

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

Espresso Group: The Board of Directors approves the Consolidated Financial Statements of the first quarter 2010.

- **CONSOLIDATED REVENUES, AMOUNTING TO €213.6 MN, ARE IN LINE WITH THE RESULTS OF 2009 (€215 MN)**
- **CONSOLIDATED REVENUES, NET OF ADD-ON PRODUCTS, AMOUNT TO €190.8 MN: +6.5% OVER THE RESULTS OF 2009 (€179.2 MN)**
- **CONSOLIDATED GROSS OPERATING PROFIT AMOUNTS TO €30.4 MN: +82.5% WITH RESPECT TO €16.7MN IN 2009**
- **CONSOLIDATED NET PROFIT AMOUNTS TO €12.1 MN WITH RESPECT TO €-2.5 MN IN 2009**
- **NET FINANCIAL POSITION IS €-200 MN WITH RESPECT TO €-208.2 MN OF END 2009**

SUMMARY

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 of the first quarter 2010.

MARKET OUTLOOK

In the first months of 2010, in an economic environment that - even if still uncertain - has not suffered any further deterioration, advertising investments have recorded a slight recovery.

According to the most recent data published by Nielsen Media Research, in the first two months advertising investments as a whole recorded an increase of 2.7% vis-à-vis the corresponding period of 2009 which, as it is known, was characterized by a drastic reduction of 19.5%.

However, the overall outlook leaves room to different evolutions among the various media.

Radio and TV have proven to be the most dynamic media, increasing respectively by 11.0% and 4.9%; a positive trend was also confirmed in the Internet; (+3.8%), while the publishing sector as a whole confirmed a down-turn (-4.3%).

In particular, periodicals showed a severe downward trend (-14.1%), while the advertising market of paid-for daily newspapers confirmed a slight recovery (+1.0%), with +9.8% in

national commercial advertising, stability in local advertising, and a 13.0% decline in classified advertising.

Moreover, as regards circulation, the currently available Fieg data related to daily newspapers show that the first two months of 2010 recorded a 7.6% decline in overall circulation.

COMMENTS ON THE ESPRESSO GROUP RESULTS IN THE FIRST QUARTER OF 2010

The Group's **consolidated revenues** in the first quarter of 2010 are €213.6mn, an amount substantially in line (-0.7%) with the corresponding period of the previous year (€215.0mn). Net of add-on products, the increase in revenues was equal to 6.5%.

Circulation revenues net of add-on products amount to €65.3mn, in line with €65.8mn recorded in the corresponding period of the previous year.

The performance of circulation revenues, that is not benefiting from any price increase, reflects good resilience of sales of the Group's titles. Namely both *la Repubblica* and *L'espresso* recorded slight increases in the newsstand's sales.

The overall circulation shows, on the contrary, a decline, totally due to the suppression of promotional circulation - still in place in the first quarter of 2009 - in hotels and schools (a dedicated Internet service was expressly developed for schools).

Advertising revenues, equal to €121.6mn, increased by 11.2% with respect to the first quarter of 2009; the Group's media advertising market, net of third party media and newly acquired concessions, increased by 8.4%.

Revenues are recovering in all main media, and are also showing a neatly improved evolution vis-à-vis the respective reference markets.

The Group's radio advertising market showed a two-figure increase (+24.4%) in the first quarter and a much more vigorous recovery with respect to the market.

The publishing sector shows an upward evolution (+5.2%) and involves both dailies newspapers and periodicals.

Finally, the advertising market in the Internet has grown by 18.7%, thanks also to the increased commercial dynamism that involved all the concessionaire's sectors of activity, and also to the particular success of *Repubblica.it*: in the first quarter of the year the Group's Website reached over 1.5 million daily unique users, showing again a remarkable increase over the corresponding period of the previous year (+35%).

Revenues from add-on products amount to €22.8mn, showing a 36.3% decline with respect to the corresponding period of 2009, which had displayed a remarkable concentration of initiatives entailing a corresponding concentration of revenues.

Total operating costs have been cut by 9.1% with respect to the first quarter of 2009, a performance that, also taking into account savings of the first quarter of 2009, is totally in line with the goal of the plan that, as one may recall, envisages an overall 17% reduction of costs vis-à-vis year 2008 (reference base for the formulation of the Group's reorganization plan). This result was attained without reducing the Group's product perimeter and portfolio of titles and with no damage for their related quality.

The **Consolidated Gross Operating Profit** amounts to €30.4mn (€16.7mn in the first quarter 2009) and the **consolidated operating profit** amounts to €21.2mn (€6mn in the first quarter 2009). All of the Group's divisions are improving their performances, and recording high levels of profitability both on the radio and digital platforms, positive levels on local daily newspapers and still currently recovering on *Repubblica* and periodicals, whose restructuring plans are still to be completed.

Consolidated net profit was €12.1mn, against a loss of €2.5mn in the first quarter of 2009.

The **consolidated net financial position** showed further improvement, from -€208.2mn at the end of 2009 to -€200mn as of March 31, 2010, with a financial surplus of €8.2mn.

At the end of March 2010 the **Group staff** - including term contracts - totaled 2,955 persons, that is 311 less in the last twelve months and 161 less with respect to end 2009, reflecting the effects of the ongoing restructuring plans.

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 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.

SUBSEQUENT EVENTS AND OUTLOOK

The macroeconomic framework evolution over 2010 is still characterized by large areas of uncertainty, which do not favor a neat and generalized recovery of advertising investments.

The advertising market performance in the first two months appears to be experiencing a slight recovery (+2.7%), however this is not sufficient to counterbalance the drastic cut in investments occurred in the first months of 2009 (-19.5%).

In this framework, during the quarter under consideration the Group has attained a remarkable growth of its advertising revenues, mostly thanks to the good performance of its media and the boost of the commercial organization.

All along the current year, if no changes – that are now impossible to forecast - occur in the present frame of reference, we believe that the evolution of the advertising revenues will remain positive, though it is difficult that the high level of growth recorded in the first quarter is confirmed.

Moreover, as confirmed by the results of the first quarter, the Group will gain further important positive impacts from the cost reduction plan and it is foreseeable that results over the year will improve with respect to 2009.

Finally, the Group sticks with its commitment to constantly enhance its titles and implement a powerful editorial development plan focused on the new media, that shall entail a larger distribution of its contents through all the new platforms.

RENEWAL OF AGREEMENT TO THE FISCAL CONSOLIDATION TOGETHER WITH THE CONTROLLING COMPANY CIR SPA

The Board of Directors renewed the triennial (2010-2012) agreement to participate in the consolidated Group tax regime with CIR SpA, the holding company, as the past years' experience was financially favorable with respect to the option of creating a group tax exclusively with its own subsidiaries.

REORGANIZATION OF THE EXISTING CORPORATE STRUCTURE OF THE GROUP

In the framework of the Espresso Group activities and reorganization plans already launched and aimed at enhancing efficiency and efficacy in the Group's structure, the Board of Directors approved the proposed conferral of the controlling shares held by Gruppo Editoriale L'Espresso Spa in Editoriale Fvg S.p.A. (publisher of Messaggero Veneto and Piccolo) and in Seta S.p.A. (publisher of Alto Adige"), into Finegil Editoriale S.p.A. (publishing company entirely owned by Gruppo Editoriale L'Espresso Spa and publisher - either directly or through stock held in other companies - of the Group's local daily newspapers).

Company contacts

Direzione Centrale Relazioni Esterne (Public Relations Office)

Stefano Mignanego

Tel: +390684787434

e-mail: dir-relaz-esterne@gruppoespresso.it

www.gruppoespresso.it

Gruppo Espresso

Consolidated Income Statement

(€ million)	Jan-Mar 2009	Jan-Mar 2010
Revenues	215,0	213,6
Change in inventories	(0,1)	0,3
Other operating income	2,7	1,8
Purchases	(31,5)	(23,2)
Services received	(88,7)	(83,1)
Other operating charges	(6,9)	(8,0)
Investments valued at equity	0,2	0,2
Personnel costs	(74,0)	(71,2)
Depreciation, amortization and write-downs	(10,6)	(9,2)
Operating profit	6,0	21,2
Financial income (expense)	(5,1)	(0,8)
Pre-tax profit	1,0	20,4
Income taxes	(3,5)	(8,3)
Net profit	(2,6)	12,1
Minority interests	0,0	0,0
GROUP NET PROFIT	(2,5)	12,1
Earnings per share, basic	n.a	0,030
Earnings per share, diluted	n.a	0,028

Not audited data

Gruppo Espresso

Consolidated Balance Sheet

ASSETS (€ million)	December, 31 2009	March, 31 2010
Intangible assets with an indefinite useful life	656,4	656,4
Other intangible assets	3,1	2,7
Intangible assets	659,5	659,2
Property, plant and equipment	203,6	183,2
Investments valued at equity	28,3	28,5
Other investments	2,5	2,5
Non-current receivables	1,3	1,2
Deferred tax assets	48,6	47,9
NON-CURRENT ASSETS	943,8	922,6
Inventories	23,2	21,9
Trade receivables	229,9	212,7
Marketable securities and other financial assets	25,2	55,5
Tax receivables	20,6	22,7
Other receivables	17,4	35,1
Cash and cash equivalents	135,0	93,9
CURRENT ASSETS	451,4	441,9
TOTAL ASSETS	1.395,2	1.364,5

LIABILITIES AND SHAREHOLDERS' EQUITY (€ million)	December, 31 2009	March, 31 2010
Share capital	61,4	61,4
Reserves	217,1	193,2
Retained earnings (loss carry-forwards)	201,2	231,6
Net profit (loss) for the period	5,8	12,1
Group Shareholders' Equity	485,6	498,4
Minority interests	9,8	9,8
SHAREHOLDERS' EQUITY	495,4	508,2
Financial debt	348,6	328,1
Provisions for risks and charges	40,4	40,3
Employee termination indemnity and other retirement benefits	83,9	79,7
Deferred tax liabilities	111,0	110,4
NON-CURRENT LIABILITIES	583,9	558,5
Financial debt	19,8	21,3
Provisions for risks and charges	48,8	49,0
Trade payables	147,6	128,9
Tax payables	12,7	21,4
Other payables	86,9	77,2
CURRENT LIABILITIES	315,9	297,9
TOTAL LIABILITIES	899,8	856,3
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1.395,2	1.364,5

Not audited data

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Changes in the Consolidated Net Financial Position

(€ million)	Jan-Mar 2009	Jan-Mar 2010
SOURCES OF FUNDS		
Net profit (loss) for the period, including minority interests	(2,6)	12,1
Depreciation, amortization and write-downs	10,6	9,2
Accruals to provisions for stock option costs	0,0	0,5
Net change in provisions for personnel costs	(3,2)	(4,2)
Net change in provisions for risks and charges	0,8	0,0
Losses (gains) on disposal of fixed assets	(0,0)	(0,0)
Losses (gains) on disposal of equity investments	-	(3,5)
Adjustments for investments valued at equity	(0,2)	(0,2)
Cash flow from operating activities	5,4	13,9
Decrease (Increase) in non-current receivables	0,1	0,0
Increase in liabilities/Decrease in deferred tax assets	0,8	0,0
Increase in payables/Decrease in tax receivables	3,0	6,6
Decrease (Increase) in inventories	4,2	1,3
Decrease (Increase) in trade and other receivables	46,5	14,5
Increase (Decrease) in trade and other payables	(19,8)	(22,5)
Change in current assets	34,7	(0,0)
CASH FLOW FROM OPERATING ACTIVITIES	40,1	13,8
Net disinvestments in equity investments	-	3,5
TOTAL SOURCES OF FUNDS	40,1	17,3
USES OF FUNDS		
Net investment in fixed assets	(9,2)	(8,4)
(Acquisition) sale of treasury stocks	(0,8)	-
Other changes	-	(0,7)
TOTAL USES OF FUNDS	(10,0)	(9,1)
Financial surplus (deficit)	30,1	8,2
BEGINNIG NET FINANCIAL POSITION	(278,9)	(208,2)
ENDING NET FINANCIAL POSITION	(248,8)	(200,0)

Not audited data

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Statement of Consolidated Cash Flows

(€ million)	Jan-Mar 2009	Jan-Mar 2010
OPERATING ACTIVITIES		
Net profit (loss) for the period, including minority interests	(2,6)	12,1
Adjustments:		
- Depreciation, amortization and write-downs	10,6	9,2
- Accruals to provisions for stock option costs	0,0	0,5
- Net change in provisions for personnel costs	(3,2)	(3,0)
- Net change in provisions for risks and charges	0,8	0,0
- Losses (gains) on disposal of fixed assets	(0,0)	(0,0)
- Losses (gains) on disposal of equity investments and marketable securities	-	(4,0)
- Adjustments for investments valued at equity	(0,2)	(0,2)
Cash flow from operating activities	5,4	14,6
Change in current assets and other flows	39,3	7,3
CASH FLOW FROM OPERATING ACTIVITIES	44,7	22,0
of which:		
Interest received (paid) through banks	0,8	(0,1)
Received (outlay) for income taxes	-	-
INVESTING ACTIVITIES		
Outlay for purchase of fixed assets	(9,4)	(8,5)
Received on disposals of fixed assets	0,2	0,0
(Acquisition) sale of marketable securities and available-for-sale assets	-	(29,5)
Other changes	-	(0,3)
CASH FLOW FROM INVESTING ACTIVITIES	(9,2)	(38,2)
FINANCIAL ACTIVITIES		
Increases in capital and reserves	-	0,0
(Acquisition) sale of treasury stocks	(0,8)	-
Issue (repayment) of bond	-	(11,4)
Issue (repayment) of other financial debt	(0,1)	(12,8)
Dividends (paid)	-	-
CASH FLOW FROM FINANCING ACTIVITIES	(0,9)	(24,2)
Increase (decrease) in cash and cash equivalents	34,7	(40,5)
Cash and cash equivalents at beginning of the period	120,7	134,4
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	155,3	93,9

Not audited data

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Consolidated Net Financial Position

(€ million)	March, 31 2009	December, 31 2009	March, 31 2010
Financial receivables from Group companies	-	1,4	1,4
Financial payables to Group companies	-	-	-
Cash and bank deposits	155,3	133,6	92,5
Current account overdrafts	(0,0)	(0,6)	(0,0)
Net cash and cash equivalents	155,3	134,4	93,9
Marketable securities and other financial assets	0,1	25,2	55,5
Bond issue	(310,9)	(291,7)	(282,8)
Other bank debt	(92,7)	(75,4)	(66,0)
Other financial debt	(0,6)	(0,6)	(0,5)
Other financial assets (liabilities)	(404,1)	(342,6)	(293,9)
NET FINANCIAL POSITION	(248,8)	(208,2)	(200,0)

Not audited data