

“PRICE SENSITIVE” PRESS RELEASE IN COMPLIANCE WITH THE FINANCE ACT AND CONSOB REGULATIONS

The Espresso Group: The Board of Directors has approved the consolidated results of the first nine months of 2009.

SUMMARY

The Board of Directors of Gruppo Editoriale L'Espresso S.p.A. met today in Rome at 11:00 under the chairmanship of Mr. Carlo De Benedetti and approved the consolidated results of the first nine months of 2009.

The most significant results, compared with the results of the corresponding period of 2008, are summarized here below:

(€mn) Progressive Consolidated Data	<i>Jan - Sept 2008</i>	<i>Jan - Sept 2009</i>	<i>Delta% 2009/2008</i>
Revenues, of which:	762.3	640.9	-15.9%
• Circulation	208.6	206.9	-0.8%
• Advertising	443.5	344.7	-22.3%
• Add-on products	92.0	77.6	-15.7%
Gross Operating Profit	125.9	60.7	-51.8%
Operating Profit	93.9	29.3	-68.8%
Pre-tax Profit	80.3	16.3	-79.7%
Net Profit	43.3	1.2	-97.2%

(€mn)	<i>September 30 2008</i>	<i>December 31 2008</i>	<i>September 30 2009</i>
Net Financial Position	(283.3)	(278.9)	(218.9)
Shareholders' Equity including minority interests	512.5	489.3	490.4
• Shareholders' Equity	501.7	478.4	480.0
• Minority interests	10.8	10.8	10.4
Employees	3,412	3,344	3,174

PRESS RELEASE

Market outlook

The results attained by the Espresso Group over the first nine months of 2009 are to be analysed in the framework of the severe crisis that is currently weighing on the economy and the reference market.

In particular, the recession has produced a significant contraction of the advertising market (-16.4% over the first eight months of 2009) that - though with different weights - has affected the entire media sector.

The publishing sector, with a decline of 23.9%, has most severely suffered; the paid-for dailies decline was somehow less important (-20.2%), while the reduction recorded for the magazines (-28,8%) and the free dailies (-27,4%) was sharper.

The radio sector has likewise shown a significant decline (-15.8%), still less severe than the publishing sector's, while the performance is still positive as far as the Internet sector is concerned, with an upward performance equal to 6.2%.

As far as trend is concerned, with respect to 2008 the decline in advertising investments is gradually decreasing; however, this is due to investments progressively weakening during 2008 and not to a market recovery.

Alongside the general decline in consumption, circulation of daily newspapers and magazines has equally recorded a slowdown: the decline was respectively 6.5% in daily newspapers, 7.2% in weekly magazines and 9% in monthly titles (source/June ADS).

Gruppo Espresso first nine months of 2009 financial report

The Group's **consolidated net profit** over the first nine months of 2009 was €640.9mn, with a 15.9% decline over the corresponding period of 2008 (€762.3mn).

Circulation revenues, net of add-on products, amount to €206.9mn and show good resilience (-0.8% on the corresponding period of 2008) in an extremely critical market framework.

Circulation revenues of *la Repubblica* show a slightly positive trend, thanks to the remarkable increase in newsstand sales recorded over the year. In contrast, circulation as a whole is declining, as a consequence of the – either eliminated or reduced - highly promotional, though unprofitable, circulation initiatives.

Circulation revenues of local daily newspapers, as well as their newsstand sales, are in line with the corresponding period of 2008, thanks to this sector higher resilience vis-à-vis the other publishing sectors and to the enhanced performance of the Espresso Group titles vis-à-vis their competitors.

Finally the magazines, which represent about 10% of the Group circulation revenues, suffered a decline of 8.1%, in line with the market trend. The decline of *L'espresso* was less severe thanks, also in this case, to the good newsstand performance recorded over the last three months of the year.

Advertising revenues, amounting to €344.7mn over the first nine months of the year, have declined by 22.3% with respect to the corresponding period of 2008.

The decline recorded over the third quarter was not so sharp (-18% over -26.8% and -21.3% respectively, over the first and the second quarter), reflecting both the general market evolution and the progressively improving performance of the advertising Subsidiary. In particular, daily newspapers, with -17.7% over the whole period, are recording a significantly lower decrease with respect to the reference market's.

Finally, **revenues from add-on products** have decreased by 15.7% to reach €77.6 mn; anyhow this is to be considered as a positive performance as it was attained in a market which has recorded a much sharper contraction.

The **Consolidated Gross Operating Profit** amounts to €60.7mn vis-à-vis €125.9mn of the first nine months of 2008, showing a decline of 51.8%. It must be noticed that the impact of the drastic reduction in advertising revenues was partially offset by the significant structural reduction in the operating costs (-12.1%), attained thanks to the current reorganization plan that - at full speed - will produce a cost reduction equal to 17% (-€140mn) with respect to the previous year. It must also be noticed, however, that the implementation of the abovementioned plan entailed extraordinary expense with an impact of €3,8mn on the profit and loss account of the first nine months.

The **consolidated operating profit** is €29.3mn (€3.9mn in the first nine months of 2009) and the **consolidated net profit** amounts to €1.2mn (€43.3mn in the corresponding period of 2008).

The **consolidated net financial position** improved from an indebtedness of €278.9mn at the end of 2008 to an indebtedness of €218.9mn as of September 30, 2009, with a financial surplus of €60mn generated by a current cash flow of €2,3mn (vis-à-vis €103.4mn in the first nine months of 2008) and by investments amounting to €1.3mn (vis-à-vis €43.7mn of the corresponding period of 2008).

At the end of September 2009 the **employees** of the Group - including term contracts - totalled 3,174 persons, 238 less (-7%) than at the end of September 2008 and 170 less with respect to end 2008, reflecting – even if still just partially – the effects of the ongoing restructuring plans.

Consolidated results of the third quarter of 2009

The most significant consolidated results of the third quarter, compared with the results of the corresponding period of 2008, are summarized here below:

(€mn) Consolidated quarterly results	3rd quarter 2008	3rd quarter 2009	Delta% 2009/2008
Revenues, of which:	219.1	191,7	-12,5%
• Circulation	73.4	74.3	+1.2%
• Advertising	120.2	98.5	-18.0%
• add-on products	20.1	16.4	-18.0%
Gross Operating Profit	29.2	20.1	-31.0%
Operating Profit	18.4	10.0	-45.8%
Pre-tax Profit	13.7	5.8	-57.8%
Net Profit	6.9	1.1	-84.5%

The July-September period has recorded a decline in revenues less important than the one recorded in the previous months of the year (-12,5%). On the one side, as previously reported, the advertising market contraction is not so sharp (-18%), on the other side, circulation revenues show an increase of 1.2%, thanks to the positive performance in sales of *la Repubblica*.

The operating costs evolution, showing a reduction of 12% vis-à-vis the corresponding period of 2008, is in line with the formulated plans.

The **Gross Operating Profit** amounts to €20.1mn and shows a decrease (-31%) with respect to the third quarter of 2008, lower than in the first half-year; the consolidated **Net Profit** amounts to €1.1mn (€6.9mn in the corresponding period of 2008).

Alessandro Alacevich, Central Director of Finance and Administration, *dirigente preposto alla redazione dei documenti contabili societari* (manager in charge of drafting the accounting and corporate records), pursuant to subparagraph 2 article 154bis of Testo Unico della Finanza (Finance Act) states that the accounting information included in this press release corresponds to the documented results, the books and the accounting records.

Expected trend of operations

Over the first nine months of 2009 the market recorded a sharp reduction in advertising investments, while the performance of the latest months doesn't show significant improvements.

In the abovementioned extremely critical framework, the Group is implementing a complex plan of measures aimed at both counterbalancing the declining revenues' impact on profitability through a substantial reduction of costs, and granting the necessary development.

In particular, a number of actions aimed at cost reduction have been started that will entail structural savings equal to around €140mn, that is (-17%) with respect to 2008, that are already showing their significant effect in the results attained over the first nine months of 2009.

A new impulse was given to the commercial activities that have already enabled the Group's titles to recover competitiveness in the advertising market.

In addition, the managerial skills have been strengthened in order to better enhance the development of the Group's contents on the new platforms.

Finally, the quality of the journalistic effort of the Group's titles is supported also by the trend of circulation that is better than the reference market's.

For the rest of the year no significant changes are foreseen vis-à-vis the reported results.

Reorganization of the existing corporate structure of the Group

In the framework of the actions aimed at enhancing efficiency and efficacy in the Group's structure at the management and organizational level, the Board of Directors has approved the proposed merger of Editoriale Metropoli S.p.A. (the subsidiary in charge of the editorial contents of "Velvet" and of *parmaonline.it* and *metropoli.it* websites, entirely owned by Gruppo Editoriale L'Espresso S.p.A.) into Gruppo Editoriale L'Espresso S.p.A..

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Rome, October 21, 2009

Gruppo Espresso

Consolidated Income Statement

(€ million)	Jan - Sept 2008	Jan - Sept 2009
Revenues	762,3	640,9
Change in inventories	(1,1)	(0,7)
Other operating income	12,0	7,9
Purchases	(113,5)	(89,6)
Services received	(290,9)	(252,3)
Other operating charges	(16,0)	(13,3)
Investments valued at equity	0,8	0,7
Personnel costs	(227,8)	(232,9)
Depreciation, amortization and write-downs	(32,0)	(31,4)
Operating profit	93,9	29,3
Financial income (expense)	(13,6)	(12,9)
Pre-tax profit	80,3	16,3
Income taxes	(36,4)	(15,1)
Net profit	43,9	1,3
Minority interests	(0,6)	(0,1)
GROUP NET PROFIT	43,3	1,2
Earnings per share, basic	0,107	n.s.
Earnings per share, diluted	0,103	n.s.

** The "other operating charges" and the "personnel costs" of the first nine months of 2009 include respectively €1.4mn and €22.3mn of extraordinary expense related to the on-going Company reorganization plans.*

Unaudited figures

Gruppo Espresso

Consolidated Income Statement

(€ million)	3 rd Quarter 2008	3 rd Quarter 2009
Revenues	219,1	191,7
Change in inventories	0,5	(0,6)
Other operating income	2,2	2,1
Purchases	(33,3)	(27,0)
Services received	(87,9)	(74,5)
Other operating charges	(3,0)	(1,9)
Investments valued at equity	0,4	0,3
Personnel costs	(68,9)	(70,1)
Depreciation, amortization and write-downs	(10,8)	(10,2)
Operating profit	18,4	10,0
Financial income (expense)	(4,7)	(4,2)
Pre-tax profit	13,7	5,8
Income taxes	(6,6)	(4,7)
Net profit	7,1	1,1
Minority interests	(0,2)	(0,0)
GROUP NET PROFIT	6,9	1,1

Unaudited figures

Gruppo Espresso

Consolidated Balance Sheet

ASSETS (€ million)	December, 31 2008	September, 30 2009
Intangible assets with an indefinite useful life	656,1	656,5
Other intangible assets	4,3	2,9
Intangible assets	660,4	659,4
Property, plant and equipment	221,0	204,3
Investments valued at equity	27,8	28,0
Other investments	2,6	2,6
Non-current receivables	1,5	1,3
Deferred tax assets	47,6	50,2
NON-CURRENT ASSETS	960,8	945,9
Inventories	27,7	23,8
Trade receivables	258,3	196,3
Marketable securities and other financial assets	0,1	16,9
Tax receivables	20,8	30,5
Other receivables	23,5	24,5
Cash and cash equivalents	120,7	158,5
CURRENT ASSETS	451,1	450,5
TOTAL ASSETS	1.411,9	1.396,4

LIABILITIES AND SHAREHOLDERS' EQUITY (€ million)	December, 31 2008	September, 30 2009
Share capital	61,4	61,4
Reserves	245,9	216,3
Retained earnings (loss carry-forwards)	150,6	201,2
Net profit (loss) for the period	20,6	1,2
Group Shareholders' Equity	478,4	480,0
Minority interests	10,8	10,4
SHAREHOLDERS' EQUITY	489,3	490,4
Financial debt	379,8	362,4
Provisions for risks and charges	24,1	23,6
Employee termination indemnity and other retirement benefits	90,9	84,5
Deferred tax liabilities	108,0	110,3
NON-CURRENT LIABILITIES	602,9	580,8
Financial debt	19,9	31,9
Provisions for risks and charges	34,7	53,6
Trade payables	147,6	125,2
Tax payables	19,3	31,4
Other payables	98,3	83,0
CURRENT LIABILITIES	319,8	325,1
TOTAL LIABILITIES	922,7	905,9
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1.411,9	1.396,4

Unaudited figures

Gruppo Espresso

Statement of Consolidated Cash Flows

(€ million)	Jan - Sept 2008	Jan - Sept 2009
OPERATING ACTIVITIES		
Net profit (loss) for the period, including minority interests	43,9	1,3
Adjustments:		
- Depreciation, amortization and write-downs	32,0	31,4
- Accruals to provisions for stock option costs	0,3	1,0
- Net change in provisions for personnel costs	(3,0)	(6,4)
- Net change in provisions for risks and charges	0,1	18,4
- Losses (gains) on disposal of fixed assets	(1,5)	(0,2)
- Losses (gains) on disposal of investments and marketable securities	-	(2,6)
- Adjustments for investments valued at equity	(0,6)	(0,3)
- Dividends (received)	(0,1)	(0,0)
Cash flow from operating activities	71,1	42,5
Change in current assets and other flows	40,7	48,8
CASH FLOW FROM OPERATING ACTIVITIES	111,8	91,3
of which:		
Interest received (paid)	2,5	(0,7)
Received (outlay) for income taxes	(18,9)	(11,6)
INVESTING ACTIVITIES		
Outlay for purchase of fixed assets	(46,0)	(29,8)
Received on disposals of fixed assets	2,5	8,5
Public grants received	3,2	0,2
(Purchase) sale of marketable securities and available-for-sale assets	-	(16,7)
Dividends received	0,1	0,0
CASH FLOW FROM INVESTING ACTIVITIES	(40,2)	(37,8)
FINANCIAL ACTIVITIES		
Increases in capital and reserves	-	0,1
(Acquisition) sale of treasury stocks	(8,5)	(1,1)
Issue (repayment) of bond	-	(6,9)
Issue (repayment) of other financial debt	(8,9)	(8,3)
Dividends (paid)	(68,8)	-
Other changes	(0,8)	(0,1)
CASH FLOW FROM FINANCING ACTIVITIES	(87,1)	(16,2)
Increase (decrease) in cash and cash equivalents	(15,5)	37,2
Cash and cash equivalents at beginning of the period	152,1	120,7
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	136,7	157,9

Unaudited figures

Gruppo Espresso

Changes in the Consolidated Net Financial Position

(€ million)	Jan - Sept 2008	Jan - Sept 2009
SOURCES OF FUNDS		
Net profit (loss) for the period, including minority interests	43,9	1,3
Depreciation, amortization and write-downs	32,0	31,4
Accruals to provisions for stock option costs	0,3	1,0
Net change in provisions for personnel costs	(3,0)	(6,4)
Net change in provisions for risks and charges	0,1	18,4
Losses (gains) on disposal of fixed assets	(1,5)	(0,2)
Adjustments for investments valued at equity	(0,6)	(0,3)
Cash flow from operating activities	71,2	45,2
Decrease (Increase) in non-current receivables	0,0	0,1
Increase in liabilities/Decrease in deferred tax assets	9,0	(0,4)
Increase in payables/Decrease in tax receivables	4,2	2,4
Decrease (Increase) in inventories	0,0	3,9
Decrease (Increase) in trade and other receivables	61,5	61,0
Increase (Decrease) in trade and other payables	(42,6)	(30,0)
Change in current assets	32,2	37,2
CASH FLOW FROM OPERATING ACTIVITIES	103,4	82,3
Net disinvestments in equity investments	0,1	-
Increases in capital and reserves	-	0,1
TOTAL SOURCES OF FUNDS	103,5	82,5
USES OF FUNDS		
Net investment in fixed assets	(43,7)	(21,3)
(Acquisition) sale of treasury stocks	(8,5)	(1,1)
Dividends (paid)	(68,8)	-
Other changes	(0,9)	(0,1)
TOTAL USES OF FUNDS	(121,9)	(22,5)
Financial surplus (deficit)	(18,5)	60,0
BEGINNIG NET FINANCIAL POSITION	(264,9)	(278,9)
ENDING NET FINANCIAL POSITION	(283,3)	(218,9)

Unaudited figures

Gruppo Espresso

Consolidated Net Financial Position

(€ million)	September, 30 2008	December, 31 2008	September, 30 2009
Financial receivables from Group companies	-	-	-
Financial payables to Group companies	-	-	-
Cash and bank deposits	144,6	120,7	158,5
Current account overdrafts	(8,0)	(0,0)	(0,6)
Net cash and cash equivalents	136,7	120,7	157,9
Marketable securities and other financial assets	0,1	0,1	16,9
Bond issue	(318,9)	(307,2)	(308,7)
Other bank debt	(100,4)	(91,7)	(84,5)
Other financial debt	(0,8)	(0,7)	(0,5)
Other financial assets (liabilities)	(420,0)	(399,6)	(376,9)
NET FINANCIAL POSITION	(283,3)	(278,9)	(218,9)

Unaudited figures