



**2005 FIRST QUARTER REPORT
AS OF MARCH 31ST 2005**

Board of Directors Review on 2005 First Quarter Profit & Loss Account

In the first quarter of 2005 Group Net Sales increased by 2,2% to €66,59m from €65,13 m in the first quarter of last year.

Group Ebitda reached €15,32m broadly in line with the first quarter of 2004. Ebitda margin reached 23,0%.

Main P&L Figures

<i>Euro 000</i>	1°Q 2005	1°Q 2004	Δ %
Net Sales	66.592	65.129	2,2%
of which:			
• Circulation	20.389	21.957	-7,1%
• Advertising	43.769	41.197	6,2%
• Other revenues	2.434	1.975	23,2%
Ebitda	15.323	15.268	0,4%
Ebit	7.693	8.762	-12,2%

Net Cash position increased from € 280,24m on December 31st 2004 to €293,27m on March 31st 2005 due to operating cash flow generation.

Net Financial Position

<i>Euro 000</i>	31/03/05	31/12/04
Marketable securities	19	90.269
Cash and Deposits	387.237	282.296
Long term Debt	(73.412)	(73.735)
Short Term Debt	(20.568)	(18.588)
Net Financial Position	293.276	280.242

Report on Group operations

Newspapers

Circulation

<i>Euro 000</i>	1°Q 2005	1°Q 2004	Δ %
Circulation	16.923	16.684	1,4%
“Add-on” sales	3.466	5.273	-34,3%
of which:			
• Il Messaggero	2.126	3.235	-34,3%
• Il Mattino	1.048	2.038	-48,6%
• Il Corriere Adriatico	292	-	n.a
Total	20.389	21.957	-7,1%

Circulation revenues have been broadly flat from last year; we must highlight, though, that in Q1 2005 both *Il Corriere Adriatico* and *Il Nuovo Quotidiano di Puglia* have been fully consolidated for the first time. Moreover, fewer working days impacted both *Il Messaggero* and *Il Mattino* daily editions (2 and 1 editions less than last year, respectively).

“Add-on” sales promotions declined by €1,81m and contributed to Group Ebitda only by €0,86m (€1,08m in Q1 2004).

Advertising

<i>Euro 000</i>	1°Q 2005	1°Q 2004	Δ %
Advertising			
• Il Messaggero	25.601	25.950	-1,3%
• Il Mattino	9.376	8.570	9,4%
• Leggo	5.506	4.586	20,1%
• Il Nuovo Quotidiano di Puglia	1.658	1.549	7,0%
• Corriere Adriatico	938	-	n.a.
• Others	690	542	27,3%
Total	43.769	41.197	6,2%

In the first three months of 2005 advertising revenues increased by 6,2% compared to the same period of last year mainly because of stronger local advertising compared to national advertising.

Such an increase is due to the first time consolidation of *Il Corriere Adriatico* from the second half of 2004 and to good performance of *Il Mattino* and *Leggo*.

We highlight *Leggo* growth potential as an innovative media vehicle reaching 20,1% growth in advertising revenues.

In April 2005, *Leggo* continued its development strategy by opening in six new cities: Genoa, Bari, Brescia, Bergamo, Varese and Como, on top of existing locations in Rome, Milan, Naples, Bologna, Venice, Verona, Padua, Turin, Florence. Today the newspaper distributes around 1.050.000 daily copies in 15 cities across the nation.

Other activities

<i>Euro 000</i>	1°Trim 2005	1°Trim 2004	Δ %
Internet & Services	1.473	614	139,9%
Other revenues	961	1.361	-29,4%
Total	2.434	1.975	23,2%

B2Win S.p.A., a subsidiary operating in call centers and providing IT consultancy, reached a turnover of € 1,87 millions in Q1 2005 strongly up from the € 0,52 millions in Q1 2004.

Caltanet S.p.A., operating in the web consultancy services, kept a close eye at operating costs.

Other revenues derive from cost write offs and other minor sources of income

Board Members comments

<i>Euro 000</i>	1°Q 2005	1°Q 2004	Δ %
Circulation	20.389	21.957	-7,1%
Advertising	43.769	41.197	6,2%
Other revenues	2.434	1.975	23,2%
Total Revenues	66.592	65.129	2,2%
Raw materials	(6.584)	(6.321)	4,2%
Services	(20.299)	(22.174)	-8,5%
Rents, lease and similar costs	(1.975)	(1.712)	15,4%
Personnel	(21.765)	(19.270)	12,9%
Other costs	(646)	(384)	68,2%
Total Costs	(51.269)	(49.861)	2,8%
Ebitda	15.323	15.268	0,4%
D&A	(6.899)	(5.924)	16,5%
Other (costs) revenues	(731)	(582)	25,6%
Ebit	7.693	8.762	-12,2%
Financial result	3.475	3.948	-12,0%
Net exceptional (loss) income	(163)	(589)	72,3%
Profit before taxes	11.005	12.121	-9,2%
Taxes	(4.940)	(5.656)	-12,7%
Profit before minorities	6.065	6.465	-6,2%
Minorities	(22)	(508)	-95,7%
Net profit	6.043	5.957	1,4%

As mentioned, circulation revenues declined because of lower "add-on" promotions successfully carried on during Q1 2004; as a consequence "service costs" declined significantly..

The labour cost increase was mainly due to the first time consolidation of Il Corriere Adriatico and Il Nuovo Quotidiano di Puglia (Q1 2004 did not include the above mentioned newspapers)

The decline in Group Ebit was due to higher amortization charge of consolidation differences relating to 2004 acquisitions.

Amortization charges, including goodwill, equal to €2,5m in Q1 2005 will not be included after IAS adoption.

The assessment of IAS-IFRS impact on Group accounting, IT and organization is currently under way, in order to prepare IAS-compliant consolidated statements from January the 1st, 2005. Such analysis is likely to be completed in the next few months.

Outlook for the next quarters

On the basis of current economic and competitive scenario, for the remainder of the year, Group trading is expected be in line with the first quarter..