

PRESS RELEASE

“Price sensitive” according to Testo Unico della Finanza (Finance Consolidation Act)
and CONSOB Regulations

GRUPPO EDITORIALE L'ESPRESSO S.P.A.

*The Board of Directors approves the consolidated financial results as of March 31,
2012*

CONSOLIDATED REVENUES AT €206.5 MN (-7.1%)

NET PROFIT AT €10.1 MN

**INDEBTEDNESS REDUCED TO €91.6 MN
(€110.2 MN AT END OF YEAR 2011)**

ESPRESSO GROUP FINANCIAL RESULTS AS OF MARCH 31 2012

Consolidated data (€mn)	<i>Jan-Mar 2011</i>	<i>Jan-Mar 2012</i>	<i>Delta 2012/2011</i>
Revenues, of which:	222.2	206.5	-7.1%
• Circulation	64.6	64.1	-0.7%
• Advertising	127.6	120.8	-5.3%
• Add-on products	23.6	14.0	-40.9%
• Other	6.3	7.6	+19.4%
Gross Operating Profit	36.8	29.6	-19.5%
Operating Profit	27.6	20.5	-25.8%
Pre-tax Profit	23.8	17.5	-26.6%
Net Profit	13.1	10.1	-23.2%

(€mn)	<i>December 31 2011</i>	<i>March 31 2012</i>
Net Financial Position	(110.2)	(91.6)
Shareholders' Equity including	565.0	576.5
• Shareholders' Equity	563.3	574.7
• Minority interests	1.7	1.7
Employees	2,673	2,644

Rome, April 23, 2012 – The Board of Directors of Gruppo Editoriale l'Espresso S.p.A. met today in Rome under the Chairmanship of Carlo De Benedetti, and approved the consolidated financial statements as of March 31, 2012.

MARKET OUTLOOK

The deteriorated economic scenario, which definitely reveals a recession phase and great uncertainty for the future, heavily rebounds on the publishing sector.

Advertising investments are experiencing sharp contraction: the first two months of year 2012 have recorded a 5.7% downturn with respect to the corresponding period of year 2011 (Nielsen Media Research).

All the traditional media have recorded a negative performance - though scarcely relevant, as it regards only the first two months of the year. The print sector has suffered a 7.1% downturn, which for TV and radio has been equal to 6.9% and 5.1%, respectively. In contrast, the Internet advertising revenues are experiencing a positive performance having increased by 12.3%.

More specifically, as far as print media are concerned, daily newspapers advertising revenues have recorded a 5.3% contraction, that is -4.7% in paid newspapers, and -24.5% in free press; periodicals have suffered a markedly more severe -11% decline.

In terms of circulation, the only available data (Fieg) on daily newspapers show a 6.3% downturn in circulation revenues as a whole.

COMMENTS ON THE ESPRESSO GROUP RESULTS IN THE FIRST QUARTER OF YEAR 2012

The Group's **consolidated net revenues** is equal to €206.5mn, decreasing by 7.1% with respect to the first quarter of year 2011 (€222.2mn). This downturn can - to a large extent - be ascribed to the performance of add-on products, which had been extraordinarily favorable over the first quarter of year 2011. Net of add-on products, downturn would have reached 3%.

Net of revenues from add-on products, **circulation revenues** amount to €64.1mn, basically in line with the corresponding period of the previous year; downturn in circulation revenues has been offset by the sale price increase applied to almost all the Group's titles.

Advertising revenues, equal to €120.8mn, have recorded a 5.3% decline during the first quarter of year 2011, in a market which experienced a 5.7% downturn in February.

In the various sectors, the performance reflects the general trend of the market: the print and the radio sectors have recorded losses equal to 8.5% and 5.2%, respectively.

In contrast, advertising sales in the Internet have realized a very positive evolution, recording a 16% increase and confirming - even in such particularly unfavorable general situation - the brilliant dynamic trend of the latest years.

Revenues from add-on products amount to €14mn, heavily decreasing (-40.9%) with respect to the corresponding period of year 2011; this poor performance reflects, on the one side, the generalized depression which affects consumer spending and, on the other side, the particular success achieved by the initiatives taken during the first quarter of the previous year.

Other revenues, equal to €7.6mn, have increased by nearly 20% with respect to the first quarter of year 2011, thanks to the increased renting of digital terrestrial television band, and to the positive growth of subscriptions to digital products.

Total operating costs have recorded a 2.7% decrease, mainly due to the new staff reduction plans implemented in the course of year 2011.

The **consolidated Gross Operating Profit** amounts to €29.6mn, decreasing by 19.5% with respect to €36.8mn of the first quarter of year 2011; net of add-on products, Gross Operating Profit would stay steady.

The **consolidated Operating Profit** amounts to €20.5mn, decreasing by 25.8% vis-à-vis €27.6mn of the corresponding period of the previous year.

The **consolidated Net Profit** has reached €10.1mn, as compared to €13.1mn of the first quarter of year 2011.

The **consolidated net financial position** has further improved, from -€110.2mn of end of year 2011 to -€91.6mn as of March 31, 2012, with a financial surplus of €18.6mn.

The **Group staff** – including term contracts – has decreased to reach 2,644 employees at the end of March that is -29 people with respect to December 31, 2011. The average staff of the period is 4.8% lower with respect to the first quarter of year 2011.

Alessandro Alacevich, Central Director of Finance and Administration, Manager in charge of drafting corporate and accounting records, pursuant to subparagraph 2 article 154bis of Testo Unico della Finanza (Finance Consolidation 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

In view of the general economic framework and negative short and medium term perspectives, the recent market performance of the first quarter of the year will most likely persist – in particular as regards advertising sales – and, presumably, further deteriorate over the second quarter of the year, being mitigated in the second part of the year, when it will face the second half of year 2011 which was already showing its weak side.

Despite all the foregoing, the Group has closed the first quarter with a significantly positive result and is confirming positive expectations through the rest of the year, even if markedly declining with respect to year 2011.

Moreover, the structural nature of the ongoing crisis requires the Group to adopt additional measures aimed at safeguarding its economic soundness over the short and medium term.

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Consolidated Income Statement

(€million)	Jan - Mar 2011	Jan - Mar 2012
Revenues	222,2	206,5
Change in inventories	0,9	0,1
Other operating income	1,6	4,7
Purchases	(25,5)	(23,5)
Services received	(91,3)	(88,9)
Other operating charges	(3,1)	(3,2)
Investments valued at equity	0,3	0,2
Personnel costs	(68,2)	(66,2)
Depreciation, amortization and write-downs	(9,2)	(9,2)
Operating profit	27,6	20,5
Financial income (expense)	(3,8)	(3,0)
Pre-tax profit	23,8	17,5
Income taxes	(10,8)	(7,4)
Net profit	13,0	10,1
Minority interests	0,0	(0,0)
GROUP NET PROFIT	13,1	10,1
Earnings per share, basic	0,033	0,025
Earnings per share, diluted	0,030	0,024

Consolidated Comprehensive Income Statement

(€million)	Jan - Mar 2011	Jan - Mar 2012
NET PROFIT	13,0	10,1
Other components of comprehensive income statement:		
Profit / (Loss) from valuation of available-for-sale assets	(0,3)	2,1
Taxes on other profits / (losses)	0,1	(0,6)
Other components of comprehensive income statement, after taxes	(0,3)	1,6
TOTAL COMPREHENSIVE INCOME STATEMENT	12,8	11,6
Total comprehensive income statement, of which:		
Parent Company's shareholders	12,8	11,6
Minority Interests	(0,0)	0,0

Not audited data

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Consolidated Balance Sheet

ASSETS (€ million)	December, 31 2011	March, 31 2012
Intangible assets with an indefinite useful life	659,8	659,8
Other intangible assets	1,8	2,9
Intangible assets	661,7	662,7
Property, plant and equipment	162,8	156,8
Investments valued at equity	28,9	29,1
Other investments	2,5	2,5
Non-current receivables	1,1	1,1
Deferred tax assets	28,9	27,6
NON-CURRENT ASSETS	885,9	879,9
Inventories	22,0	23,9
Trade receivables	248,5	219,9
Marketable securities and other financial assets	48,7	49,8
Tax receivables	10,5	5,5
Other receivables	14,1	25,8
Cash and cash equivalents	141,4	133,5
CURRENT ASSETS	485,3	458,3
TOTAL ASSETS	1.371,2	1.338,2

LIABILITIES AND SHAREHOLDERS' EQUITY (€ million)	December, 31 2011	March, 31 2012
Share capital	61,5	61,5
Reserves	183,3	178,9
Retained earnings (loss carry-forwards)	259,8	324,3
Net profit (loss) for the period	58,6	10,1
Group Shareholders' Equity	563,3	574,7
Minority interests	1,7	1,7
SHAREHOLDERS' EQUITY	565,0	576,5
Financial debt	285,1	256,0
Provisions for risks and charges	40,0	39,6
Employee termination indemnity and other retirement benefits	68,1	67,0
Deferred tax liabilities	118,2	119,3
NON-CURRENT LIABILITIES	511,3	481,8
Financial debt	15,2	18,9
Provisions for risks and charges	39,0	37,5
Trade payables	133,3	118,3
Tax payables	31,6	36,1
Other payables	75,7	69,0
CURRENT LIABILITIES	294,9	279,9
TOTAL LIABILITIES	806,2	761,8
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1.371,2	1.338,2

Not audited data

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Changes in the Consolidated Net Financial Position

(€ million)	Jan - Mar 2011	Jan - Mar 2012
SOURCES OF FUNDS		
Net profit (loss) for the period, including minority interests	13,0	10,1
Depreciation, amortization and write-downs	9,2	9,2
Accruals to provisions for stock option costs	0,6	0,5
Net change in provisions for personnel costs	(0,5)	(1,1)
Net change in provisions for risks and charges	(3,0)	(1,8)
Losses (gains) on disposal of fixed assets	(0,3)	(0,0)
Adjustments for investments valued at equity	(0,3)	(0,2)
Cash flow from operating activities	18,8	16,5
Decrease (Increase) in non-current receivables	(0,0)	(0,1)
Increase in liabilities/Decrease in deferred tax assets	2,2	2,4
Increase in payables/Decrease in tax receivables	6,2	9,5
Decrease (Increase) in inventories	0,1	(1,9)
Decrease (Increase) in trade and other receivables	13,7	17,0
Increase (Decrease) in trade and other payables	(5,4)	(16,9)
Change in current assets	16,7	10,0
CASH FLOW FROM OPERATING ACTIVITIES	35,6	26,6
Increases in share capital and reserves	0,4	-
Other changes	-	1,6
TOTAL SOURCES OF FUNDS	35,9	28,1
USES OF FUNDS		
Net investments in fixed assets	(9,0)	(9,0)
Net equity investments	(0,1)	-
(Acquisition) sale of treasury stocks	-	(0,6)
Other changes	(0,3)	-
TOTAL USES OF FUNDS	(9,3)	(9,6)
Financial surplus (deficit)	26,6	18,6
BEGINNING NET FINANCIAL POSITION	(135,0)	(110,2)
ENDING NET FINANCIAL POSITION	(108,4)	(91,6)

Not audited data

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Statement of Consolidated Cash Flows

(€ million)	Jan - Mar 2011	Jan - Mar 2012
OPERATING ACTIVITIES		
Net profit (loss) for the period, including minority interests	13,0	10,1
Adjustments:		
- Depreciation, amortization and write-downs	9,2	9,2
- Accruals to provisions for stock option costs	0,6	0,5
- Net change in provisions for personnel costs	(0,5)	(1,1)
- Net change in provisions for risks and charges	(3,0)	(1,8)
- Losses (gains) on disposal of fixed assets	(0,3)	(0,0)
- Losses (gains) on disposal of equity investments and marketable securities	-	(0,0)
- Adjustments for investments valued at equity	(0,3)	(0,2)
Cash flow from operating activities	18,8	16,5
Change in current assets and other flows	19,2	11,9
CASH FLOW FROM OPERATING ACTIVITIES	38,1	28,4
of which:		
Interest received (paid) through banks	(0,1)	0,2
Received (outlay) for income taxes	-	-
INVESTING ACTIVITIES		
Outlay for purchase of fixed assets	(10,8)	(9,6)
Outlay for purchase of equity investments	(0,1)	-
Received on disposals of fixed assets	1,8	0,6
(Acquisition) sale of marketable securities and available-for-sale assets	(20,8)	1,5
Other changes	-	-
CASH FLOW FROM INVESTING ACTIVITIES	(29,8)	(7,5)
FINANCIAL ACTIVITIES		
Increases in capital and reserves	0,4	-
(Acquisition) sale of treasury stocks	-	(0,6)
Issue (repayment) of bond	-	(28,8)
Issue (repayment) of other financial debt	(0,0)	(0,0)
CASH FLOW FROM FINANCING ACTIVITIES	0,3	(29,4)
Increase (decrease) in cash and cash equivalents	8,5	(8,5)
Cash and cash equivalents at beginning of the period	134,5	141,4
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	143,0	132,9

Not audited data

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Consolidated Net Financial Position

(€million)	March, 31 2011	December, 31 2011	March, 31 2012
Financial receivables from Group companies	0,2	0,2	0,2
Financial payables to Group companies	-	-	-
Cash and bank deposits	142,9	141,3	133,3
Current account overdrafts	(0,0)	(0,0)	(0,6)
Net cash and cash equivalents	143,0	141,4	132,9
Marketable securities and other financial assets	82,2	48,7	49,8
Bond issue	(280,2)	(261,7)	(235,3)
Other bank debt	(52,1)	(38,5)	(38,9)
Other financial debt	(1,2)	(0,1)	(0,1)
Other financial assets (liabilities)	(251,4)	(251,6)	(224,6)
NET FINANCIAL POSITION	(108,4)	(110,2)	(91,6)

Not audited data