

PRESS RELEASE

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

GRUPPO EDITORIALE L'ESPRESSO S.P.A.

The Board of Directors analysed the consolidated results as at December 31, 2012

**THE ECONOMIC CRISI IS HEAVILY AFFECTING THE PUBLISHING SECTOR,
NEVERTHELESS, GRUPPO ESPRESSO CLOSED YEAR 2012
WITH NET PROFIT EQUAL TO €21.8M**

**NET OF DIVIDEND DISTRIBUTION AND
PURCHASE OF OWN SHARES EQUAL TO €26.9M,
NET INDEBTEDNESS RECORDS FURTHER
DECREASE FROM €10.2M TO €108.1M**

ESPRESSO GROUP FINANCIAL RESULTS AT DECEMBER 31, 2012

Consolidated results(€m)	<i>Year 2011</i>	<i>Year 2012</i>	<i>Δ% 2012/2011</i>
Revenues, of which:	890.1	812.7	-8.7%
• circulation	271.4	261.5	-3.7%
• Add-on products	62.9	49.4	-21.5%
• advertising	534.7	476.3	-10.9%
• others	21.1	25.6	+21.3%
Gross operating profit	159.8	102.4	-35.9%
Operating profit	122.5	60.4	-50.7%
Pre-tax profit	107.5	44.1	-59.0%
Net profit	60.6	21.8	-64.0%

(€M)	<i>December 31 2011</i>	<i>December 31 2012</i>
Net Financial position	(110.2)	(108.1)
Shareholders' Equity including minority interests	565.0	557.7
• Shareholders' equity	563.3	555.9
• Minority interests	1.7	1.8
Employees	2,673	2,536

Rome, February 27, 2013 – The Board of Directors of Gruppo Editoriale L'Espresso S.p.A. met today in Rome and analysed the consolidated results as at December 31, 2012.

MARKET OUTLOOK

During year 2012, the deteriorated economic situation, which has definitely revealed a severe recession and great uncertainty about future prospects, has produced some particularly crucial changes in the publishing industry.

Advertising investments have recorded a 14.3% contraction with respect to year 2011 (source: Nielsen Media Research). The negative performance of consumer spending induced all the most important economic sectors (food, transportation, TLC, fashion and cosmetics, housing, etc.) to heavily cut advertising.

The contraction in advertising investments has worsened over the year, from -7.5% (first quarter) to -11.6% (second quarter), to -17.7% (third quarter), ending with -20.5% over the last three months of the year.

This negative trend has affected all the traditional media, except the Internet: the press sector was down 17.9%, television 15.3% (-19% for traditional TV and +9.5% for satellite and digital terrestrial TV), with a 10.2% decline in radio. In contrast, advertising sales on the Internet have repeated their good performance, even if growth in this sector has resulted less evident in comparison with the previous years (+5.3%, except search engines, as this sector has not been surveyed by Nielsen).

As regards advertising investments, in particular in the press sector, both dailies and magazines have recorded considerable downturns - respectively -17.6% and -18.4% - with almost similar downturns in advertising at both the national and local level.

In terms of circulation, as in the past years, the performance is still recording a decline, in a generalized consumer spending depression which is affecting both dailies and magazines: according to internal assessments based on ADS data, year 2012 has recorded a 8.7% decline in daily newspapers sales.

PERFORMANCE OF GRUPPO ESPRESSO RESULTS IN YEAR 2012.

In this scenario of severe recession, the Group's **consolidated revenues** amount to €12.7M, recording an 8.7% decrease with respect to year 2011 (€90.1M).

Circulation revenues amount to €261.5M, down 3.7% over the corresponding period of the previous year (€271.4M) in a market situation which – as mentioned above - has globally suffered a severe 8.7% decline in volumes.

The Group's titles good performances, as compared to the reference market sectors, are confirmed in year 2012.

The latest ADS (December 2012) and Audipress data (2012/III Survey) show that *la Repubblica* is still the top daily newspaper in terms of newsstand sales and readership (3 million).

Moreover, the development of digital products confirmed a good performance (*Repubblica+* and *Repubblica Mobile*), reaching in December 2012 over 66 thousand active subscribers.

According to the latest Audipress figures, the network of local newspapers has recorded 3.2 million average daily readers and, finally, *L'Espresso* ranks first among the news magazines with 2.5 million readers.

Advertising revenues, which amount to €476.3M, suffered a 10.9% downturn over the previous year, in a market that has declined by 14.3%.

The trend of each single media is basically a reflection of the general market performances; anyway, the results displayed on all the above media are slightly more favorable to the Group.

The Group's press media suffered a 16.5% downturn (-17.9% in the market) with a 15.6% downturn for dailies vis-à-vis the -17.6% performance of this sector.

The radio sector suffered a 2.5% decline, vis-à-vis the 10.2% decline recorded in the market. According to the latest RadioMonitor radio audience survey, *Radio DeeJay* - with 5.2 million listeners on the "average day" - ranks second nationally. *m2o* radio station is a huge success, with 1.7 million listeners. *Radio Capital* is also doing well, hitting the 1.6 million mark.

Advertising in the Internet has performed very well, expanding by 14% vis-à-vis the slowly-reached +5.3% in the reference market.

The Group's progress is based on the increase in audience: in year 2012, the Group's network of websites has recorded an average of 2.4 million daily unique users, with a 7% increase with respect to year 2011 (Nielsen Site Census). Once again *Repubblica.it* ranks first among the information websites displayed in Italian, with an average of 2 million daily unique users (+5% with respect to year 2011) and well-ahead of the first-placed. Moreover, the Group's audiences of local daily newspapers and "D" have recorded a remarkable increase (+49% and +33% respectively).

Revenues from add-on products amount to €49.4M and are suffering a 21.5% downturn vis-à-vis year 2011 - produced by 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 €25.6M, have increased by 21.3% vis-à-vis year 2011, thanks to the growth in rental of digital terrestrial television bandwidth to third parties.

Total costs show a 2.4% reduction: if one excludes digital edition and DTT activity - whose costs are increasing in order to support their development - a 5% reduction is recorded

thanks to a further cost reduction implemented in year 2012 in the Group's industrial and administrative areas.

The **consolidated gross operating profit** amounts to €102.4M, decreasing by 35.9% with respect to €159,8M of year 2011.

All the Group's traditional sectors of activity are suffering a decline due to general decrease in revenues; the present crucial situation is particularly affecting the activities concerning the daily newspaper *la Repubblica*, the Group's magazines and add-on products, while the Group's local dailies and radio stations show greater resilience.

In contrast, the Internet area is improving, thanks to growth in revenues, likewise the television sector, thanks to the increased bandwidth rental activity.

Finally, one should notice that provisions equal to €18.2M to face reorganization expense were set aside in year 2012 vis-à-vis €12,9M of year 2011.

The **consolidated operating profit** amounts to €60.4M, down 50.7% compared with €122.5M of the previous year. One should notice that increase in amortizations with respect to the previous year is linked to amortization of DTV frequencies linked to the rights-to-use license for 20 years obtained on June 28, 2012.

The **consolidated net result** has recorded €1.8M profits vis-à-vis €60.6M reached in year 2011. Over the year the Company has allocated €11,9M related to the pending fiscal proceedings.

The **consolidated net financial position** as at December 31, 2012 is -€108.1M, slightly improved vis-à-vis -€110.2M recorded at the same date of year 2011: the €29M current financial surplus has been absorbed by dividends (€25M) and purchase of own shares (€1.9M).

End of December 2012 the **Group staff**, including fixed-term contracts, amounted to 2,536 employees, 137 down as at December 31, 2011. The average number of employees in the period was 4.8% lower than in year 2011, decreasing from 2,747 to 2,614 employees.

The company's Director of Administration and Accounts, Dottor 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.

2012 FINANCIAL STATEMENTS OF THE PARENT COMPANY

The Parent Company revenues amounted to €403.9M (€459.6M in year 2011). Operating Profit has reached €21.8M (€65.0M in year 2011). Net Profit amounted to €33.9M (€65.5M in year 2011).

PROPOSED ALLOCATION OF 2012 NET PROFIT

The Board of Directors is going to propose to the Shareholders Meeting called on April 18, 2013, not to distribute any dividend for year 2012 and to destinate the Net Profit to the Retained Earnings Reserve, as the legal reserve has already reached 20% of the share capital.

VERIFICATION OF REQUISITES FOR INDEPENDENCE OF THE MEMBERS OF THE BOARD OF DIRECTORS AND BOARD OF STATUTORY AUDITORS

The Board of Directors has verified members' requisites for independence and confirmed that the following members are entitled: Agar Brugiavini, Giorgio Di Giorgio, Mario Greco, Elisabetta Oliveri, Tiziano Onesti, Luca Paravicini Crespi and Michael Zaoui.

Requisite for independence and honorability were also confirmed for the members of the Board of Statutory Auditors.

SUBSEQUENTS 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 year 2012; both these periods have been characterized by a heavy recession phase in the economic scenario.

In order to illustrate the above framework, one should just consider that, according to Nielsen's assessments, in year 2012 advertising investments have decreased in nominal terms by 24% with respect to their value in year 2007, and in the same period investments in the press sector have suffered 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 process of digitalization and also affected by the more general and diffused consumer spending problems.

The first two months of year 2013 do 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.

Gruppo Espresso 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 reorganization 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 editions on the one side, and further cost reduction on the other side.

However, even if these actions have enabled reducing the negative impact of the economic crisis and anyway reaching positive results - in a highly burdensome sector – still have not been enough to maintain the profitability of year 2011.

On the other hand, in the absence of a radical change of direction in the present economic scenario and specific market – now unlikely to take place - the deterioration of results should be expected to persist over year 2013.

Developing digital editions, confirming the success of its traditional products and cost reduction are still the Group management guidelines and, if no change takes place in this framework, the Group shall plan a set of sharper cost reduction actions aimed at enhancing the present situation.

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Consolidated Income Statement

(€ thousand)	Year 2011	Year 2012
Revenues	890.057	812.683
Change in inventories	101	(338)
Other operating income	21.962	19.479
Purchases	(96.088)	(88.806)
Services received	(360.266)	(348.891)
Other operating charges	(23.068)	(23.828)
Investments valued at equity	984	797
Personnel costs	(273.921)	(268.697)
Depreciation, amortization and write-downs	(37.219)	(42.038)
Operating profit	122.542	60.361
Financial income (expense)	(15.025)	(16.248)
Pre-tax profit	107.517	44.113
Income taxes	(47.131)	(22.162)
Net profit	60.386	21.951
Minority interests	225	(151)
GROUP NET PROFIT	60.611	21.800
Earnings per share, basic	0,152	0,055
Earnings per share, diluted	0,142	0,051

Not completely audited data

Gruppo Espresso

Consolidated Balance Sheet

ASSETS (€ thousand)	31 December 2011	31 December 2012
Intangible assets with an indefinite useful life	659.828	521.545
Other intangible assets	1.849	140.766
Intangible assets	661.677	662.311
Property, plant and equipment	162.828	145.823
Investments valued at equity	28.857	24.616
Other investments	2.518	2.573
Non-current receivables	1.073	1.134
Deferred tax assets	28.945	27.246
NON-CURRENT ASSETS	885.898	863.703
Inventories	22.006	15.294
Trade receivables	248.545	233.958
Marketable securities and other financial assets	48.735	23.101
Tax receivables	10.513	24.227
Other receivables	14.072	24.053
Cash and cash equivalents	141.407	129.089
CURRENT ASSETS	485.278	449.722
TOTAL ASSETS	1.371.176	1.313.425

LIABILITIES AND SHAREHOLDERS' EQUITY (€ thousand)	31 December 2011	31 December 2012
Share capital	61.534	61.534
Reserves	183.300	174.068
Retained earnings (loss carry-forwards)	257.833	298.491
Net profit (loss) for the period	60.611	21.800
Group Shareholders' Equity	563.278	555.893
Minority interests	1.719	1.784
SHAREHOLDERS' EQUITY	564.997	557.677
Financial debt	285.099	244.512
Provisions for risks and charges	39.969	45.403
Employee termination indemnity and other retirement benefits	68.100	72.018
Deferred tax liabilities	118.160	122.277
NON-CURRENT LIABILITIES	511.328	484.210
Financial debt	15.248	15.813
Provisions for risks and charges	38.970	41.309
Trade payables	133.270	133.141
Tax payables	31.632	10.940
Other payables	75.731	70.335
CURRENT LIABILITIES	294.851	271.538
TOTAL LIABILITIES	806.179	755.748
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1.371.176	1.313.425

Not completely audited data

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Changes in the Consolidated Net Financial Position

(€ thousand)	Year 2011	Year 2012
SOURCES OF FUNDS		
Net profit (loss) for the period, including minority interests	60.386	21.951
Depreciation, amortization and write-downs	37.219	42.038
Accruals to provisions for stock option costs	2.381	1.776
Net change in provisions for personnel costs	(3.857)	3.918
Net change in provisions for risks and charges	3.267	7.773
Losses (gains) on disposal of fixed assets	(10.819)	(84)
Write-down (revaluation) of investments	806	4.411
Adjustments for investments valued at equity	(255)	31
Cash flow from operating activities	89.128	81.814
Decrease (Increase) in non-current receivables	213	(61)
Increase in liabilities/Decrease in deferred tax assets	8.737	5.816
Increase in payables/Decrease in tax receivables	9.959	(34.406)
Decrease (Increase) in inventories	(4.962)	6.712
Decrease (Increase) in trade and other receivables	(9.108)	4.606
Increase (Decrease) in trade and other payables	(12.305)	(3.091)
Change in current assets	(7.466)	(20.424)
CASH FLOW FROM OPERATING ACTIVITIES	81.662	61.390
Increases in share capital and reserves	580	-
Other changes	-	1.737
TOTAL SOURCES OF FUNDS	82.242	63.127
USES OF FUNDS		
Net investments in fixed assets	(14.684)	(28.017)
Net equity investments	(2.913)	(256)
(Acquisition) sale of treasury stocks	(5.982)	(1.918)
Dividends (paid)	(29.751)	(24.966)
Other changes	(4.112)	(5.900)
TOTAL USES OF FUNDS	(57.442)	(61.057)
Financial surplus (deficit)	24.800	2.070
BEGINNIG NET FINANCIAL POSITION	(135.005)	(110.205)
ENDING NET FINANCIAL POSITION	(110.205)	(108.135)

Not completely audited data

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Statement of Consolidated Cash Flows

(€ thousand)	Year 2011	Year 2012
OPERATING ACTIVITIES		
Net profit (loss) for the period, including minority interests	60.386	21.951
Adjustments:		
- Depreciation, amortization and write-downs	37.219	42.038
- Accruals to provisions for stock option costs	2.381	1.776
- Net change in provisions for personnel costs	(3.857)	3.918
- Net change in provisions for risks and charges	3.267	7.773
- Losses (gains) on disposal of fixed assets	(10.819)	(84)
- Losses (gains) on disposal of equity investments and marketable securities	81	547
- Adjustments in value of financial assets	806	4.411
- Adjustments for investments valued at equity	(255)	31
- Dividends (received)	(24)	(19)
Cash flow from operating activities	89.185	82.342
Change in current assets and other flows	(11.650)	(27.511)
CASH FLOW FROM OPERATING ACTIVITIES	77.535	54.831
of which:		
Interest received (paid) through banks	(11.376)	(7.949)
Received (outlay) for income taxes	(23.878)	(40.445)
INVESTING ACTIVITIES		
Outlay for purchase of fixed assets	(31.849)	(28.569)
Outlay for purchase of equity investments	(2.179)	(256)
Received on disposals of fixed assets	17.165	552
(Acquisition) sale of marketable securities and available-for-sale assets	11.095	27.324
Dividends received	24	19
CASH FLOW FROM INVESTING ACTIVITIES	(5.744)	(930)
FINANCIAL ACTIVITIES		
Increases in capital and reserves	580	-
(Acquisition) sale of treasury stocks	(5.982)	(1.918)
Issue (repayment) of bond	(16.184)	(28.775)
Issue (repayment) of other financial debt	(13.231)	(11.004)
Dividends (paid)	(29.751)	(24.966)
Other changes	(273)	(20)
CASH FLOW FROM FINANCING ACTIVITIES	(64.841)	(66.683)
Increase (decrease) in cash and cash equivalents	6.950	(12.782)
Cash and cash equivalents at beginning of the period	134.450	141.400
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	141.400	128.618

Not completely audited data

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Income Statement

(€ thousand)	Year 2011	Year 2012
Revenues	459.629	403.918
Change in inventories	103	(337)
Other operating income	13.883	12.564
Purchases	(63.397)	(56.708)
Services received	(213.905)	(209.521)
Other operating charges	(8.330)	(8.661)
Personnel costs	(114.213)	(113.047)
Depreciation, amortization and write-downs	(8.808)	(6.364)
Operating profit	64.962	21.844
Financial income (expense)	(9.631)	(8.286)
Dividends	35.579	34.231
Pre-tax profit	90.910	47.789
Income taxes	(25.445)	(13.899)
NET PROFIT	65.465	33.890

Not completely audited data

Gruppo Editoriale L'Espresso SpA

Balance Sheet

ASSETS (€ thousand)	31 December 2011	31 December 2012
Intangible assets with an indefinite useful life	220.661	220.661
Other intangible assets	1.009	883
Intangible assets	221.670	221.544
Property, plant and equipment	16.955	13.412
Investments	409.100	413.311
Non-current receivables	435	451
Deferred tax assets	15.250	12.115
NON-CURRENT ASSETS	663.410	660.833
Inventories	18.065	11.645
Trade receivables	111.036	96.098
Marketable securities and other financial assets	48.685	23.049
Tax receivables	9.074	20.964
Other receivables	7.631	18.562
Cash and cash equivalents	193.272	190.213
CURRENT ASSETS	387.763	360.531
TOTAL ASSETS	1.051.173	1.021.364

LIABILITIES AND SHAREHOLDERS' EQUITY (€ thousand)	31 December 2011	31 December 2012
Share capital	61.534	61.534
Reserves	86.881	86.849
Retained earnings (loss carry-forwards)	258.806	298.491
Net profit (loss) for the period	65.465	33.890
SHAREHOLDERS' EQUITY	472.686	480.764
Financial debt	263.512	231.514
Provisions for risks and charges	33.737	39.216
Employee termination indemnity and other retirement benefits	28.447	31.119
Deferred tax liabilities	51.626	55.101
NON-CURRENT LIABILITIES	377.322	356.950
Financial debt	60.653	59.596
Provisions for risks and charges	16.292	15.217
Trade payables	70.686	69.389
Tax payables	19.146	5.790
Other payables	34.388	33.658
CURRENT LIABILITIES	201.165	183.650
TOTAL LIABILITIES	578.487	540.600
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1.051.173	1.021.364

Not completely audited data

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Statement of Cash Flows

(€ thousand)	Year 2011	Year 2012
OPERATING ACTIVITIES		
Net profit (loss) for the period	65.465	33.890
Adjustments:		
- Depreciation, amortization and write-downs	8.808	6.364
- Accruals to provisions for stock option costs	2.381	1.776
- Net change in provisions for personnel costs	(519)	2.672
- Net change in provisions for risks and charges	4.155	4.404
- Losses (gains) on disposal of fixed assets	(10.408)	10
- Losses (gains) on disposal of equity investments and marketable securities	81	547
- Adjustments to the value of financial assets	3	-
- Dividends (received)	(35.579)	(34.231)
Autofinanziamento	34.387	15.432
Change in current assets and other flows	(14.824)	(13.068)
CASH FLOW FROM OPERATING ACTIVITIES	19.563	2.364
of which:		
Interest received (paid) through banks	(9.243)	(6.496)
Received (outlay) for income taxes	(9.638)	(24.344)
INVESTING ACTIVITIES		
Outlay for purchase of fixed assets	(4.280)	(3.535)
Outlay for purchase of equity investments	(1.000)	(4.211)
Received on disposals of fixed assets	27.426	-
(Acquisition) sale of marketable securities and available-for-sale assets	11.095	27.324
Dividends received	35.579	34.231
CASH FLOW FROM INVESTING ACTIVITIES	68.820	53.809
FINANCING ACTIVITIES		
Increases in capital and reserves	580	-
(Acquisition) sale of treasury stocks	(5.982)	(1.918)
Issue (repayment) of bond	(16.184)	(28.775)
Issue (repayment) of other financial debt	(10.482)	(2.405)
Dividends (paid)	(29.751)	(24.966)
CASH FLOW FROM FINANCING ACTIVITIES	(61.819)	(58.064)
Increase (decrease) in cash and cash equivalents	26.564	(1.891)
Cash and cash equivalents at beginning of the year	112.704	139.268
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	139.268	137.377

Not completely audited data