

## 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, 2010*

**CONSOLIDATED REVENUES STABLE AT €639.5 MN:  
NET OF ADD-ON PRODUCTS, GROWTH IS EQUAL TO 4%**

**CONSOLIDATED NET PROFIT DECISIVELY RECOVERING AT €36.3 MN  
(€1.2 MN IN 2009)**

**NET INDEBTEDNESS STRONGLY REDUCED: €136.9 MN  
(€208.2 MN AT DECEMBER 2009)**

ESPRESSO GROUP ECONOMIC-FINANCIAL RESULTS AS OF SEPTEMBER 30, 2010

<b>Consolidated data (€mn)</b>	<i>Jan - Sept 2009</i>	<i>Jan - Sept 2010</i>	<i>Delta % 2010/2009</i>
Revenues, of which:	640.9	639.5	-0.2%
• circulation	206.9	202.2	-2.3%
• advertising	344.7	369.3	+7.1%
• add-on products	77.6	53.4	-31.2%
Gross operating profit	60.7	104.0	+71.4%
Operating profit	29.3	76.8	n.s.
Pre-tax Profit	16.3	67.0	n.s.
Net profit	1.2	36.3	n.s.

  

<b>(€mn)</b>	<i>September 30 2009</i>	<i>31 December 2009</i>	<i>September 30 2010</i>
Net Financial Position	(218.9)	(208.2)	(136.9)
Shareholders' Equity including minority interests	490.4	495.4	534.4
• Shareholders' Equity	480.0	485.6	524.1
• Minority interests	10.4	9.8	10.2
Employees	3,174	3,116	2,828

Rome, October 20, 2010 - 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 of September 30, 2010.

## MARKET OUTLOOK

During the first nine months of 2010 the Italian economic context was characterized by a very weak recovery, and perspectives remain uncertain.

In the aforementioned framework, in August the advertising market increased by 4.8% with respect to the corresponding 2009 period (Nielsen Media Research); if one considers that in 2009 investments had collapsed by 16.4%, the 2010 recovery is to be considered actually weak.

The Internet, radio and TV were the most dynamic media, increasing respectively by 17.7%, 12.8% and 7.7%.

In contrast, the publishing sector is still suffering a decline (-3.8%), with different evolutions in the various sectors: advertising in daily newspapers has reached stability (-1%), thanks to a slight recovery of the national commercial advertising (+1.6%), while periodicals are still recording a decline (-8.4%).

As regards circulation, ADS data (moving average of last 12 months up to June 2010, on a consistent perimeter) show in newsstands sales a 4.5% decline related to daily newspapers, 4.3% related to periodicals and 9.9% related to monthly magazines.

## COMMENTS ON THE ESPRESSO GROUP RESULTS OVER THE FIRST NINE MONTHS OF 2010

The Group's **consolidated revenues** over the first nine months of 2010 are €639.5mn, an amount in line with the corresponding period of the previous year (€640.9mn). Net of add-on products, increase in revenues reached 4%.

Net of add-on products, **circulation revenues**, which did not benefit from any increase in prices, amount to €202.2mn, vis-à-vis €206.9mn reached in the corresponding period of the previous year (-2.3%).

All along year 2010, all the Group's main titles are showing a notably improving trend vis-à-vis the respective reference markets.

Based on the latest ADS and Audipress data, *La Repubblica*, confirms its position as first Italian daily newspaper, as regards both the number of copies sold at newsstands and the number of readers. Some positive evolution is also being recorded: the number of copies sold at newsstands (ADS June data) is stable with respect to the previous year (+0.1%), while the daily newspapers market has decreased by 4.5%; Audipress 2010/II reports 3.3 million average daily readers, with a 20% lead over the second ranking Italian daily newspaper and a 1.9% increase with respect to the previous readership survey, against a stagnation of the total number of daily newspapers readers.

*L'espresso* has recorded a 1.3% circulation increase vis-à-vis the previous year (ADS in June) and is keeping a record of 2.5 million average weekly readers.

Finally, local daily newspapers show a slight decline (-2.5%), ascribable to the economic crisis context; this decline is however sensibly lower than the market's and also in this case, Audipress data show a positive result confirming 3.4 million average daily readers.

**Advertising revenues**, equal to €369.3mn, increased by 7.1% with respect to the first nine months of 2009, confirming in the third quarter the recovery already recorded in the first half-year.

The Internet advertising sector has attained the most positive evolution (+21.7%); this trend - besides the specific market - is to be ascribed, to the increasing success of *Repubblica.it* website, which attained 1.5 million average daily unique users, and recorded an additional considerable increase (+25%) in the number of users over the previous year, thus confirming its position as first Italian information website.

Moreover, the Group's Radio stations have recorded a very positive evolution (+13.6%): this growth was supported by both the market trend and the good results attained in listenership, in particular as regards *Radio DeeJay*.

Finally, advertising in the print sector suffered from a decline (-1.8%) more limited than the one recorded by the market.

In all its sectors of activity (Internet, radio and publishing sector), the Group has increased its market shares: this result could be attained not only because of the strought of its titles, but also thanks to the concessionaire's enhanced commercial dynamism.

**Revenues from add-on products** amount to €53.4mn, showing a 31.2% decline with respect to the corresponding period of 2009. In a market framework definitely suffering from severe contraction, the Group decided to focus on a reduced number of initiatives and maintain the sector's high profitability.

**Total operating costs** were cut by 8% with respect to the first nine months of the previous year, and, net of extraordinary charges, recurrent costs were cut by 6.1%; taking into account the savings realized in the first nine months of 2009, costs trend is perfectly in line with the plan, which, as one may recall, envisages an overall 17% cost reduction with respect to year 2008 (reference base for the Group's reorganization plan). This result was attained without reducing the Group's product perimeter and portfolio and with no damage for its quality.

The **consolidated Gross Operating Profit** amounts to €104mn (€60.7mn over the first nine months of 2009) and the **consolidated operating profit** amounts to €76.8mn (€29.3mn over the first nine months of 2009).

All the Group's main activities have recorded a remarkable profitability enhancement ascribable to: as far as daily newspapers are concerned, a drastic cost reduction related to reorganization plans, and as regards radio and the Internet a remarkable increase in revenues.

The **Consolidated net profit** amounts to €36.3mn, vis-à-vis €1.2mn in the corresponding period of the previous year.

**The consolidated financial position** shows further considerable improvement, from -€208.2mn at the end of 2009 to -€136.9mn as of September, 2010, with a €71.3mn net cash flow over the period.

A the end of September 2010, the **Group staff - including term contracts** - totaled 2,828 persons, that is 288 less with respect to the beginning of the year, and 584 less over the past two years (since September 2008), reflecting the effects of the ongoing reorganization plans.

#### **MOST SIGNIFICANT ECONOMIC RESULTS OF THE THIRD QUARTER 2010**

<b>Consolidated quarterly results (€mn)</b>	<i>3rd quarter 2009</i>	<i>3rd quarter 2010</i>	<i>Delta % 2010/2009</i>
Revenues	191.6	194.4	+1.5%
Gross Operating Profit	20.1	29.2	+45.3%
Operating Profit	10.0	20.1	n.s.
Pre-tax Profit	5.8	15.6	n.s.
Net Profit	1.1	7.7	n.s.

Over the third quarter 2010 the **consolidated revenues** show a 1.5% increase with respect to the corresponding period of 2009; advertising revenues show a 5.9% increase, and circulation revenues, including add-on products, show a 6.9% decline.

The **consolidated operating profit** amounts to €20.1mn (€10mn in the third quarter 2009; the **consolidated net profit** amounts to €7.7mn (€1.1mn in the corresponding period of 2009).

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

#### **HARMONIZATION OF BYLAWS WITH MANDATORY LAW PROVISIONS**

The Board of Director has approved the harmonization of the Company Bylaws with the mandatory provisions of Legislative Decree n. 27/2010, concerning the implementation of Directive 2007/36/EC on the exercise of certain rights of shareholders in listed companies, and Legislative Decree n. 39/2010 on the statutory audits of annual accounts and consolidated accounts.

The following articles have been modified: art. 8 (Withdrawal), art. 10 (Calling of Meetings), art. 11 (Attendance and representation at the Meeting), art. 14 (Resolutions of the Meeting), art. 15 (Board of Directors), art. 22 (Board of Statutory Auditors), and art. 23 (Audit).

The new text of the Company Bylaws shall be circulated and published on the Company website simultaneously with the application for registration in the Trade Register of the Rome Chamber of Commerce.

## **SUBSEQUENT EVENTS AND OUTLOOK**

The weak economic growth which has characterized year 2010, and the persistent poor visibility over the macro-economic perspectives, did not allow a firm and generalized recovery of advertising investments after the sharp 2008-2009 contraction.

Advertising investments as a whole have, anyhow, recorded a slight upward trend (+4.8% in August) which, for the moment, has not reached the publishing sector.

In the present framework, the Group's advertising revenues show a good dynamic performance, also thanks to the media portfolio diversification, and one may forecast an analogous positive evolution for the rest of the year.

Moreover, thanks to the currently implemented cost reduction plan, the Group was able to attain considerable savings, totally in line with the prospected goals.

As a consequence, profitability shows a firm increase, which is expected to be maintained for the rest of the year.

Finally, the Group is committed to uninterruptedly enhancing its titles and implementing a powerful editorial development plan regarding the new media, which is entailing an increasingly extended circulation of its contents through all the new platforms. In particular, the Group has already implemented the i-Pad version of *la Repubblica* (*Repubblica+*) and *L'espresso* and is preparing to launch it also for all its local daily newspapers.

### COMPANY CONTACTS:

**DIREZIONE CENTRALE**

**RELAZIONI ESTERNE**

(Public Relations Office Directorate)

Stefano Mignanego

Tel.: +39 06 84787434

e-mail: [dir-relaz-esterne@gruppoespresso.it](mailto:dir-relaz-esterne@gruppoespresso.it)

[www.gruppoespresso.it](http://www.gruppoespresso.it)

## Gruppo Espresso

### Consolidated Income Statement

(€ million)	Jan - Sept 2009	Jan - Sept 2010
Revenues	640,9	639,5
Change in inventories	(0,7)	0,1
Other operating income	8,0	8,8
Purchases	(89,7)	(68,2)
Services received	(252,4)	(250,5)
Other operating charges	(13,2)	(17,5)
Investments valued at equity	0,7	0,8
Personnel costs	(233,0)	(209,1)
Depreciation, amortization and write-downs	(31,4)	(27,2)
<b>Operating profit</b>	<b>29,3</b>	<b>76,8</b>
Financial income (expense)	(12,9)	(9,8)
<b>Pre-tax profit</b>	<b>16,3</b>	<b>67,0</b>
Income taxes	(15,1)	(30,3)
<b>Net profit</b>	<b>1,3</b>	<b>36,7</b>
Minority interests	(0,1)	(0,4)
<b>GROUP NET PROFIT</b>	<b>1,2</b>	<b>36,3</b>
Earnings per share, basic	n.s.	0,089
Earnings per share, diluted	n.s.	0,083

### Consolidated Comprehensive Income Statement

(€ million)	Jan - Sept 2009	Jan - Sept 2010
<b>NET PROFIT</b>	<b>1,3</b>	<b>36,7</b>
<b>Other components of comprehensive income statement:</b>		
Profit / (Loss) from valuation of available-for-sale assets	-	0,4
Taxes on other profits / (losses)	-	(0,1)
<b>Other components of comprehensive income statement, after taxes</b>	<b>-</b>	<b>0,3</b>
<b>TOTAL COMPREHENSIVE INCOME STATEMENT</b>	<b>1,3</b>	<b>37,0</b>
<b>Total comprehensive income statement, of which:</b>		
Parent Company's shareholders	1,2	36,6
Minority Interests	(0,1)	(0,4)

*Not audited data*

## Gruppo Espresso

### Consolidated Income Statement - 3<sup>rd</sup> Quarter

(€ million)	3 <sup>rd</sup> Quarter 2009	3 <sup>rd</sup> Quarter 2010
Revenues	191,6	194,4
Change in inventories	(0,6)	(0,0)
Other operating income	2,2	2,8
Purchases	(26,9)	(21,2)
Services received	(74,5)	(78,9)
Other operating charges	(1,8)	(5,8)
Investments valued at equity	0,3	0,2
Personnel costs	(70,1)	(62,3)
Depreciation, amortization and write-downs	(10,2)	(9,1)
<b>Operating profit</b>	<b>10,0</b>	<b>20,1</b>
Financial income (expense)	(4,2)	(4,5)
<b>Pre-tax profit</b>	<b>5,8</b>	<b>15,6</b>
Income taxes	(4,7)	(7,4)
<b>Net profit</b>	<b>1,1</b>	<b>8,2</b>
Minority interests	(0,0)	(0,5)
<b>GROUP NET PROFIT</b>	<b>1,1</b>	<b>7,7</b>

### Consolidated Comprehensive Income Statement - 3<sup>rd</sup> Quarter

(€ million)	3 <sup>rd</sup> Quarter 2009	3 <sup>rd</sup> Quarter 2010
<b>NET PROFIT</b>	<b>1,1</b>	<b>8,2</b>
<b>Other components of comprehensive income statement:</b>		
Profit / (Loss) from valuation of available-for-sale assets	-	0,2
Taxes on other profits / (losses)	-	(0,1)
<b>Other components of comprehensive income statement, after taxes</b>	<b>-</b>	<b>0,2</b>
<b>TOTAL COMPREHENSIVE INCOME STATEMENT</b>	<b>1,1</b>	<b>8,3</b>
<b>Total comprehensive income statement, of which:</b>		
Parent Company's shareholders	1,1	7,9
Minority Interests	(0,0)	(0,5)

*Not audited data*

# Gruppo Espresso

## Consolidated Balance Sheet

<b>ASSETS</b> (€ million)	December, 31 2009	September, 30 2010
Intangible assets with an indefinite useful life	656,4	656,4
Other intangible assets	3,1	2,3
<b>Intangible assets</b>	<b>659,5</b>	<b>658,7</b>
Property, plant and equipment	203,6	177,1
Investments valued at equity	28,3	28,4
Other investments	2,5	2,5
Non-current receivables	1,3	1,3
Deferred tax assets	48,6	37,6
<b>NON-CURRENT ASSETS</b>	<b>943,8</b>	<b>905,6</b>
Inventories	23,2	18,9
Trade receivables	229,9	197,8
Marketable securities and other financial assets	25,2	62,3
Tax receivables	20,6	23,7
Other receivables	17,4	23,1
Cash and cash equivalents	135,0	151,3
<b>CURRENT ASSETS</b>	<b>451,4</b>	<b>477,2</b>
<b>TOTAL ASSETS</b>	<b>1.395,2</b>	<b>1.382,8</b>

<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b> (€ million)	December, 31 2009	September, 30 2010
Share capital	61,4	61,4
Reserves	217,1	194,7
Retained earnings (loss carry-forwards)	201,2	231,6
Net profit (loss) for the period	5,8	36,3
<b>Group Shareholders' Equity</b>	<b>485,6</b>	<b>524,1</b>
Minority interests	9,8	10,2
<b>SHAREHOLDERS' EQUITY</b>	<b>495,4</b>	<b>534,4</b>
Financial debt	348,6	319,8
Provisions for risks and charges	40,4	39,7
Employee termination indemnity and other retirement benefits	83,9	74,2
Deferred tax liabilities	111,0	112,9
<b>NON-CURRENT LIABILITIES</b>	<b>583,9</b>	<b>546,5</b>
Financial debt	19,8	30,8
Provisions for risks and charges	48,8	39,5
Trade payables	147,6	125,1
Tax payables	12,7	31,3
Other payables	86,9	75,2
<b>CURRENT LIABILITIES</b>	<b>315,9</b>	<b>301,9</b>
<b>TOTAL LIABILITIES</b>	<b>899,8</b>	<b>848,4</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>1.395,2</b>	<b>1.382,8</b>

*Not audited data*



# Gruppo Espresso

## Changes in the Consolidated Net Financial Position

(€ million)	Jan-Sept 2009	Jan-Sept 2010
<b>SOURCES OF FUNDS</b>		
Net profit (loss) for the period, including minority interests	1,3	36,7
Depreciation, amortization and write-downs	31,4	27,2
Accruals to provisions for stock option costs	1,0	1,9
Net change in provisions for personnel costs	(6,4)	(9,7)
Net change in provisions for risks and charges	18,4	(10,1)
Losses (gains) on disposal of fixed assets	(0,2)	(2,1)
Losses (gains) on disposal of equity investments	-	(3,5)
Write-down (revaluation) of investments	-	0,0
Adjustments for investments valued at equity	(0,3)	(0,0)
<b>Cash flow from operating activities</b>	<b>45,2</b>	<b>40,4</b>
Decrease (Increase) in non-current receivables	0,1	(0,1)
Increase in liabilities/Decrease in deferred tax assets	(0,4)	12,8
Increase in payables/Decrease in tax receivables	2,4	15,5
Decrease (Increase) in inventories	3,9	4,4
Decrease (Increase) in trade and other receivables	61,0	26,4
Increase (Decrease) in trade and other payables	(30,0)	(29,4)
<b>Change in current assets</b>	<b>37,2</b>	<b>29,6</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>82,3</b>	<b>70,0</b>
Deconsolidation of assets of sold subsidiaries	-	14,2
Net disinvestments in equity	-	3,5
Increases in share capital and reserves	0,1	0,1
Other changes	-	0,3
<b>TOTAL SOURCES OF FUNDS</b>	<b>82,5</b>	<b>88,1</b>
<b>USES OF FUNDS</b>		
Net investment in fixed assets	(21,3)	(16,7)
(Acquisition) sale of treasury stocks	(1,1)	(0,1)
Dividends paid	-	-
Other changes	(0,1)	-
<b>TOTAL USES OF FUNDS</b>	<b>(22,5)</b>	<b>(16,8)</b>
<b>Financial surplus (deficit)</b>	<b>60,0</b>	<b>71,3</b>
<b>BEGINNIG NET FINANCIAL POSITION</b>	<b>(278,9)</b>	<b>(208,2)</b>
<b>ENDING NET FINANCIAL POSITION</b>	<b>(218,9)</b>	<b>(136,9)</b>

*Not audited data*

# Gruppo Espresso

## Statement of Consolidated Cash Flows

(€million)	Jan-Sept 2009	Jan-Sept 2010
<b>OPERATING ACTIVITIES</b>		
Net profit (loss) for the period, including minority interests	1,3	36,7
Adjustments:		
- Depreciation, amortization and write-downs	31,4	27,2
- Accruals to provisions for stock option costs	1,0	1,9
- Net change in provisions for personnel costs	(6,4)	(8,4)
- Net change in provisions for risks and charges	18,4	(10,1)
- Losses (gains) on disposal of fixed assets	(0,2)	(2,1)
- Losses (gains) on disposal of equity investments and marketable securities	(2,6)	(3,8)
- Adjustments in value of financial assets	-	0,0
- Adjustments for investments valued at equity	(0,3)	(0,0)
- (Dividends received)	(0,0)	-
<b>Cash flow from operating activities</b>	<b>42,5</b>	<b>41,4</b>
<b>Change in current assets and other flows</b>	<b>48,8</b>	<b>43,4</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>91,3</b>	<b>84,8</b>
of which:		
Interest received (paid)	(0,7)	(0,7)
Received (outlay) for income taxes	(11,6)	1,0
<b>INVESTING ACTIVITIES</b>		
Outlay for purchase of fixed assets	(29,8)	(19,1)
Received on disposals of fixed assets	8,5	4,4
Public grants received	0,2	-
(Acquisition) sale of marketable securities and available-for-sale assets	(16,7)	(35,7)
Dividends received	0,0	-
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>(37,8)</b>	<b>(50,5)</b>
<b>FINANCIAL ACTIVITIES</b>		
Increases in capital and reserves	0,1	0,1
(Acquisition) sale of treasury stocks	(1,1)	(0,1)
Issue (repayment) of bond	(6,9)	(12,5)
Issue (repayment) of other financial debt	(8,3)	(7,2)
Other changes	(0,1)	-
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>(16,2)</b>	<b>(19,7)</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>37,2</b>	<b>14,6</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>120,7</b>	<b>134,4</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>157,9</b>	<b>149,0</b>

*Not audited data*

## Gruppo Espresso

### Consolidated Net Financial Position

(€million)	September, 30 2009	December, 31 2009	September, 30 2010
Financial receivables from Group companies	-	1,4	0,5
Financial payables to Group companies	-	-	-
Cash and bank deposits	158,5	133,6	150,9
Current account overdrafts	(0,6)	(0,6)	(2,3)
<b>Net cash and cash equivalents</b>	<b>157,9</b>	<b>134,4</b>	<b>149,0</b>
Marketable securities and other financial assets	16,9	25,2	62,3
Bond issue	(308,7)	(291,7)	(288,8)
Other bank debt	(84,5)	(75,4)	(59,1)
Other financial debt	(0,5)	(0,6)	(0,3)
<b>Other financial assets (liabilities)</b>	<b>(376,9)</b>	<b>(342,6)</b>	<b>(285,9)</b>
<b>NET FINANCIAL POSITION</b>	<b>(218,9)</b>	<b>(208,2)</b>	<b>(136,9)</b>

*Not audited data*