

PRESS RELEASE

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and CONSOB Regulations

GRUPPO EDITORIALE L'ESPRESSO S.P.A.

The Board of Directors examines the consolidated financial results as of December 31, 2011

CONSOLIDATED REVENUES AT €890.1 MN (+0.6%)

CONSOLIDATED OPERATING PROFIT GROWING AT €119.8 MN (+9.8%)

NET INDEBTEDNESS DECREASING AT €110.2 MN

**PROPOSED DISTRIBUTION OF DIVIDEND OF
€0.0629 PER SHARE**

ESPRESSO GROUP FINANCIAL RESULTS AS OF DECEMBER 31 2011

Consolidated data (€mn)	<i>Year 2010</i>	<i>Year 2011</i>	<i>Δ% 2011/2010</i>
Revenues, of which:	885.0	890.1	+0.6%
• circulation	334.2	326.9	-2.2%
• advertising	528.4	534.7	+1.2%
• other	22.4	28.5	+27.0%
Gross operating Profit	147.2	157.0	+6.6%
Operating Profit	109.1	119.8	+9.8%
Pre-tax Profit	95.0	104.8	+10.2%
Net profit	50.1	58.6	+17.0%

(€mn)	<i>December 31 2010</i>	<i>December 31 2011</i>
Net Financial Position	(135.0)	(110.2)
Shareholders' Equity including minority interests	543.3	565.0
• Shareholders' Equity	539.4	563.3
• Minority interests	3.9	1.7
Employees	2,789	2,673

Rome, February 29, 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 examined the consolidated financial statements as of December 31, 2011.

MARKET OUTLOOK

The weak signs of economic growth recorded in year 2011 and the increasingly negative expectations matured all along the year, have induced a 3.8% contraction of advertising investments vis-à-vis year 2010 (Nielsen Media Research).

This negative performance has affected all the traditional media: TV has experienced a 6.1% decline – which, however, has neither affected the digital channels nor the satellite TV – and radio and publishing have respectively decreased by 7.8% and 6.3%. In contrast, advertising revenues have increased in the new media, with a decisive growth of the Internet (+12.3%) and digital terrestrial channels, which have substantially doubled revenues.

More specifically, as far as print media are concerned, daily newspapers advertising revenues have recorded a 7.7% contraction, that is -5.8% in paid newspapers, and a sharp decline in free press; periodicals have experienced a more limited (-3.7%) decline, also to be ascribed to the fashion sector satisfactory performance.

In terms of circulation, ADS data (moving average over 12 months to November 2011 on a like-for-like basis) show a downturn in newsstand sales equal to 4.7% for dailies, 3.6% for weeklies and 6% for monthlies.

COMMENTS ON ESPRESSO GROUP RESULTS IN 2011

In spite of the above scenario, in 2011 Espresso Group has recorded a positive performance, confirmed by an increase in revenues and financial results.

The Group's **consolidated revenues** amount to €90.1mn - slightly increasing (+0.6%) vis-à-vis year 2010 (€85mn) – thanks to both advertising and digital product revenues.

Circulation revenues amount to €26.9, that is -2.2% with respect to €34.2mn of the previous year.

According to sectorial data, *la Repubblica* confirms its supremacy as Italy's most-read information daily, in newsstand sales (ADS November 2011) and in number of daily readers (Audipress).

Circulation of local daily newspapers has recorded a weaker performance, thus reflecting the general market evolution which has produced a more severe decline in this sector than in the national dailies sector, also in connection with the key role that economic issues play when it comes to select information. Revenues have, anyhow, benefited from the price increase applied to 10 out of the 18 Group's local titles.

Advertising revenues, equal to €34.7mn, have increased by 1.2%, as compared to year 2010, bucking the trend with respect to the negative market performance.

Advertising sales of the Group's print media sector have suffered a slight decline (-1.9%), however, the market has experienced a far more severe downturn (-6.3%); all the Group's titles (*la Repubblica*, local dailies and periodicals) have proved their resiliency, also thanks to the publishing initiatives adopted in particular with *L'Espresso*, *Velvet* and various local daily newspapers.

Internet advertising sales have realized a positive evolution, recording a 14.4% increase, supported by the dynamic growth of the Group's website audience (+20.9%, with a yearly average of 1.8 million daily unique users – Audiweb/AWDB); in particular, *la Repubblica.it* has confirmed its leadership (+20.8%, with a yearly average of 1.6 million daily unique users) while the development of local websites and the launch of the new women's website have been successful.

Finally, radio advertising sales, including third-party sales, have recorded a 6.8% decrease that is lower than the market downturn (-7.8%).

Other revenues, equal to €28.5mn have increased by 27% with respect to year 2010, thanks to the outcomes of the renting of digital terrestrial television band, and to the first positive growth of subscriptions to digital products.

Total operating costs have recorded a 0.6% increase, fully ascribable to the sectors experiencing a vigorous development (digital editions and digital terrestrial television network); costs of the traditional core business (print media and radio), after a 17% decrease attained as of December 31, 2010, show a further 1.2% cost-saving: in fact, structural cost reduction has largely offset increases in both paper costs and higher promotion expense, essential to support products.

The **consolidated Gross Operating Profit** amounts to €157mn, increasing by 6.6% with respect to €147.2mn of year 2010.

The **consolidated Operating Profit** amounts to €19.8mn, increasing by 9.8% with respect to €109.1mn of the previous year, and shows a margin of 13.5% (12.3% in year 2010).

The print media sector performance has been stable, in spite of the unfavorable scenario: further cost reduction has almost totally offset both the slight downturn in revenues and the cost increase in production material and product promotion.

The digital media sector – which is facing cost increases linked to the Group's efforts made for product development and promotion – is recording a positive evolution in operating profit, thanks to the vigorous growth in revenues.

The radio sector, still keeping high profitability (37.1%), is recording a slight downturn in operating profit, as a consequence of the decrease in revenues ascribable to the weak advertising sector.

The **consolidated Net Profit** has reached €58.6mn, as compared to €50.1mn of year 2010.

In 2011, before dividend distribution and share buyback, **net cash flow** was equal to €60.5mn, vis-à-vis €58.3mn of the previous year (plus €15mn of capital gains from disposal of investments).

Taking into account dividends amounting to €29.8mn and share buyback equal to €6mn, the **consolidated net financial position** - amounting to -€135mn at the end of year 2010 - has attained -€110.2mn as of December 31, 2011.

The **Group staff** – including term contracts – has decreased to 2,723 people at the end of December 2011, and the average staff of the period is 5.1% lower with respect to year 2010.

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 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.

2011 FINANCIAL STATEMENTS OF THE PARENT COMPANY

The Parent Company revenues amounted to €459.6mn, basically in line with €462.7mn of year 2010 (-0.7%). Operating Profit reached €63.6mn (€48.3mn in the previous year) with 13.8% profitability. Net Profit amounted to €64.5mn (€58.3mn in year 2010).

PROPOSED DISTRIBUTION OF DIVIDEND

The Board of Directors has deliberated to propose to the Shareholders' Meeting, to be held on April 23, 2012, to distribute a dividend of €0.0629 per share, gross of withholding tax, corresponding to a total amount of €24,985,379.28. Dividend ought to be paid on May 24, 2012, against detachment of coupon n. 14 that should be performed on May 21, 2012.

SUBSEQUENT EVENTS AND OUTLOOK

In year 2011, the publishing sector has experienced unfavorable conditions: circulation has confirmed the same erosion suffered over the latest years and advertising sales, after a slight recovery recorded in year 2010, have experienced a new downturn.

In view of the worsening global situation and uncertainty still pervading the macro-economic perspectives, the recent market performance will most likely persist and probably further deteriorate, in particular as regards advertising sales.

The Group is prepared to face the challenges of year 2012; in fact, it can rely upon a sound profitability and a significantly decreased indebtedness, produced by the reorganization, cost reduction and product development measures implemented over the last three years.

Moreover, the Group has already planned a number of new measures that in year 2012 will produce important improvements in products and efficiency.

As regards investments in products, in the first two months of 2012 the Group has implemented a number of initiatives: launch of a completely revamped version of *Il Tirreno*, agreement with Huffington Post Media Group in order to realize the website Italian edition, launch of the English version of “D” (the women’s website), revamping of the *Deejay Tv* editorial content, implemented through an agreement with Disney’s Abc Family.

In order to realize cost reduction, the Group has adopted since 2011 a number of measures which will enable to attain €25mn cost-savings within year 2012.

Despite all the foregoing the economy is experiencing severe criticalities, and their heavy impact on the activities of Gruppo Espresso lead to foresee a significantly positive net profit for year 2012, though markedly lower 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.

Finally, it should be noted that in January 2012, as part of the measures adopted to optimize its financial management, the Group has finalised a partial buy-back of bonds for a total nominal value of €28.8mn, at 99.85% of the nominal value.

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Società soggetta all'attività di direzione e coordinamento di CIR S.p.A.

Gruppo Espresso

Consolidated Income Statement

(€ thousand)	Year 2010	Year 2011
Revenues	885.036	890.057
Change in inventories	(1.351)	101
Other operating income	14.000	21.962
Purchases	(90.758)	(96.088)
Services received	(346.572)	(360.266)
Other operating charges	(25.406)	(23.068)
Investments valued at equity	1.027	984
Personnel costs	(288.731)	(276.687)
Depreciation, amortization and write-downs	(38.158)	(37.219)
Operating profit	109.087	119.776
Financial income (expense)	(14.054)	(15.025)
Pre-tax profit	95.033	104.751
Income taxes	(44.794)	(46.371)
Net profit	50.239	58.380
Minority interests	(116)	268
GROUP NET PROFIT	50.123	58.648
Earnings per share, basic	0,125	0,148
Earnings per share, diluted	0,117	0,137

Not completely audited data

Gruppo Espresso

Consolidated Balance Sheet

ASSETS (€ thousand)	31 December 2010	31 December 2011
Intangible assets with an indefinite useful life	656.419	659.828
Other intangible assets	2.230	1.849
Intangible assets	658.649	661.677
Property, plant and equipment	181.730	162.828
Investments valued at equity	28.602	28.857
Other investments	2.530	2.518
Non-current receivables	1.286	1.073
Deferred tax assets	33.884	28.945
NON-CURRENT ASSETS	906.681	885.898
Inventories	17.044	22.006
Trade receivables	234.738	248.545
Marketable securities and other financial assets	60.390	48.735
Tax receivables	10.898	10.513
Other receivables	18.771	14.072
Cash and cash equivalents	134.957	141.407
CURRENT ASSETS	476.798	485.278
TOTAL ASSETS	1.383.479	1.371.176

LIABILITIES AND SHAREHOLDERS' EQUITY (€ thousand)	31 December 2010	31 December 2011
Share capital	61.463	61.534
Reserves	196.118	183.300
Retained earnings (loss carry-forwards)	231.705	259.796
Net profit (loss) for the period	50.123	58.648
Group Shareholders' Equity	539.409	563.278
Minority interests	3.906	1.719
SHAREHOLDERS' EQUITY	543.315	564.997
Financial debt	313.339	285.099
Provisions for risks and charges	40.117	39.969
Employee termination indemnity and other retirement benefits	71.957	68.100
Deferred tax liabilities	114.362	118.160
NON-CURRENT LIABILITIES	539.775	511.328
Financial debt	17.013	15.248
Provisions for risks and charges	35.555	38.970
Trade payables	143.856	133.270
Tax payables	22.058	31.632
Other payables	81.907	75.731
CURRENT LIABILITIES	300.389	294.851
TOTAL LIABILITIES	840.164	806.179
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1.383.479	1.371.176

Not completely audited data

Gruppo Espresso

Changes in the Consolidated Net Financial Position

(€ thousand)	Year 2010	Year 2011
SOURCES OF FUNDS		
Net profit (loss) for the period, including minority interests	50.239	58.380
Depreciation, amortization and write-downs	38.158	37.219
Accruals to provisions for stock option costs	2.720	2.381
Net change in provisions for personnel costs	(11.950)	(3.857)
Net change in provisions for risks and charges	(13.678)	3.267
Losses (gains) on disposal of fixed assets	(2.200)	(10.819)
Losses (gains) on disposal of equity investments	(3.499)	-
Write-down (revaluation) of investments	6	806
Adjustments for investments valued at equity	(288)	(255)
Cash flow from operating activities	59.508	87.122
Decrease (Increase) in non-current receivables	(14)	213
Increase in liabilities/Decrease in deferred tax assets	18.040	8.737
Increase in payables/Decrease in tax receivables	19.055	9.959
Decrease (Increase) in inventories	6.199	(4.962)
Decrease (Increase) in trade and other receivables	(6.196)	(9.108)
Increase (Decrease) in trade and other payables	(11.020)	(12.305)
Change in current assets	26.064	(7.466)
CASH FLOW FROM OPERATING ACTIVITIES	85.572	79.656
Deconsolidation of assets of sold subsidiaries	14.233	-
Net divestments in equity investments	3.499	-
Increases in share capital and reserves	189	580
Other changes	113	-
TOTAL SOURCES OF FUNDS	103.606	80.236
USES OF FUNDS		
Net investments in fixed assets	(25.110)	(14.684)
Net equity investments	(4.793)	(2.913)
(Acquisition) sale of treasury stocks	(91)	(5.982)
Dividends (paid)	-	(29.751)
Other changes	(422)	(2.106)
TOTAL USES OF FUNDS	(30.416)	(55.436)
Financial surplus (deficit)	73.190	24.800
BEGINNIG NET FINANCIAL POSITION	(208.195)	(135.005)
ENDING NET FINANCIAL POSITION	(135.005)	(110.205)

Not completely audited data

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Statement of Consolidated Cash Flows

(€ thousand)	Year 2010	Year 2011
OPERATING ACTIVITIES		
Net profit (loss) for the period, including minority interests	50.239	58.380
Adjustments:		
- Depreciation, amortization and write-downs	38.158	37.219
- Accruals to provisions for stock option costs	2.720	2.381
- Net change in provisions for personnel costs	(10.683)	(3.857)
- Net change in provisions for risks and charges	(13.678)	3.267
- Losses (gains) on disposal of fixed assets	(2.200)	(10.819)
- Losses (gains) on disposal of equity investments and marketable securities	(3.764)	81
- Adjustments in value of financial assets	6	806
- Adjustments for investments valued at equity	(288)	(255)
- Dividends (received)	-	(24)
Cash flow from operating activities	60.510	87.179
Change in current assets and other flows	29.767	(9.644)
CASH FLOW FROM OPERATING ACTIVITIES	90.277	77.535
of which:		
Interest received (paid) through banks	(13.972)	(11.376)
Received (outlay) for income taxes	(11.527)	(23.878)
INVESTING ACTIVITIES		
Outlay for purchase of fixed assets	(27.549)	(31.849)
Outlay for purchase of equity investments	(4.793)	(2.179)
Received on disposals of fixed assets	4.413	17.165
(Acquisition) sale of marketable securities and available-for-sale assets	(35.724)	11.095
Dividends received	-	24
CASH FLOW FROM INVESTING ACTIVITIES	(63.653)	(5.744)
FINANCIAL ACTIVITIES		
Increases in capital and reserves	189	580
(Acquisition) sale of treasury stocks	(91)	(5.982)
Issue (repayment) of bond	(12.524)	(16.184)
Issue (repayment) of other financial debt	(14.148)	(13.231)
Dividends (paid)	-	(29.751)
Other changes	-	(273)
CASH FLOW FROM FINANCING ACTIVITIES	(26.574)	(64.841)
Increase (decrease) in cash and cash equivalents	50	6.950
Cash and cash equivalents at beginning of the period	134.400	134.450
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	134.450	141.400

Not completely audited data

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Income Statement

(€ thousand)	Year 2010	Year 2011
Revenues	462.715	459.629
Change in inventories	(1.352)	103
Other operating income	5.441	13.883
Purchases	(60.330)	(63.397)
Services received	(213.432)	(213.905)
Other operating charges	(12.128)	(8.330)
Personnel costs	(120.244)	(115.579)
Depreciation, amortization and write-downs	(12.357)	(8.808)
Operating profit	48.313	63.596
Financial income (expense)	(2.517)	(9.631)
Dividends	31.514	35.579
Pre-tax profit	77.310	89.544
Income taxes	(19.044)	(25.069)
NET PROFIT	58.266	64.475

Not completely audited data

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Balance Sheet

ASSETS (€ thousand)	31 December 2010	31 December 2011
Intangible assets with an indefinite useful life	220.661	220.661
Other intangible assets	1.355	1.009
Intangible assets	222.016	221.670
Property, plant and equipment	38.053	16.955
Investments	408.103	409.100
Non-current receivables	456	435
Deferred tax assets	15.370	15.250
NON-CURRENT ASSETS	683.998	663.410
Inventories	13.877	18.065
Trade receivables	100.854	111.036
Marketable securities and other financial assets	60.339	48.685
Tax receivables	9.519	9.074
Other receivables	9.888	7.631
Cash and cash equivalents	176.605	193.272
CURRENT ASSETS	371.082	387.763
TOTAL ASSETS	1.055.080	1.051.173

LIABILITIES AND SHAREHOLDERS' EQUITY (€ thousand)	31 December 2010	31 December 2011
Share capital	61.463	61.534
Reserves	90.769	86.881
Retained earnings (loss carry-forwards)	231.705	259.796
Net profit (loss) for the period	58.266	64.475
SHAREHOLDERS' EQUITY	442.203	472.686
Financial debt	288.319	263.512
Provisions for risks and charges	34.153	33.737
Employee termination indemnity and other retirement benefits	28.966	28.447
Deferred tax liabilities	48.767	51.626
NON-CURRENT LIABILITIES	400.205	377.322
Financial debt	72.499	60.653
Provisions for risks and charges	11.721	16.292
Trade payables	78.843	70.686
Tax payables	10.714	19.146
Other payables	38.895	34.388
CURRENT LIABILITIES	212.672	201.165
TOTAL LIABILITIES	612.877	578.487
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1.055.080	1.051.173

Not completely audited data

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Statement of Cash Flows

(€ thousand)	Year 2010	Year 2011
OPERATING ACTIVITIES		
Net profit (loss) for the period	58.266	64.475
Adjustments:		
- Depreciation, amortization and write-downs	12.357	8.808
- Accruals to provisions for stock option costs	2.720	2.381
- Net change in provisions for personnel costs	(7.626)	(519)
- Net change in provisions for risks and charges	(14.572)	4.155
- Losses (gains) on disposal of fixed assets	(28)	(10.408)
- Losses (gains) on disposal of equity investments and marketable securities	(10.161)	81
- Adjustments to the value of financial assets	6	3
- Dividends (received)	(31.514)	(35.579)
Cash flow from operating activities	9.448	33.397
Change in current assets and other flows	8.767	(13.834)
CASH FLOW FROM OPERATING ACTIVITIES	18.215	19.563
of which:		
Interest received (paid) through banks	(11.544)	(9.243)
Received (outlay) for income taxes	(3.576)	(9.638)
INVESTING ACTIVITIES		
Outlay for purchase of fixed assets	(3.269)	(4.280)
Outlay for purchase of equity investments	(6.000)	(1.000)
Received on disposals of fixed assets	19.191	27.426
(Acquisition) sale of marketable securities and available-for-sale assets	(35.725)	11.095
Dividends received	31.514	35.579
CASH FLOW FROM INVESTING ACTIVITIES	5.711	68.820
FINANCING ACTIVITIES		
Increases in capital and reserves	189	580
(Acquisition) sale of treasury stocks	(91)	(5.982)
Issue (repayment) of bond	(12.524)	(16.184)
Issue (repayment) of other financial debt	(5.281)	(10.482)
Dividends (paid)	-	(29.751)
Other changes	461	-
CASH FLOW FROM FINANCING ACTIVITIES	(17.246)	(61.819)
Increase (decrease) in cash and cash equivalents	6.680	26.564
Cash and cash equivalents at beginning of the year	104.869	112.704
Merger contribution	1.155	-
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	112.704	139.268

Not completely audited data