Gruppo Editoriale
L'Espresso Spa

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 the consolidated financial results as of September 30, 2011

CONSOLIDATED REVENUES GROWING BY 2.2%, AT € 653.7 MN

OPERATING PROFIT GROWING BY 9.7%, AT € 84.3 MN

NET INDEBTEDNESS DECREASING AT € 112.4 MN
(€ 135.0 MN AT DECEMBER 2010)

ESPRESSO GROUP FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2011

Consolidated data (€mn)	*Jan - Sept 2010*	*Jan - Sept 2011*	*Δ% 2011/2010*
Revenues, of which:	639.5	653.7	+2.2%
• circulation	255.7	252.9	-1.1%
• advertising	369.3	380.7	+3.1%
• other	14.6	20.1	+37.5%
Gross operating profit	104.0	112.0	+7.7%
Operating profit	76.8	84.3	+9.7%
Pre-tax profit	67.0	73.5	+9.7%
Net profit	36.3	41.4	+14.0%

(€mn)	*September 30 2010*	*December 31 2010*	*September 30 2011*
Net financial position	(136.9)	(135.0)	(112.4)
Shareholders' Equity including minority interests	534.4	543.3	550.4
• Shareholders' Equity	524.1	539.4	548.6
• Minority interests	10.2	3.9	1.8
Employees	2,828	2,789	2,723

Rome, October 19, 2011 – 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 September 30, 2011.

MARKET OUTLOOK

The weak signs of growth, which characterized the economic scenario in the first half 2011, have reflected over the advertising market that, up to August, has recorded a 4% decline vis-à-vis the corresponding period of year 2010 (Nielsen Media Research).

The negative performance has affected all the traditional media: TV has recorded a 4.7% overall decline, despite the development of digital channels; radio and print media have decreased respectively by 5.5% and 6%. Definitely bucking the trend, the Internet is the only medium which could realize, once again, a sharp increase (+13.5%).

More specifically, as far as print media are concerned, daily newspapers advertising sales have recorded a 8.3% contraction, that is equal to -5.6% in paid newspapers and a sharp decline in free press; periodicals have recorded a fairly moderate -1.8% fall.

In terms of circulation, ADS data (moving average over 12 months to June 2011, on a like-for-like basis) show a fall in newsstand sales equal to 5.3% for dailies, 1.9% for weeklies and 6% for monthlies.

COMMENTS ON THE ESPRESSO GROUP RESULTS IN THE FIRST NINE MONTHS OF YEAR 2011

In spite of the above scenario, over the first nine months of year 2011 the Espresso Group has recorded a positive evolution, showing an increase in revenues and profit.

The Group's **consolidated revenues** amount to €653.7mn, growing by 2.2% vis-à-vis the corresponding period of the previous year (€639.5mn).

Circulation revenues amount to €252.9mn, that is equal to -1.1% with respect to €255.7mn of the first nine months of year 2010.

The performance of circulation revenues, sensibly improved with respect to the general market evolution, confirms the relative stability of the sales of the Group's titles (dailies, periodicals and add-on products). Circulation of local daily newspapers has recorded a weaker performance, however, revenues have benefited from the price increase applied, in particular early in the year, to 7 out of the Group's 18 local titles.

Advertising revenues, equal to €380.7mn, have increased by 3.1% over the corresponding period of year 2010, markedly bucking the trend with respect to the negative market performance.

Advertising sales of the Group's print sector are in line (+0.1%) with the performance recorded over the corresponding period of year 2010, in a sector which has suffered a serious downturn (-6% in August); this stability has been recorded in all the Group's titles (*la Repubblica*, local dailies and periodicals) and attained also thanks to the successful renewall realized in particular with *L'Espresso* and a number of local dailies.

Internet advertising sales have realized a positive evolution, recording a 14.1% increase, supported by the dynamic development of the Group's website audience (+32.4% to 1.9 million average daily unique users – AUDIWEB/AWDB), the confirmed success of the leadership of *Repubblica.it* (+32.6% to 1.6 million daily unique users), growth of local media (local edition of *la Repubblica* and local titles) and launch of a new women's website.

Finally, radio advertising sales, including third-party sales, have recorded a 3.8% decrease, that is lower than the market decline (-5.5%, end of August).

Other revenues, equal to €20.1mn, have increased by 38% with respect to the first nine months of year 2010, thanks to the outcomes of the renting of digital terrestrial television frequency bands, and to the first positive results of the digital product sales.

Total operating costs have recorded a 1.2% increase, fully ascribable to the sectors that are undergoing a vigorous development (digital editions and digital terrestrial television network); costs of the traditional *core business* (print and radio), after the 17% reduction realized on December 31, 2010, show a further 1.1% cost-saving, as structural reduction of costs has offset increases in paper costs and in higher promotion costs aimed at supporting products.

The **consolidated Gross Operating Profit** amounts to €112mn, increasing by 7.7% vis-à-vis €104mn of the first nine months of year 2010.

The **consolidated Operating Profit** amounts to €84.3mn, increasing by 9.7% with respect to €76.8mn of the corresponding period of the previous year, and shows a margin of 12.9% (12% in the first nine months of year 2010).

Improvement regards the print media sector, tanks to good revenue performance and to a further decline in total operating costs, in spite of the increase in production material costs and promotion costs aimed at supporting products.

Moreover, the digital sector contribution keeps increasing, as determined by revenue increase, even if with higher operating costs linked to product development and promotion.

TV is likewise improving; radio, still keeping high profitability (38.4%), is recording a slight downturn in operating profit, as a consequence of a reduction in revenues ascribable to the advertising sector weakness.

The **consolidated Net Profit** has reached €41.4mn, as compared to €36.3mn of the corresponding period of year 2010.

At the end of September 2011, before dividend distribution and purchase of own shares, **net cash flow** was equal to €56.2mn, vis-à-vis €56.4mn of the corresponding period of the previous year (plus €15mn of capital gains from disposal of investments). Taking into account dividends amounting to €29.8mn and purchase of own shares equal to €3.9mn, the

consolidated net financial position - amounting to -€135mn at the end of year 2010 - has attained -€112.4mn as of September 30, 2011.

The **Group staff –** including term contracts – totaled 2,723 people at the end of September 2011, and the average staff of the period is 5.3% lower with respect to the first nine months of year 2010.

MOST SIGNIFICANT ECONOMIC RESULTS OF THIRD QUARTER 2011

Consolidated quarterly results (€mn)	*3rd Quarter 2010*	*3rd Quarter 2011*	*Δ% 2011/2010*
Revenues	194.4	196.3	+1.0%
Gross Operating Profit	29.2	30.5	+4.3%
Operating Profit	20.1	21.3	+5.9%
Pre-tax Profit	15.6	17.8	+14.0%
Net Profit	7.7	9.9	+28.5%

Third quarter 2011 confirms trend occurred in the previous period of the year, showing an increase in revenues and profit.

The **consolidated revenues** show a 1% increase: advertising revenues having recorded a 1.9% increase, and circulation revenues, including add-on products, a 1.8% decline, while other revenues show a 25.6% progression.

The **consolidated operating profit** amounts to €21.3mn vis-à-vis €20.1mn of third quarter 2010; the **consolidated net profit** is equal to €9.9mn (€7.7mn in the corresponding period of year 2010).

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Alessandro Alacevich, Central Director of Finance Administration, Manager in charge of drafting corporate and accounting 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

In year 2011, the publishing sector has faced a difficult market situation, characterized by a significant fall in advertising sales, while circulation dynamics have confirmed the same erosion suffered over the latest years.

During the third quarter of the year, the worsening global situation, and uncertainty still pervading the macro-economic perspectives, make any improvement expectation - regarding the market performance with respect to the recorded performances - unpredictable for the final part of the year, besides further hampering visibility on the medium term evolution of the advertising market.

In this framework, as demonstrated by the improved performance of the first nine months of the year, the Group has been successful in fighting against any unfavorable trend of the reference sector, by improving its traditional products, developing the digital sector, enhancing the concessionaire's good dynamics, and further developing cost-saving measures.

In year 2011, a totally new version of *L'Espresso* was launched, together with the new edition of *Velvet*.

Moreover, an ambitious program was launched to renew the Group's 18 local daily newspapers, through interventions on formats, graphics, and full color. This program has been realized for the following titles: *Piccolo*, *Messaggero Veneto*, *Provincia Pavese*, *Sentinella del Canavese*, *Gazzetta di Mantova*, *Gazzetta di Modena*, *Gazzetta di Reggio*, *Nuova Ferrara*, *Mattino di Padova*, *Tribuna di Treviso*, *Nuova di Venezia e Mestre*, *Corriere delle Alpi*, and is going to be extended to all the Group's titles within the first half 2012.

As regards the digital sector development, the new site dedicated to the women has been launched with the brand "D" and, jointly with Bloomberg, the economic section of *Repubblica.it* has been totally renewed. Development on tablets has been pursued with new *ad hoc* versions expressly conceived for *L'Espresso* and *Velvet*.

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

In view of the above, though the further worsening of the economic scenario and in absence of strong sectorial discontinuity, at the end of the current year, the Group should presumably be in a position to register improvements of results with respect to the previous year.

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Gruppo Espresso
Consolidated Income Statement

(€ million)	Jan - Sept 2010	Jan - Sept 2011
Revenues	639,5	653,7
Change in inventories	0,1	0,5
Other operating income	8,8	7,9
Purchases	(68,2)	(71,5)
Services received	(250,5)	(266,9)
Other operating charges	(17,5)	(11,3)
Investments valued at equity	0,8	0,7
Personnel costs	(209,1)	(201,1)
Depreciation, amortization and write-downs	(27,2)	(27,7)
Operating profit	**76,8**	**84,3**
Financial income (expense)	(9,8)	(10,8)
Pre-tax profit	**67,0**	**73,5**
Income taxes	(30,3)	(32,1)
Net profit	**36,7**	**41,4**
Minority interests	(0,4)	0,0
GROUP NET PROFIT	**36,3**	**41,4**
Earnings per share, basic	0,089	0,104
Earnings per share, diluted	0,083	0,097

Consolidated Comprehensive Income Statement

(€ million)	Jan - Sept 2010	Jan - Sept 2011
NET PROFIT	**36,7**	**41,4**
Other components of comprehensive income statement:		
Profit / (Loss) from valuation of available-for-sale assets	0,4	(1,5)
Taxes on other profits / (losses)	(0,1)	0,4
Other components of comprehensive income statement, after taxes	**0,3**	**(1,1)**
TOTAL COMPREHENSIVE INCOME STATEMENT	**37,0**	**40,3**
Total comprehensive income statement, of which:		
Parent Company's shareholders	36,6	40,3
Minority Interests	0,4	(0,0)

Not audited data

Gruppo Espresso

Consolidated Income Statement - 3rd Quarter

(€ million)	3rd Quarter 2010	3rd Quarter 2011
Revenues	194,4	196,3
Change in inventories	(0,0)	(0,1)
Other operating income	2,8	1,4
Purchases	(21,2)	(22,4)
Services received	(78,9)	(81,6)
Other operating charges	(5,8)	(2,3)
Investments valued at equity	0,2	0,2
Personnel costs	(62,3)	(61,1)
Depreciation, amortization and write-downs	(9,1)	(9,2)
Operating profit	**20,1**	**21,3**
Financial income (expense)	(4,5)	(3,5)
Pre-tax profit	**15,6**	**17,8**
Income taxes	(7,4)	(7,8)
Net profit	**8,2**	**9,9**
Minority interests	(0,5)	0,0
GROUP NET PROFIT	**7,7**	**9,9**

Consolidated Comprehensive Income Statement - 3rd Quarter

(€ million)	3rd Quarter 2010	3rd Quarter 2011
NET PROFIT	**8,2**	**9,9**
Other components of comprehensive income statement:		
Profit / (Loss) from valuation of available-for-sale assets	0,2	(1,0)
Taxes on other profits / (losses)	(0,1)	0,3
Other components of comprehensive income statement, after taxes	**0,2**	**(0,7)**
TOTAL COMPREHENSIVE INCOME STATEMENT	**8,3**	**9,2**

Total comprehensive income statement, of which:		
Parent Company's shareholders	7,9	9,2
Minority Interests	0,5	(0,0)

Not audited data

Gruppo Espresso
Consolidated Balance Sheet

ASSETS (€ million)	December, 31 2010	September, 30 2011
Intangible assets with an indefinite useful life	656,4	656,7
Other intangible assets	2,2	1,7
Intangible assets	658,6	658,4
Property, plant and equipment	181,7	165,7
Investments valued at equity	28,6	28,6
Other investments	2,5	2,6
Non-current receivables	1,3	1,3
Deferred tax assets	33,9	29,1
NON-CURRENT ASSETS	**906,7**	**885,6**
Inventories	17,0	19,9
Trade receivables	234,7	206,9
Marketable securities and other financial assets	60,4	67,8
Tax receivables	10,9	18,7
Other receivables	18,8	18,4
Cash and cash equivalents	135,0	142,6
CURRENT ASSETS	**476,8**	**474,2**
TOTAL ASSETS	**1.383,5**	**1.359,8**

LIABILITIES AND SHAREHOLDERS' EQUITY (€ million)	December, 31 2010	September, 30 2011
Share capital	61,5	61,5
Reserves	196,1	185,5
Retained earnings (loss carry-forwards)	231,7	260,2
Net profit (loss) for the period	50,1	41,4
Group Shareholders' Equity	**539,4**	**548,6**
Minority interests	3,9	1,8
SHAREHOLDERS' EQUITY	**543,3**	**550,4**
Financial debt	313,3	298,9
Provisions for risks and charges	40,1	39,7
Employee termination indemnity and other retirement benefits	72,0	67,3
Deferred tax liabilities	114,4	118,2
NON-CURRENT LIABILITIES	**539,8**	**524,1**
Financial debt	17,0	24,0
Provisions for risks and charges	35,6	36,3
Trade payables	143,9	119,6
Tax payables	22,1	36,0
Other payables	81,9	69,5
CURRENT LIABILITIES	**300,4**	**285,4**
TOTAL LIABILITIES	**840,2**	**809,4**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**1.383,5**	**1.359,8**

Not audited data

Gruppo Espresso

Changes in the Consolidated Net Financial Position

(€ million)	Jan - Sept 2010	Jan - Sept 2011
SOURCES OF FUNDS		
Net profit (loss) for the period, including minority interests	36,7	41,4
Depreciation, amortization and write-downs	27,2	27,7
Accruals to provisions for stock option costs	1,9	1,9
Net change in provisions for personnel costs	(9,7)	(4,6)
Net change in provisions for risks and charges	(10,1)	0,4
Losses (gains) on disposal of fixed assets	(2,1)	(2,6)
Losses (gains) on disposal of equity investments	(3,5)	-
Write-down (revaluation) of investments	0,0	-
Adjustments for investments valued at equity	(0,0)	0,0
Cash flow from operating activities	**40,4**	**64,1**
Decrease (Increase) in non-current receivables	(0,1)	(0,0)
Increase in liabilities/Decrease in deferred tax assets	12,8	8,6
Increase in payables/Decrease in tax receivables	15,5	6,2
Decrease (Increase) in inventories	4,4	(2,8)
Decrease (Increase) in trade and other receivables	26,4	28,3
Increase (Decrease) in trade and other payables	(29,4)	(29,3)
Change in current assets	**29,6**	**10,9**
CASH FLOW FROM OPERATING ACTIVITIES	**70,0**	**75,0**
Deconsolidation of assets of sold subsidiaries	14,2	-
Net disinvestments in equity	3,5	-
Increases in share capital and reserves	0,1	0,6
Other changes	0,3	-
TOTAL SOURCES OF FUNDS	**88,1**	**75,6**
USES OF FUNDS		
Net investment in fixed assets	(16,7)	(15,8)
Net equity investments	-	(2,2)
(Acquisition) sale of treasury stocks	(0,1)	(3,9)
Dividends paid	-	(29,8)
Other changes	-	(1,3)
TOTAL USES OF FUNDS	**(16,8)**	**(53,0)**
Financial surplus (deficit)	**71,3**	**22,6**
BEGINNIG NET FINANCIAL POSITION	**(208,2)**	**(135,0)**
ENDING NET FINANCIAL POSITION	**(136,9)**	**(112,4)**

Not audited data

Gruppo Espresso

Statement of Consolidated Cash Flows

(€ million)	Jan - Sept 2010	Jan - Sept 2011
OPERATING ACTIVITIES		
Net profit (loss) for the period, including minority interests	36,7	41,4
Adjustments:		
- Depreciation, amortization and write-downs	27,2	27,7
- Accruals to provisions for stock option costs	1,9	1,9
- Net change in provisions for personnel costs	(8,4)	(4,6)
- Net change in provisions for risks and charges	(10,1)	0,4
- Losses (gains) on disposal of fixed assets	(2,1)	(2,6)
- Losses (gains) on disposal of equity investments and marketable securities	(3,8)	0,1
- Adjustments in value of financial assets	0,0	-
- Adjustments for investments valued at equity	(0,0)	0,0
- (Dividends received)	-	(0,0)
Cash flow from operating activities	**41,4**	**64,1**
Change in current assets and other flows	**43,4**	**19,2**
CASH FLOW FROM OPERATING ACTIVITIES	**84,8**	**83,4**
of which:		
Interest received (paid)	(0,7)	0,4
Received (outlay) for income taxes	1,0	(14,0)
INVESTING ACTIVITIES		
Outlay for purchase of fixed assets	(19,1)	(20,7)
Outlay for purchase of equity investments	-	(2,2)
Received on disposals of fixed assets	4,4	4,8
(Acquisition) sale of marketable securities and available-for-sale assets	(35,7)	(6,4)
Dividends received	-	0,0
CASH FLOW FROM INVESTING ACTIVITIES	**(50,5)**	**(24,4)**
FINANCIAL ACTIVITIES		
Increases in capital and reserves	0,1	0,6
(Acquisition) sale of treasury stocks	(0,1)	(3,9)
Issue (repayment) of bond	(12,5)	(10,6)
Issue (repayment) of other financial debt	(7,2)	(7,0)
Dividends paid	-	(29,8)
Other changes	-	(0,3)
CASH FLOW FROM FINANCING ACTIVITIES	**(19,7)**	**(51,0)**
Increase (decrease) in cash and cash equivalents	**14,6**	**8,0**
Cash and cash equivalents at beginning of the period	**134,4**	**134,5**
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	**149,0**	**142,4**

Not audited data

Gruppo Espresso
Consolidated Net Financial Position

(€ million)	September, 30 2010	December, 31 2010	September, 30 2011
Financial receivables from Group companies	0,5	0,2	0,2
Financial payables to Group companies	-	-	-
Cash and bank deposits	150,9	134,8	142,4
Current account overdrafts	(2,3)	(0,5)	(0,2)
Net cash and cash equivalents	**149,0**	**134,5**	**142,4**
Marketable securities and other financial assets	62,3	60,4	67,8
Bond issue	(288,8)	(278,0)	(277,4)
Other bank debt	(59,1)	(51,6)	(45,1)
Other financial debt	(0,3)	(0,3)	(0,2)
Other financial assets (liabilities)	**(285,9)**	**(269,5)**	**(254,9)**
NET FINANCIAL POSITION	**(136,9)**	**(135,0)**	**(112,4)**

Not audited data