

PRESS RELEASE

pursuant to Consob resolution no. 11971/99 and subsequent amendments

GRUPPO EDITORIALE L'ESPRESSO S.P.A.

The Board of Directors has approved the consolidated results as at June 30 2013

**IN A MARKET STRONGLY HIT BY THE ECONOMIC CRISIS
GRUPPO ESPRESSO CONFIRMS
A POSITIVE RESULT: NET PROFIT AT €3.7M**

INDEBTEDNESS DECREASING AT €86.1M (€108.1M AS AT DECEMBER 2012)

CONSOLIDATED RESULTS AT €369.4M (-12%)

GRUPPO ESPRESSO FINANCIAL RESULTS AS AT JUNE 30 2013

Consolidated results (€M)	<i>First Half-year 2012</i>	<i>First Half-year 2013</i>	<i>Δ% 2013/2012</i>
Revenues, of which:	419.8	369.4	-12.0%
• circulation	155.3	144.4	-7.0%
• advertising	251.1	209.6	-16.5%
• others	13.4	15.5	+15.4%
Gross operating profit	60.8	33.3	
Operating profit	42.1	17.8	
Pre-tax profit	36.2	12.5	
Net profit	21.2	3.7	

(€M)	<i>June 30 2012</i>	<i>December 31 2012</i>	<i>June 30 2013</i>
Net Financial position	(147.1)	(108.1)	(86.1)
Shareholders' Equity including minority interests	562.0	557.7	559.6
• Shareholders' equity	560.3	555.9	557.7
• Minority interest	1.7	1.8	1.9
Employees	2,632	2,536	2,502

Rome, July 24, 2013 - 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 results as at June 30, 2013 presented by the Chief Executive Monica Mondardini.

MARKET OUTLOOK

The economic recession persisting over the first half-year has severely affected the publishing sector, which has recorded negative performances in both advertising sales and circulation of dailies and magazines.

During the first five months of year 2013 the advertising market has suffered a 17.2% decline over the corresponding period of year 2012 (Nielsen Media Research).

All the traditional media have recorded remarkable downturns in advertising sales: press sector (-23.7%), television (-16.2%) and radio (-14.6%). After years of lively and steady growth, Internet advertising sales suffered a setback (-0.3%, but for search engines, as they have not been surveyed by Nielsen).

More in particular, as regards advertising investments in the press sector, analogous downturns have been recorded by both dailies and magazines (-23.3% and -24.4% respectively); in contrast, a remarkable difference in performance is noticed between national advertising, which has recorded -27.8%, and local advertising which suffered a less severe decline (-17%).

In terms of circulation, based on ADS data (Accertamento Diffusione Stampa, progressive as at May 2013) a 7.7% decline has been recorded in sales of daily newspapers.

PERFORMANCE OF GRUPPO ESPRESSO DURING THE FIRST HALF-YEAR 2013

The Group's **consolidated net revenues**, amounting to €369.4M, have recorded a 12% downturn over the first half of year 2012 (€419.8M) due to the crisis affecting the whole sector.

Circulation revenues, amounting to €144.4M are down 7% over the corresponding period of the previous year (€155.3M), in a market situation which – as mentioned above – is suffering a persistent, considerable, daily circulation decline (-7.7%).

The Group's titles are performing well vis-à-vis the market.

According to the most recent Audipress (2013/I survey) and ADS (May 2013) data, *la Repubblica* confirms its leadership in the Italian daily newspapers scenario both in terms of daily average readership (2.8 million) and for copies sold (newsstand sales, subscriptions and other): its leadership is also confirmed based on the number of subscriptions to the digital version (over 46,000 at end of June).

As concerns digital developments, if beside the daily newspaper digital version (*Repubblica+*), also the various digital services supplied are considered (*Repubblica Mobile*

in particular), subscribers are today over 70 000, up 45% vis-à-vis end-June 2012. Subscribers of all Group's newspapers digital versions are more than 90 000.

The latest Audipress survey also reports that the Group's network of local daily newspapers has reached an average daily readership of 3.1 million and, finally, *L'Espresso* ranks first among the Italian newsmagazines with 2.2 million readers.

Advertising revenues, amounting to €209,6M, have recorded a 16.5% downturn over the first half-year 2012, in a market which has suffered a 17.2% decline.

Advertising sales by sector have recorded a 23.1% decrease (-23.7% for the market) in the press, with a sharper downturn for magazines and less severe for local dailies.

Likewise, the Group's radio stations are suffering a considerable -13.7% downturn (-14.6% for the market).

In contrast, Internet advertising sales are up 3.4%, in spite of no longer favorable market dynamics (-0.3%). In this respect, it is worth noting the very positive trend of the Group's websites audience: they have recorded 3.1 million daily average unique users, up 24.4% vis-à-vis the average value of the corresponding period of year 2012 (Nielsen Site Census). In particular, *Repubblica.it* has reached +20.3% and confirmed its leadership among the Italian language news websites, while the local dailies websites have attained +45%.

As it may be deduced from the above data, the performance of advertising sales in all Group's media has been slightly more positive vis-à-vis the market, thus producing an increase in market shares.

Other revenues, amounting to €15.5M, are up 15.4% over the first half-year 2012, thanks to the growth in rental of digital terrestrial television bandwidth to third parties.

Total costs show a 7.8% reduction: excluding digital edition and digital terrestrial television activities - whose costs are increasing in order to support their development – a 12.8% reduction is recorded, thanks to the reorganization measures under implementation, in particular in the Group's industrial and administrative areas.

The **consolidated gross operating profit** amounts to €33.3M, vis-a-vis €60.8M attained in the first half-year 2012.

All the Group's traditional sectors of activity have recorded a decline in gross profit margins due to a general decrease in advertising revenues; a sharper downturn has been recorded in the Group's national press sector (*la Repubblica* and magazines), which suffered a more severe contraction in advertising sales; in contrast, the Group's local dailies and radio stations are showing greater resilience. Furthermore, the Digital Division performance is slightly improving.

The **consolidated operating profit** amounts to €17.8M, vis-à-vis €42.1M of the corresponding period of the previous year.

The **consolidated net profit** has attained €3.7M, vis-à-vis €21.2M of the first half-year 2012.

The **consolidated net financial position** has further improved from -€108.1M end of year 2012 to -€86.1M as of June 30, 2013, with a financial surplus of €22.1M.

End of June 2013 the **Group staff**, including fixed-term contracts, has recorded 2,502 employees. The average number of employees in the period is 4,8% down over the first half-year of 2012.

The Group's Director of Administration and Accounts, Gabriele Acquistapace, manager in charge of drafting corporate and accounting records, pursuant to subparagraph 2 art. 154bis of "Testo Unico delle Finanze" (Finance Consolidation Act), states that the accounting information included in this press release corresponds to the documents results, the books and the accounting record.

SUBSEQUENT EVENTS AND OUTLOOK

Over the latest five years the Italian publishing industry has recorded some severe decrease in revenues due in particular to the negative performance of advertising investments: this sector has suffered a first drastic decrease in 2009 and again an equally severe decrease in 2012; both these periods have been characterized by a heavy recession phase in the economic framework.

In order to illustrate the above scenario, one should just consider that, according to Nielsen's assessments, in year 2012 advertising investments have decreased by 24% in nominal terms with respect to their value of year 2007, and in the same period investments in the press sector have recorded a 44% decrease.

In addition, the publishing industry has had to face further difficulties linked to the circulation of daily newspapers and magazines, as this sector has been involved in the more general and diffused consumer spending difficulties, as well as in the process of digitalization.

The first half-year of 2013 has shown again an extremely critical performance of both advertising sales (-17%) and circulation. Furthermore, no sign of improvement appears in the current monthly performance of advertising sales.



Our Group has successfully overcome the economic crisis of year 2009, actually recovering in year 2011 its pre-crisis level of profitability, by means of a deep restructuring process implemented over the 2009-2010 period, thus achieving a significant debt reduction.

In order to face the second wave of crisis appeared in the last quarter of year 2011 and still ongoing, the Group has put in place plans aimed at accelerating its digital development on the one side and further cost reduction on the other side.

These actions have enabled mitigating the economic crisis negative impact and, in year 2012, recorded positive results in a highly burdensome sector, attaining a slightly positive result also in the first half-year of 2013.

Uncertainty is still deep in the outlook for year 2013; in fact the current recession framework is heavily affecting advertising investments.

As concerns advertising investments, the decline recorded over the first half-year 2013 might reasonably decrease during the second half-year, considering the progressive contraction that they have already recorded in year 2012; however, one could not exclude that - in the light of the present economic framework - the gap produced in the first months of 2013 over the corresponding period of 2012 could be confirmed all along the current year.

The Group management is going to maintain its guidelines: digital development, success attained with the traditional products and cost reduction; as regards costs, considering the present situation, the Group has planned to put in place a set of new and sharper cost reduction actions.

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