

CALTAGIRONE EDITORE S.p.A.

Board of Directors Report

on Group operations for the third quarter ended

30 September 2003

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In the third quarter (1th July – 30 September) of 2003, Caltagirone Editore recorded an EBITDA of €8.63 millions and a total revenue of €54.10 millions (+82.2% and + 9.8% from Q3 2002, respectively).

Third quarter profit before taxation reached €2.81 millions (+ 38.2% from Q3 2002).

Group profit and loss account for the third quarter and for the first nine months of 2003 is as follows:

PROFIT AND LOSS ACCOUNT	<i>000/EURO</i>		<i>000/EURO</i>	
	<i>Q3. 2003</i>	<i>Q 3. 2002</i>	<i>30/09/03</i>	<i>30/09/02</i>
TOTAL REVENUE	54,100	49,254	180,747	166,003
CIRCULATION	19,628	18,378	59,177	52,116
ADVERTISING	32,895	30,530	116,477	109,176
OTHER SALES	1,577	346	5,093	4,711
RAW MATERIALS	(6,285)	(8,154)	(21,090)	(25,099)
SERVICES	(18,426)	(14,905)	(58,070)	(50,079)
RENTS, LEASES AND SIMILAR COSTS	(1,163)	(1,100)	(3,557)	(3,385)
PERSONNEL	(19,178)	(19,492)	(57,904)	(58,688)
OTHER COSTS	(413)	(863)	(1,295)	(1,723)
EBITDA	8,635	4,740	38,831	27,029
DEPRECIATION and AMORTIZATION	(7,005)	(4,806)	(16,754)	(14,351)
OTHER OPERATING (EXPENSES) INCOME	(622)	(502)	(1,170)	(1,146)
EBIT	1,008	(568)	20,907	11,532
NET FINANCIAL INCOME (COST)	1,884	4,866	8,605	11,100
RESULT FROM ORDINARY ACTIVITY	2,892	4,298	29,512	22,632
NET EXCEPTIONAL INCOME (EXPENSES)	(80)	(2,264)	(7,042)	(7,131)
PROFIT BEFORE TAX	2,812	2,034	22,470	15,501

TAXATION	3,672	192	(4,277)	(3,425)
NET INCOME	6,484	2,226	18,193	12,076
MINORITIES	(306)	47	(1,072)	(404)
NET ATTRIBUTABLE PROFIT	6,178	2,273	17,121	11,672

The Group net financial position is described as follows:

NET FINANCIAL POSITION	000/EURO		
	30/09/03	30/06/03	31/12/02
MARKETABLE SECURITIES	4	4	-
CASH/DEPOSITS	552,275	583,662	554,055
LONG TERM BORROWINGS	(84,165)	(74,129)	(25,854)
SHORT TERM BORROWINGS	(28,631)	(28,393)	(30,632)
NET FINANCIAL POSITION	439,483	481,144	497,569

Comments

Group revenue for the first nine months of the year rose by 8.9% compared to the same period of 2002. Increased circulation was the main driver, triggered by add-on sale promotions.

In the same period advertising revenue increased by 6.7% compared to 2002, on the back of both positive local newspaper activity and improvement at Leggo (free newspaper).

For the first nine months of 2003 EBITDA reached €38.83 millions (€27.03 millions in the same period of 2002). This improvement is mainly due to declining raw materials unit prices as well as a reduction of Sigma Editoriale S.p.A loss (Sigma Editoriale SpA prints and distributes Leggo newspaper).

EBIT improved despite increased amortization charge related to the new printing plant located in Rome, which costed about €65 millions. Net financial result decreased because of declining yields on the cash position.

Exceptionals include charges relating to tax amnesty which some subsidiaries took advantage of.

In the same period, Net Attributable Profit reached €6.18 millions, boosted by deferred tax credit enjoyed by some of the Group subsidiaries.

Net financial position decreased from €481.14 millions as of June 30th, 2003 to €439.48 millions as of September 30th, 2003 because of new printing plant capital expenditure.

Board of Directors

Both Il Messaggero and Il Mattino reaffirmed their domestic market shares, while “Leggo” increased its popularity across all cities in which it is distributed.

Thanks to the new printing plant, in a few weeks Il Messaggero will be published in a new format.

For the remainder of 2003 the Group does not foresee any significant event affecting the trend established in the past nine months.

Rome, November 7th 2003