

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 March 31st, 2013

**NET PROFIT AT €2M DESPITE THE WORSENING ECONOMIC
AND SECTOR CRISIS****NET INDEBTEDNESS DECREASING AT €83.5M****CONSOLIDATED RESULTS AT €182.1M (-11.8%)**

ESPRESSO GROUP FINANCIAL RESULTS AT MARCH 31, 2013

| Consolidated results (€M) | <i>Jan-Mar 2012</i> | <i>Jan-Mar 2013</i> |
|----------------------------------|-------------------------|-------------------------|
| Revenues, of which: | 206.5 | 182.1 |
| • circulation | 67.0 | 62.4 |
| • advertising | 120.8 | 101.2 |
| • add-on products | 12.2 | 10.5 |
| • others | 6.4 | 8.0 |
| Gross operating profit | 29.6 | 16.7 |
| Operating profit | 20.5 | 8.8 |
| Pre-tax profit | 17.5 | 6.2 |
| Net profit | 10.1 | 2.0 |

| (€M) | <i>December 31 2012</i> | <i>March 31 2013</i> |
|---|-----------------------------|--------------------------|
| Net Financial position | (108.1) | (83.5) |
| Shareholders' Equity including minority interests | 557.7 | 559.5 |
| • Shareholders' equity | 555.9 | 557.7 |
| • Minority interests | 1.8 | 1.8 |
| Employees | 2,536 | 2,514 |

Rome, April 18th, 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 March 31st, 2013.



MARKET OUTLOOK

The serious difficulties persisting in the Italian economic scenario are reproducing the extremely negative performance of advertising investments that has characterized the last quarter of year 2012.

In fact, during the first two months of year 2013 the advertising market has recorded 16.5% decline over the corresponding period of year 2012 (Nielsen Media Research).

Although this performance is still scarcely important – as pertaining in particular to the first two months of the year - it has had a negative impact on all the traditional media: the press sector was down 24.7%, television 16.1% and radio 17.3%. In contrast, advertising sales on the Internet keep performing well and are in line with the performance of year 2012 (+5%).

As regards, in particular, advertising investments in the press sector, a sharper -30% downturn has been recorded at the national level, vis-à-vis the -18% downturn recorded at the local level.

In terms of circulation, based on ADS data (Accertamento Diffusione Stampa, February 2013 moving average), an 8.5% decline has been recorded in daily newspapers sales.

PERFORMANCE OF GRUPPO ESPRESSO RESULTS DURING THE FIRST QUARTER OF YEAR 2013

In this framework of severe recession, the Group's **consolidated revenues** amount to €182.1M, recording 11.8% decrease over the first quarter of year 2012 (€206.5M).

Circulation revenues amount to €62.4M, down 6.9% over the corresponding period of the previous year, in a market situation which – as mentioned above – is still suffering a persistent decline.

According to the latest ADS data (February 2013), in terms of sales *la Repubblica* still ranks first among the Italian daily newspapers (newsstand sales, subscriptions and other): its leadership is confirmed also if one considers the subscriptions to the digital version (nearly forty-eight thousand at the end of March).

Moreover, if in addition to the daily digital newspaper (*Repubblica+*) considering all the digital services it supplies (*Repubblica Mobile*, in particular), it currently reaches seventy thousand subscriptions.

Advertising revenues, which amount to €101.2M, have recorded 16.3% downturn over the first quarter of year 2012, in a market that in February has declined by 16.5%.

The trend of every single medium is basically a reflection of the general market performances: the Group's press sector has suffered the most serious downturn (-24.2%): the

Group's magazines have recorded a more negative performance and local dailies a less severe decline.

Also the radio sector has suffered considerably and recorded -18.2% decline.

In contrast, advertising on the Internet has performed very well, with 7% increase, and confirmed – even in a particularly unfavorable general situation - the brilliant trend of the latest years.

Revenues from add-on products amount to €10.5M and have recorded a 14.3% downturn over the corresponding period of year 2012, produced by the generalized consumer spending depression and gradual contraction of the specific market going on since year 2007 - after a phase of intense activity.

Other revenues, amounting to €8M, have increased by over 25% vis-à-vis the first quarter of year 2012, thanks to the growth in rental of digital terrestrial television bandwidth to third parties.

Total costs show an 8.5% reduction: excluding digital edition and DTT activity - whose costs are increasing in order to support their development - 12.8% reduction is recorded thanks to further current cost reduction implemented, in particular, in the Group's industrial and administrative areas.

The **consolidated gross operating profit** amounts to €16.7M vis-à-vis €29.6M recorded in the first quarter of year 2012.

All the Group's traditional sectors of activity are suffering downturn due to a general decline in advertising revenues; however, the present crucial situation is affecting in particular the activities concerning the press national sector (*la Repubblica* and magazines) while the Group's local dailies show greater resilience. Improvements are also recorded in the Digital Division.

The **consolidated operating profit** amounts to €8.8M vis-à-vis €20.5M of the corresponding period of the previous year.

The **consolidated net profit** has attained €2M, vis-à-vis €10.1M reached in the first quarter of year 2012.

The **consolidated net financial position** has reached -€83.5M as at March 31, 2013, showing further improvement vis-à-vis -€108.1M recorded at the end of year 2012, with €24.7M financial surplus.

End of March 2013 the **Group staff**, including fixed-term contracts, has recorded 2,514 employees. The average number of employees in the period is 5.1% down over the first quarter of year 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.154 bis of "Testo Unico delle Finanze" (Finance 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 in year 2007, and in the same period investments in the press sector have recorded 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 quarter of year 2013 does not show any sign of improvement: the performances of advertising sales and circulation are in line with those recorded over the last quarter of year 2012.

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 its plans aimed at accelerating the development of digital 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 quarter of year 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 two months of 2013 might reasonably decrease during this year, considering the progressive contraction that they have already recorded over year 2012; however, one could not exclude that - in the light of the present economic framework – the gap produced in the first months of year 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 sharper cost reduction actions.

ADAPTATION OF THE COMPANY BY-LAWS TO REGULATIONS CONCERNING EQUAL OPPORTUNITIES OF ACCESS TO THE ADMINISTRATION AND CONTROL OFFICES OF LISTED COMPANIES

The Board of Directors has approved the amendment of Art. 15 and Art. 22 of the company by-laws to comply with Law 120 of 12 July 2011 on "gender balance". The minutes of the Board of Directors concerning modifications to the company by-laws, together with the text of the modified by-laws, will be made available at the registered offices, as well as at Borsa Italiana S.p.A. and on the company website (www.gruppoespresso.it) in accordance with the law.

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