88.2mn, in line with the corresponding period of the previous year (+0.1%).

The performance of circulation revenues shows that sales of *la Repubblica*, periodicals and add-on products have confirmed their stable resiliency; circulation of local daily newspapers has recorded a more limited result, still, its impact on revenues has been more than largely offset by the price increase applied, early in the year, to 7 of the Group's 18 local titles.

**Advertising revenues**, equal to €127.6mn, have increased by 5% over the first quarter of year 2010, bucking the trend with respect to the critical market performance.

The publishing sector, as regards both daily newspapers and periodicals, has shown good resistance (+0.3%), in an area that is still suffering (-7.4% in February); the improved situation reflects the good performance of *la Repubblica* and the successful relaunch of *L'Espresso*.

The Internet advertising sector has realized a very positive evolution, recording a 15% increase in line with this sector dynamics. After substituting *All Music* tv station at the end of year 2009, and attaining a definite increase (+29.4%), *DeejayTv* has maintained its lively trend, confirming that the channel repositioning has proved valuable.

Lastly, radio advertising sales, including third-party sales, were up 3.6%

**Other revenues**, equal to €6.3mn, have increased by over 50% with respect to the first quarter of 2010, thanks to the first outcomes of the renting of terrestrial digital frequency bands to third operators.

**Total operating costs** have recorded a 1% increase, fully ascribable to the development of digital editions and terrestrial digital network; costs of the traditional *core business* (publishing and radio), after a 17% reduction realized at December 31, 2010, are showing a further 1% decline, as structural reductions of costs have offset increases in paper costs, postal service, and higher promotion costs aimed at supporting products.

The **consolidated Gross Operating Profit** amounts to €36.8mn, increasing by 20.9% vis-à-vis €30.4mn of the first quarter of 2010.

The **consolidated Operating Profit** amounts to €27.6mn, increasing by 30% with respect to €21.2mn of the corresponding period of the previous year, and shows profitability equal to 12.4% (9.9 % in the first quarter of 2010). All the Group's main activities have improved.

**Net financial expense** is €3.8mn vis-à-vis €0.8mn in the first quarter of 2010, which had recorded capital gains from disposal of investments equal to €3.5mn.

The **consolidated Net Profit** has realized a €13.1mn profit, as compared to €12.1mn in the first quarter of 2010.

**The consolidated financial position** shows further considerable improvement, from -€135mn at the end of 2010, to -€108.4mn as of March 31, 2011, with a €26.6mn net cash flow (€3.2mn in the first quarter of 2010).

At the end of March 2011, the **Group staff** - including term contracts - totaled 2,792 people, in line with end of 2010 results. The average staff of the period is 5.9% lower than in the first quarter of 2010.

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Alessandro Alacevich, Central Director of Finance Administration, *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 delle Finanze (Finance Act), states that the accounting information included in this press release corresponds to the documented results, the books and the accounting records.

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## SUBSEQUENT EVENTS AND OUTLOOK

The first months of 2011 are again disclosing a difficult market situation for the publishing sector, characterized by stagnation of the advertising sector, and circulation dynamics that are confirming the same slight erosion experimented over the latest years, even if mitigated by a renewed interest in print products.

The persistence of a low growth of economy and the scarce visibility over the macro-economic perspectives do not enable to foresee any market trend which could be notably different from the present ones.

In this framework, as the improving results of the first quarter are showing, the Group is going on with the activity aimed at fighting against any unfavorable trend of the reference sector, through a series of interventions to be carried out on the traditional products, developing the digital sector, good dynamics of the concessionaire and uninterrupted attention to cost reduction.

All along the first quarter of 2011, a totally new version of *L'Espresso* was launched; the vast program to renew the Group's 18 local daily newspapers was launched starting with *Il Piccolo* and *Il Messaggero Veneto*, with interventions on formats, graphics, and full color. Finally, the launch of the new edition of *Velvet* has been implemented.

As regards the digital sector development, in the classic web was launched the new brand "D" site dedicated to the women on Tablets, while new versions of *L'Espresso* and *Velvet* have been especially conceived for these platforms.

Moreover, consistently with the plan to *switch off* towards terrestrial digital transmission, the Group is carrying out its development of network infrastructure for its two multiplexes, and the commercialization of the available transmission capability.

All the above-mentioned activities, together with the foreseen cost reduction interventions, should enable the Group - in the absence of market evolutions markedly different from the hypothesized ones - to realize a performance in revenues and results, which are improving with respect to the previous year.

### Company contacts

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## Gruppo Espresso

### Consolidated Income Statement

(€ million)	Jan - Mar 2010	Jan - Mar 2011
Revenues	213,6	222,2
Change in inventories	0,3	0,9
Other operating income	1,8	1,6
Purchases	(23,2)	(25,5)
Services received	(83,1)	(91,3)
Other operating charges	(8,0)	(3,1)
Investments valued at equity	0,2	0,3
Personnel costs	(71,2)	(68,2)
Depreciation, amortization and write-downs	(9,2)	(9,2)
<b>Operating profit</b>	<b>21,2</b>	<b>27,6</b>
Financial income (expense)	(0,8)	(3,8)
<b>Pre-tax profit</b>	<b>20,4</b>	<b>23,8</b>
Income taxes	(8,3)	(10,8)
<b>Net profit</b>	<b>12,1</b>	<b>13,0</b>
Minority interests	0,0	0,0
<b>GROUP NET PROFIT</b>	<b>12,1</b>	<b>13,1</b>
Earnings per share, basic	0,030	0,033
Earnings per share, diluted	0,028	0,030

*Not audited data*

### Consolidated Comprehensive Income Statement

(€ million)	Jan - Mar 2010	Jan - Mar 2011
<b>NET PROFIT</b>	<b>12,1</b>	<b>13,0</b>
<b>Other comprehensive income components:</b>		
Profit / (Loss) on restatement of financial assets held for disposal	0,2	(0,3)
Tax effect of Other profit / (loss)	(0,1)	0,1
<b>Other comprehensive income components, net of tax effect</b>	<b>0,2</b>	<b>(0,3)</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>12,2</b>	<b>12,8</b>
<b>Total comprehensive income attributable to:</b>		
Shareholders of the parent company	12,3	12,8
Minority Interests	(0,0)	(0,0)

*Not audited data*

# Gruppo Espresso

## Consolidated Balance Sheet

<b>ASSETS</b> (€ million)	December, 31 2010	March, 31 2011
Intangible assets with an indefinite useful life	656,4	656,4
Other intangible assets	2,2	2,1
<b>Intangible assets</b>	<b>658,6</b>	<b>658,5</b>
Property, plant and equipment	181,7	173,7
Investments valued at equity	28,6	28,9
Other investments	2,5	2,6
Non-current receivables	1,3	1,3
Deferred tax assets	33,9	32,9
<b>NON-CURRENT ASSETS</b>	<b>906,7</b>	<b>897,8</b>
Inventories	17,0	17,0
Trade receivables	234,7	219,5
Marketable securities and other financial assets	60,4	82,2
Tax receivables	10,9	11,8
Other receivables	18,8	20,3
Cash and cash equivalents	135,0	143,0
<b>CURRENT ASSETS</b>	<b>476,8</b>	<b>493,8</b>
<b>TOTAL ASSETS</b>	<b>1.383,5</b>	<b>1.391,6</b>

<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b> (€ million)	December, 31 2010	March, 31 2011
Share capital	61,5	61,5
Reserves	196,1	188,7
Retained earnings (loss carry-forwards)	231,7	290,0
Net profit (loss) for the period	50,1	13,1
<b>Group Shareholders' Equity</b>	<b>539,4</b>	<b>553,2</b>
Minority interests	3,9	3,9
<b>SHAREHOLDERS' EQUITY</b>	<b>543,3</b>	<b>557,1</b>
Financial debt	313,3	312,2
Provisions for risks and charges	40,1	39,4
Employee termination indemnity and other retirement benefits	72,0	71,4
Deferred tax liabilities	114,4	115,6
<b>NON-CURRENT LIABILITIES</b>	<b>539,8</b>	<b>538,6</b>
Financial debt	17,0	21,4
Provisions for risks and charges	35,6	33,3
Trade payables	143,9	136,4
Tax payables	22,1	29,2
Other payables	81,9	75,7
<b>CURRENT LIABILITIES</b>	<b>300,4</b>	<b>295,9</b>
<b>TOTAL LIABILITIES</b>	<b>840,2</b>	<b>834,5</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>1.383,5</b>	<b>1.391,6</b>

*Not audited data*

# Gruppo Espresso

## Changes in the Consolidated Net Financial Position

(€ million)	Jan - Mar 2010	Jan - Mar 2011
<b>SOURCES OF FUNDS</b>		
Net profit (loss) for the period, including minority interests	12,1	13,0
Depreciation, amortization and write-downs	9,2	9,2
Accruals to provisions for stock option costs	0,5	0,6
Net change in provisions for personnel costs	(4,2)	(0,5)
Net change in provisions for risks and charges	0,0	(3,0)
Losses (gains) on disposal of fixed assets	(0,0)	(0,3)
Losses (gains) on disposal of equity investments	(3,5)	-
Adjustments for investments valued at equity	(0,2)	(0,3)
<b>Cash flow from operating activities</b>	<b>13,9</b>	<b>18,8</b>
Decrease (Increase) in non-current receivables	0,0	(0,0)
Increase in liabilities/Decrease in deferred tax assets	0,0	2,2
Increase in payables/Decrease in tax receivables	6,6	6,2
Decrease (Increase) in inventories	1,3	0,1
Decrease (Increase) in trade and other receivables	14,5	13,7
Increase (Decrease) in trade and other payables	(22,5)	(5,4)
<b>Change in current assets</b>	<b>(0,0)</b>	<b>16,7</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>13,8</b>	<b>35,6</b>
Net divestments in equity investments	3,5	-
Increases in share capital and reserves	-	0,4
<b>TOTAL SOURCES OF FUNDS</b>	<b>17,3</b>	<b>35,9</b>
<b>USES OF FUNDS</b>		
Net investment in fixed assets	(8,4)	(9,0)
Net equity investments	-	(0,1)
Other changes	(0,7)	(0,3)
<b>TOTAL USES OF FUNDS</b>	<b>(9,1)</b>	<b>(9,3)</b>
<b>Financial surplus (deficit)</b>	<b>8,2</b>	<b>26,6</b>
<b>BEGINNING NET FINANCIAL POSITION</b>	<b>(208,2)</b>	<b>(135,0)</b>
<b>ENDING NET FINANCIAL POSITION</b>	<b>(200,0)</b>	<b>(108,4)</b>

*Not audited data*

# Gruppo Espresso

## Statement of Consolidated Cash Flows

(€ million)	Jan - Mar 2010	Jan - Mar 2011
<b>OPERATING ACTIVITIES</b>		
Net profit (loss) for the period, including minority interests	12,1	13,0
Adjustments:		
- Depreciation, amortization and write-downs	9,2	9,2
- Accruals to provisions for stock option costs	0,5	0,6
- Net change in provisions for personnel costs	(3,0)	(0,5)
- Net change in provisions for risks and charges	0,0	(3,0)
- Losses (gains) on disposal of fixed assets	(0,0)	(0,3)
- Losses (gains) on disposal of equity investments and marketable securities	(4,0)	-
- Adjustments for investments valued at equity	(0,2)	(0,3)
<b>Cash flow from operating activities</b>	<b>14,6</b>	<b>18,8</b>
<b>Change in current assets and other flows</b>	<b>7,3</b>	<b>19,2</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>22,0</b>	<b>38,1</b>
of which:		
Interest received (paid)	(0,1)	(0,1)
Received (outlay) for income taxes	-	-
<b>INVESTING ACTIVITIES</b>		
Outlay for purchase of fixed assets	(8,5)	(10,8)
Outlay for purchase of equity investments	-	(0,1)
Received on disposals of fixed assets	0,0	1,8
(Acquisition) sale of marketable securities and available-for-sale assets	(29,5)	(20,8)
Other changes	(0,3)	-
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>(38,2)</b>	<b>(29,8)</b>
<b>FINANCING ACTIVITIES</b>		
Increases in capital and reserves	0,0	0,4
Issue (repayment) of bond	(11,4)	-
Issue (repayment) of other financial debt	(12,8)	(0,0)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>(24,2)</b>	<b>0,3</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>(40,5)</b>	<b>8,5</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>134,4</b>	<b>134,5</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>93,9</b>	<b>143,0</b>

*Not audited data*



## Gruppo Espresso

### Consolidated Net Financial Position

(€ million)	March, 31 2010	December, 31 2010	March, 31 2011
Financial receivables from Group companies	1,4	0,2	0,2
Financial payables to Group companies	-	-	-
Cash and bank deposits	92,5	134,8	142,9
Current account overdrafts	(0,0)	(0,5)	(0,0)
<b>Net cash and cash equivalents</b>	<b>93,9</b>	<b>134,5</b>	<b>143,0</b>
Marketable securities and other financial assets	55,5	60,4	82,2
Bond issue	(282,8)	(278,0)	(280,2)
Other bank debt	(66,0)	(51,6)	(52,1)
Other financial debt	(0,5)	(0,3)	(1,2)
<b>Other financial assets (liabilities)</b>	<b>(293,9)</b>	<b>(269,5)</b>	<b>(251,4)</b>
<b>NET FINANCIAL POSITION</b>	<b>(200,0)</b>	<b>(135,0)</b>	<b>(108,4)</b>

*Not audited data*