

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

The Espresso Group: the Board of Directors examines results as of December 31, 2009

SUMMARY

The Board of Directors of Gruppo Editoriale L'Espresso S.p.A. met today under the chairmanship of Mr. Carlo De Benedetti to approve the Group's draft statutory financial statements and 2009 consolidated financial statements.

The most important consolidated results, compared with the previous year, are summarized here below:

(€mn) consolidated data	<i>2008</i>	<i>2009</i>	<i>Δ%</i> <i>2009/2008</i>
Revenues, of which:	1,025.5	886.6	-13.5%
• circulation	276.3	274.2	-0.8%
• advertising	608.2	496.9	-18.3%
• add-on products	114.9	100.6	-12.4%
Gross Operating Profit	142.5	106.7	-25.2%
Operating Profit	95.3	63.9	-32.9%
Pre-tax Profit	75.7	44.3	-41.5%
Net Profit	20.6	5.8	-71.8%

(€mn)	<i>December 31</i> <i>2008</i>	<i>December 31</i> <i>2009</i>
Net Financial Position	(278.9)	(208.2)
Shareholders' Equity including minority	489.3	495.4
• Shareholders' Equity	478.4	485.6
• Minority interests	10.8	9.8
Employees	3,344	3,116

Proposed allocation of net profit

The Board of Directors proposed to the Shareholders Meeting, called on April 21, 2010, not to distribute any dividend for the year 2009, and to destine the net profit to the Retained Earnings Reserve.

PRESS RELEASE

Market outlook

The results attained by the Espresso Group in 2009 are to be analyzed in the framework of the severe crisis that has affected the economy and the reference market.

The recession has produced a significant contraction of the advertising market: based on the outcome of Nielsen Media Research, advertising investments have recorded a decline of 13.4% which involved, even if with different impact, practically all media.

The publishing sector, with an overall decline of 21.6%, is one of the most severely affected activities: the paid-for dailies decline was somehow less important (-16%), while the reduction recorded for magazines (-28.7%) and free dailies (-26.6%) was sharper.

Within traditional media, the radio sector, with a decline equal to -7.7% has proven to be stronger, and the performance is still positive as far as the Internet sector is concerned (+5.1%), showing, however, a slowdown with respect to the previous years.

Alongside the general decline in consumption, circulation of daily newspapers and magazines has equally recorded a negative trend: the decline was respectively 6.2% in daily newspapers, 6.8% in weekly magazines and 8.5% in monthly titles (source/October 2009 ADS).

Comments on the 2009 Consolidated Financial Statements

The Group's **consolidated revenues** amount to €86.6mn, with a decline equal to 13.5% with respect to the previous year (€1,025.5mn).

Circulation revenues, net of add-on products, amount to €74,2mn and show good resilience (-0.8% on the corresponding period of 2008), in a declining market.

In particular, circulation revenues of *la Repubblica* show a positive evolution (+1.4%), thanks to the good newsstand sales performance, while the total circulation of the newspaper is declining, entirely due to the – either eliminated or reduced - highly promotional, still unprofitable, circulation initiatives, which only marginally contributed to revenues.

Circulation revenues of local daily newspapers, as well as the number of copies circulated, are in line with the corresponding period of 2008, reflecting the good resilience of the Espresso Group titles.

Finally magazines, which represent about 10% of the Group's circulation revenues, suffered a decline of 7.4%, in line with the market trend.

Advertising revenues, amounting to €496.9mn, have recorded a decline of 18.3% with respect to 2008, basically reflecting the general evolution of the Group's reference markets.

As far as the Group's main sector of activity - daily newspapers - is concerned, the decline (-14.9%) was sensibly lower than the reference market's; as regards both the local dailies and *la Repubblica*, the Group's market shares have increased, reflecting the progressively improved performance of its advertising subsidiary. It is worth noting that, with respect to the market, advertising on *Radio DeeJay* (-6.7%) was resilient and as regards *Repubblica.it* it has significantly increased (+9.0%).

Finally, **revenues from add-on products** decreased by 12.4% to reach €100.6mn; this is anyhow to be considered as a positive performance as it was attained in a market which has kept recording a significantly negative trend.

Operating costs were reduced by 11.9% with respect to 2008, in fact, in 2009 savings reached €7.6mn, thanks to the current reorganization plan that - at full speed - will produce a cost reduction equal to €40mn. It must be noticed, however, that the extraordinary expense linked to the implementation of the abovementioned plan has been fully paid over the year (€31.7mn).

The **Consolidated Gross Operating Profit** amounts to €106,7mn, showing a decline of 25.2% vis-à-vis €142.5mn of 2008. The impact of the drastic reduction in advertising revenues was significantly counterbalanced by the reduction in operating costs.

The **consolidated operating profit** amounts to €3.9mn (€5.3mn in 2008) and the **consolidated net profit**, after deduction of extraordinary provisions for taxes equal to €1.4mn, amounts to €5.8mn (€20.6mn in 2008).

The **consolidated Net financial indebtedness** as of December 31, 2009 decreased to €208.2mn (€278.9mn at the end of 2008). The operating cash flow of 2009 reached €70.8mn, with a current cash flow of €98.1mn (vis-à-vis €117.8mn of 2008) and investments equal to €25.6mn (vis-à-vis €33mn of the previous year).

At the end of December 2009 the **Group staff** - including term contracts - totaled 3,116 persons, 228 less (-6,8%) than at the end of December 2008, reflecting - even if still just partially - the effects of the ongoing restructuring plans.

Alessandro Alacevich, Central Director of Finance and Administration, *dirigente preposto alla redazione dei documenti contabili societari* (manager in charge of drafting the corporate and accounting documents), 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.

Comments to the outstanding bond loan issue

The company, with the “BB/Negative outlook” rating awarded by Standard&Poor’s, has an outstanding bond loan issue of €285.5mn, expiring in October 2014, taking into account the buyback and subsequent cancellation of a share of the bond loan (€14.5mn) implemented in 2009. The bond issue is listed on the Luxembourg Stock Exchange and pays an annual coupon equal to 5.125%.

2009 Financial Statements of the Parent Company

The Parent Company’s revenues amount to €494.2mn, that is -13.9% vis-à-vis €575.4mn of 2008. The operating profit has reached €2.1mn – decreasing from €37.9mn registered in 2008 – due to the influence of declining advertising revenues just partly counterbalanced by the cost reduction measures adopted. Net Profit amounted to €30.4mn (€49.5mn in 2008).

Subsequent events and outlook

No significant events have taken place since the end of 2009.

The macroeconomic framework evolution over 2010 is still characterized by poor visibility; anyway, the expected weak growth of the Italian economy – thereby, of domestic consumption – does not allow any prediction of a neat recovery of advertising investments.

Therefore, in spite of the positive trend recorded by the Group’s advertising revenues in the first months of 2010, uncertainty still hovers over expectations for the current year.

Anyway, in the present framework, the Group will benefit from further positive and significant effects originating from the cost reduction plan and the new strength of the advertising agency, that is enabling recovery of competitiveness in the advertising market.

Finally, the Group is implementing a powerful editorial development plan regarding the new media that shall entail a larger distribution of its contents through all the new platforms.

Verification of requisites for independence of the members of the Board of Directors and Board of Statutory Auditors

The Board of Directors has verified its members' requisites for independence and confirmed that the following members are entitled: (Ms) Agar Brugiavini, Mr. Giorgio Di Giorgio, Mr. Mario Greco, Mr. Tiziano Onesti and Mr. Luca Paravicini Crespi. Requisite for independence and honorability were also confirmed for the members of the Board of Statutory Auditors.

Proposal submitted to the Shareholders' Meeting to revoke the existing proxy and authorize a new proxy for share buyback

The Board of Directors, acknowledging that own shares in portfolio are as of today no. 7,980,000 (average book value €2,66 each) equal to 1.95% of Share Capital, deliberated to propose to the Shareholders' Meeting to revoke, for the time left and for the non-utilized part, the existing proxy for share buyback, and simultaneously confer a new proxy. Also considering the capital structure of the Group, the buyback could be a good lever to create value in favor of the shareholders. The requested proxy shall comply with the following requirements: a) duration: 18 months after the first day subsequent to approval by the Shareholders' Meeting; b) maximum number of ordinary shares that may be purchased: 20,000,000, equal to about 4.9% of Share Capital; c) the price of each share buyback must neither be 10% higher nor 10% lower of the reference price registered by ordinary shares in the regulated market trading session prior to each operation.

Proposal of 2010 stock option plans to the Shareholders' Meeting

The Board of Directors has decided to propose to the Ordinary Shareholders Meeting, as an incentive for the Group's employees, a new stock option plan for 2010.

Call for Ordinary Shareholders' Meeting

The Ordinary Shareholders' Meeting has been called to be convened on April 21, 2010, at 11a.m. in Rome and if necessary, in second call on the subsequent day, same venue and time, to discuss and vote the following agenda: Financial Statements for the year ended December 31, 2009; proposal not to distribute any dividend on the 2009 net profit; proposal to revoke the existing proxy, and confer a new proxy to the Board of Directors to purchase own shares; 2010 stock option plans.

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Rome, February 24, 2010

Gruppo Espresso

Consolidated Income Statement

(€ thousand)	Year 2008	Year 2009
Revenues	1.025.548	886.649
Change in inventories	(2.618)	(771)
Other operating income	17.689	19.829
Purchases	(150.066)	(120.165)
Services received	(388.185)	(340.818)
Other operating charges	(30.285)	(23.056)
Investments valued at equity	1.145	1.013
Personnel costs	(330.701)	(316.018)
Depreciation, amortization and write-downs	(47.205)	(42.728)
Operating profit	95.322	63.935
Financial income (expense)	(19.606)	(19.621)
Pre-tax profit	75.716	44.314
Income taxes	(54.489)	(38.826)
Net profit	21.227	5.488
Minority interests	(603)	337
GROUP NET PROFIT	20.624	5.825
Earnings per share, basic	0,051	0,015
Earnings per share, diluted	0,049	0,014

Not completely audited data

Gruppo Espresso

Consolidated Balance Sheet

ASSETS (€ thousand)	31 December 2008	31 December 2009
Intangible assets with an indefinite useful life	656.093	656.419
Other intangible assets	4.311	3.119
Intangible assets	660.404	659.538
Property, plant and equipment	220.980	203.617
Investments valued at equity	27.750	28.334
Other investments	2.568	2.486
Non-current receivables	1.486	1.272
Deferred tax assets	47.633	48.561
NON-CURRENT ASSETS	960.821	943.808
Inventories	27.703	23.243
Trade receivables	258.309	229.945
Marketable securities and other financial assets	50	25.179
Tax receivables	20.848	20.630
Other receivables	23.507	17.368
Cash and cash equivalents	120.693	135.012
CURRENT ASSETS	451.110	451.377
TOTAL ASSETS	1.411.931	1.395.185

LIABILITIES AND SHAREHOLDERS' EQUITY (€ thousand)	31 December 2008	31 December 2009
Share capital	61.385	61.439
Reserves	245.853	217.096
Retained earnings (loss carry-forwards)	150.583	201.245
Net profit (loss) for the period	20.624	5.825
Group Shareholders' Equity	478.445	485.605
Minority interests	10.813	9.824
SHAREHOLDERS' EQUITY	489.258	495.429
Financial debt	379.768	348.582
Provisions for risks and charges	24.123	40.407
Employee termination indemnity and other retirement benefits	90.946	83.907
Deferred tax liabilities	108.032	110.999
NON-CURRENT LIABILITIES	602.869	583.895
Financial debt	19.923	19.804
Provisions for risks and charges	34.739	48.844
Trade payables	147.595	147.553
Tax payables	19.263	12.735
Other payables	98.284	86.925
CURRENT LIABILITIES	319.804	315.861
TOTAL LIABILITIES	922.673	899.756
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1.411.931	1.395.185

Not completely audited data

Gruppo Espresso

Statement of Consolidated Cash Flows

(€ thousand)	Year 2008	Year 2009
OPERATING ACTIVITIES		
Net profit (loss) for the period, including minority interests	21.227	5.488
Adjustments:		
- Depreciation, amortization and write-downs	47.205	42.728
- Accruals to provisions for stock option costs	403	1.998
- Net change in provisions for personnel costs	(1.693)	(7.039)
- Net change in provisions for risks and charges	32.556	30.188
- Losses (gains) on disposal of fixed assets	(1.515)	(325)
- Losses (gains) on disposal of equity investments and marketable securities	-	(2.278)
- Adjustments to the value of financial assets	1.400	629
- Adjustments for investments valued at equity	(884)	(564)
- Dividends (received)	(99)	(24)
Cash flow from operating activities	98.600	70.801
Change in current assets and other flows	12.794	17.912
CASH FLOW FROM OPERATING ACTIVITIES	111.394	88.713
of which:		
Interest received (paid) through banks	(13.806)	(17.337)
Received (outlay) for income taxes	(39.698)	(32.997)
INVESTING ACTIVITIES		
Outlay for purchase of fixed assets	(55.513)	(26.934)
Outlay for purchase of equity investments	-	(2.708)
Received on disposals of fixed assets	2.692	2.273
Public grants received	5.534	5.188
(Acquisition) sale of marketable securities and available-for-sale assets	-	(24.835)
Dividends received	99	24
Other changes	-	1.777
CASH FLOW FROM INVESTING ACTIVITIES	(47.188)	(45.215)
FINANCIAL ACTIVITIES		
Increases in capital and reserves	-	434
(Acquisition) sale of treasury stocks	(9.129)	(1.086)
Issue (repayment) of bond	-	(12.060)
Issue (repayment) of other financial debt	(16.943)	(16.393)
Dividends (paid)	(68.821)	-
Other changes	(770)	(663)
CASH FLOW FROM FINANCING ACTIVITIES	(95.663)	(29.768)
Increase (decrease) in cash and cash equivalents	(31.457)	13.730
Cash and cash equivalents at beginning of the period	152.127	120.670
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	120.670	134.400

Not completely audited data

Gruppo Espresso

Changes in the Consolidated Net Financial Position

(€ thousand)	Year 2008	Year 2009
SOURCES OF FUNDS		
Net profit (loss) for the period, including minority interests	21.227	5.488
Depreciation, amortization and write-downs	47.205	42.728
Accruals to provisions for stock option costs	403	1.998
Net change in provisions for personnel costs	(1.693)	(7.039)
Net change in provisions for risks and charges	32.556	30.188
Losses (gains) on disposal of fixed assets	(1.515)	(325)
Losses (gains) on disposal of equity investments	-	360
Adjustments to the value of financial assets	1.400	629
Adjustments for investments valued at equity	(884)	(564)
Cash flow from operating activities	98.699	73.463
Decrease (Increase) in non-current receivables	424	214
Increase in liabilities/Decrease in deferred tax assets	3.135	2.039
Increase in payables/Decrease in tax receivables	(3.321)	(6.310)
Decrease (Increase) in inventories	2.829	4.460
Decrease (Increase) in trade and other receivables	49.011	34.503
Increase (Decrease) in trade and other payables	(33.096)	(10.709)
Change in current assets	18.982	24.197
CASH FLOW FROM OPERATING ACTIVITIES	117.681	97.660
Net disinvestments in equity investments	120	-
Increases in capital and reserves	-	434
TOTAL SOURCES OF FUNDS	117.801	98.094
USES OF FUNDS		
Net investment in fixed assets	(53.039)	(24.866)
Net equity investments	-	(726)
(Acquisition) sale of treasury stocks	(9.129)	(1.086)
Dividends (paid)	(68.821)	-
Other changes	(890)	(663)
TOTAL USES OF FUNDS	(131.879)	(27.341)
Financial surplus (deficit)	(14.078)	70.753
BEGINNIG NET FINANCIAL POSITION	(264.870)	(278.948)
ENDING NET FINANCIAL POSITION	(278.948)	(208.195)

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Income Statement

(€ thousand)	Year 2008	Year 2008 <i>pro-forma</i>	Year 2009
Revenues	573.735	575.417	494.150
Change in inventories	(1.743)	(1.743)	(652)
Other operating income	8.655	8.674	9.953
Purchases	(100.451)	(100.887)	(79.773)
Services received	(288.589)	(286.921)	(248.335)
Other operating charges	(12.038)	(12.123)	(9.248)
Personnel costs	(129.050)	(130.474)	(129.927)
Depreciation, amortization and write-downs	(13.973)	(14.004)	(14.027)
Operating profit	36.546	37.939	22.141
Financial income (expense)	(13.978)	(13.859)	(12.772)
Dividends	55.279	54.164	41.983
Pre-tax profit	77.847	78.244	51.352
Income taxes	(28.178)	(28.736)	(20.965)
NET PROFIT	49.669	49.508	30.387

Not completely audited data

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Balance Sheet

ASSETS (€ thousand)	31 December 2008	31 December 2008 <i>pro-forma</i>	31 December 2009
Intangible assets with an indefinite useful life	220.661	220.661	220.661
Other intangible assets	2.526	2.533	1.759
Intangible assets	223.187	223.194	222.420
Property, plant and equipment	60.104	60.144	50.966
Investments	400.453	398.974	408.444
Non-current receivables	373	373	425
Deferred tax assets	14.886	14.889	21.515
NON-CURRENT ASSETS	699.003	697.574	703.770
Inventories	22.635	22.665	19.225
Trade receivables	101.403	102.697	101.320
Marketable securities and other financial assets	-	-	25.127
Tax receivables	14.848	14.869	14.703
Other receivables	10.898	10.927	9.776
Cash and cash equivalents	196.168	195.539	182.438
CURRENT ASSETS	345.952	346.697	352.589
TOTAL ASSETS	1.044.955	1.044.271	1.056.359

LIABILITIES AND SHAREHOLDERS' EQUITY (€ thousand)	31 December 2008	31 December 2008 <i>pro-forma</i>	31 December 2009
Share capital	61.385	61.385	61.439
Reserves	86.082	87.766	86.854
Retained earnings (loss carry-forwards)	150.583	150.583	201.245
Net profit (loss) for the period	49.669	49.508	30.387
SHAREHOLDERS' EQUITY	347.719	349.242	379.925
Financial debt	327.311	327.980	307.332
Provisions for risks and charges	18.532	18.532	34.452
Employee termination indemnity and other retirement benefits	40.185	40.623	36.592
Deferred tax liabilities	43.045	43.011	45.601
NON-CURRENT LIABILITIES	429.073	430.146	423.977
Financial debt	107.475	103.928	86.140
Provisions for risks and charges	11.637	11.646	25.994
Trade payables	90.176	89.956	91.486
Tax payables	11.822	11.976	7.317
Other payables	47.053	47.377	41.520
CURRENT LIABILITIES	268.163	264.883	252.457
TOTAL LIABILITIES	697.236	695.029	676.434
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1.044.955	1.044.271	1.056.359

Not completely audited data

Gruppo Editoriale L'Espresso SpA

Statement of Cash Flows

(€ thousand)	Year 2008	Year 2009
OPERATING ACTIVITIES		
Net profit (loss) for the period	49.669	30.387
Adjustments:		
- Depreciation, amortization and write-downs	13.973	14.027
- Accruals to provisions for stock option costs	403	1.998
- Net change in provisions for personnel costs	(841)	(4.031)
- Net change in provisions for risks and charges	20.677	30.268
- Losses (gains) on disposal of fixed assets	(1)	(6)
- Losses (gains) on disposal of equity investments and marketable securities	-	(2.638)
- Adjustments to the value of financial assets	1.400	(56)
- Dividends (received)	(55.279)	(41.983)
Cash flow from operating activities	30.001	27.966
Change in current assets and other flows	9.934	(9.040)
CASH FLOW FROM OPERATING ACTIVITIES	39.935	18.926
of which:		
Interest received (paid) through banks	(11.424)	(14.524)
Received (outlay) for income taxes	(13.043)	(14.240)
INVESTING ACTIVITIES		
Outlay for purchase of fixed assets	(13.716)	(5.054)
Outlay for purchase of equity investments	(10.000)	(10.578)
Received on disposals of fixed assets	11	209
Public grants received	1.229	1.904
(Acquisition) sale of marketable securities and available-for-sale assets	-	(24.833)
Dividends received	55.279	41.983
CASH FLOW FROM INVESTING ACTIVITIES	32.803	3.631
FINANCING ACTIVITIES		
Increases in capital and reserves	-	434
(Acquisition) sale of treasury stocks	(9.129)	(1.086)
Issue (repayment) of bond	-	(12.060)
Issue (repayment) of other financial debt	(4.973)	(5.243)
Dividends (paid)	(68.821)	-
Other changes	3	(11)
CASH FLOW FROM FINANCING ACTIVITIES	(82.920)	(17.966)
Increase (decrease) in cash and cash equivalents	(10.182)	4.591
Cash and cash equivalents at beginning of the year	107.420	97.238
Merger contribution	-	3.040
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	97.238	104.869

Not completely audited data