



**2005 THIRD QUARTER REPORT  
AS OF SEPTEMBER 30<sup>TH</sup> 2005**

## Board of Directors Review on 2005 Third Quarter Profit & Loss Account

Third quarter 2005 results of Caltagirone Editore to September the 30<sup>th</sup> 2005 have been prepared according to IFRS accounting standards which will be applied from December 31<sup>st</sup>, 2005 onwards. Such report is in compliance with art. 82 Reg. Consob n. 11971/1999 as modified by Del. n. 14990/2005 and appendix 3D of such Regulation.

In order to provide a comparable set of results, 2004 figures have been restated accordingly.

### **First 9 months of 2005 results highlights**

<i>Euro 000</i>	<b>Gen - Set 2005</b>	<b>Gen - Set 2004</b>	<b>Δ %</b>
<b>Net Sales</b>	<b>202.086</b>	193.624	4,4%
of which:			
• Circulation	65.137	61.576	5,8%
• Advertising	127.790	124.310	2,8%
• Other revenues	9.159	7.738	18,4%
<b>Ebitda</b>	<b>43.816</b>	42.040	4,2%
<b>Ebit</b>	<b>33.780</b>	29.964	12,7%

Net Cash position increased from € 280,33m on December 31st 2004 to €469,13m on September the 30<sup>th</sup> 2005 thanks to operating cash flow generation, the disposal of RCS MediaGroup and Banca Nazionale del Lavoro stakes. We highlight that in the period the company distributed €25 millions net dividend.

### Net Financial Position

<i>Euro 000</i>	<b>30/09/05</b>	<b>31/12/04</b>	<b>30/06/05</b>
Other financial assets	<b>25</b>	25	<b>25</b>
Marketable securities	<b>256</b>	90.337	<b>311</b>
Cash and Deposits	<b>557.807</b>	282.296	<b>477.754</b>
Long term Debt	<b>(70.169)</b>	(73.735)	<b>(70.371)</b>
Short Term Debt	<b>(18.786)</b>	(18.588)	<b>(16.852)</b>
<b>Net Financial Position</b>	<b>469.133</b>	<b>280.335</b>	<b>390.867</b>

### Third quarter 2005

Third quarter results show further growth. In particular, EBITDA reached € 9,07 millions, up by 17,1% from the € 7,74 millions in the same period of 2004. EBIT increased by 71,7% from € 3,39 millions to € 5,82 millions.

<i>Euro 000</i>	<b>Q 3 2005</b>	<b>Q 3 2004</b>	<b>Δ %</b>
<b>Net Sales</b>	<b>58.143</b>	57.589	1,0%
of which:			
Circulation	21.678	20.548	5,5%
Advertising	33.830	34.174	-1,0%
Other sales	2.635	2.867	-8,1%
<b>EBITDA</b>	<b>9.067</b>	7.738	17,1%
<b>EBIT</b>	<b>5.820</b>	3.389	71,7%

## Report on Group operations

### Newspapers

#### Circulation

<i>Euro 000</i>	Jan - Set 2005	Jan - Set 2004	Δ %	Q3 2005	Q3 2004	Δ %
<b>Circulation</b>	<b>53.217</b>	51.612	3,1%	<b>18.888</b>	19.149	-1,4%
<b>Promotions</b>	<b>11.920</b>	9.964	19,6%	<b>2.790</b>	1.399	99,4%
<b>Total</b>	<b>65.137</b>	61.576	5,8%	<b>21.678</b>	20.548	5,5%

Circulation revenues have been broadly flat from last year. Both *Il Messaggero* and *Il Mattino* kept their market leadership unchanged. In the first nine months of 2005 the increase in circulation revenue is due to the first time inclusion of *Il Corriere Adriatico* and *Il Nuovo Quotidiano di Puglia* in the consolidation perimeter as they were only partially included on September the 30<sup>th</sup> 2004. Promotions contributed € 11,92 millions to Group sales, highlighting some successful initiatives. EBITDA contribution from such sales was € 2,2 millions (€ 1,8 millions in 2004).

#### Advertising

<i>Euro 000</i>	Jan - Set 2005	Jan Set 2004	Δ %	Q3 2005	Q3 2004	Δ %
<b>Advertising</b>						
• <i>Il Messaggero</i>	74.459	75.054	-0,8%	19.528	20.315	-3,9%
• <i>Il Mattino</i>	27.065	27.551	-1,8%	7.182	7.561	-5,0%
• <i>Leggo</i>	16.276	13.755	18,3%	4.003	3.194	25,3%
• <i>Il Nuovo Quotidiano di Puglia</i>	4.911	4.794	2,4%	1.511	1.390	8,7%
• <i>Corriere Adriatico</i>	2.815	915	n.a.	938	915	2,5%
• <i>Others</i>	2.264	2.241	1,0%	668	799	-16,4%
<b>Total</b>	<b>127.790</b>	124.310	2,8%	<b>33.830</b>	34.174	-1,0%

In the first nine months of 2005 advertising revenues increased by 2,8% compared to the same period of last year with an uneven performance during the year: +6,2% in Q1, +2,5% in Q2 and -1% in Q3 (holiday season included in Q3). It is worth highlighting, however, that *Il Corriere Adriatico* was included only for one month in 2004.

Leggo, the Group free newspaper, kept growing strongly with an 18,3% sales surge from last year. Such positive results were achieved in an advertising market where local newspaper tended to outgrow national advertising.

## Other activities

<i>Euro 000</i>	Jan - Set 2005	Jan - Set 2004	Δ %	Q3 2005	Q3 2004	Δ %
Internet & Services	4.357	2.522	72,7%	1.560	1.136	37,3%
Other revenues	4.802	5.216	-7,9%	1.075	1.731	-37,8%
<b>Total</b>	<b>9.159</b>	<b>7.738</b>	<b>18,4%</b>	<b>2.635</b>	<b>2.867</b>	<b>-8,1%</b>

B2Win S.p.A., a subsidiary operating in call centers and providing IT consultancy, reached a turnover of €3,95 millions in Q3 2005 strongly up from the €2,1 millions in Q3 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 to Nine months results

<i>Euro 000</i>	<b>Gen - Set 2005</b>	<b>Gen - Set 2004</b>	<b>Δ %</b>
Circulation	65.137	61.576	-7,1%
Advertising	127.790	124.310	6,2%
Other revenues	9.159	7.738	23,2%
<b>Total Revenues</b>	<b>202.086</b>	193.624	2,2%
Raw materials	(21.176)	(18.927)	11,9%
Personnel	(63.539)	(58.766)	8,1%
Other costs	(73.555)	(73.891)	-0,4%
Total Operating Costs	<b>(158.270)</b>	(151.584)	4,4%
<b>Ebitda</b>	<b>43.816</b>	42.040	4,2%
D&A	(10.036)	(12.076)	-16,9%
<b>Ebit</b>	<b>33.780</b>	29.964	12,7%
<b>Financial result</b>	71.602	8.178	n.a.
<b>Profit before taxes</b>	<b>105.382</b>	38.142	n.a.
<b>Continuing Profit before taxes</b>	<b>105.382</b>	38.142	n.a.
<b>Minorities share of Pretax</b>	248	3.348	-92,6%
<b>Group Pretax Result</b>	<b>105.134</b>	<b>34.794</b>	<b>n.a.</b>

As mentioned, circulation revenues increased by 5,8% , thanks to the first time contribution of *Il Corriere Adriatico* and *Il Nuovo Quotidiano di Puglia*, only partially included in the comparable period of last year.

In the first nine months of 2005 advertising revenue increased by 2,8% from 2004 thanks to very good performance of *Leggo* and *Il Corriere Adriatico* contribution. *Il Nuovo Quotidiano di Puglia* revenues were already included in the consolidation perimeter as *Piemme SpA* already operated as advertising agency for such newspaper.

The increase in operating costs and in particular of raw materials and labour costs, is mainly due to the inclusion of *Il Corriere Adriatico* and *Il Nuovo Quotidiano di Puglia*.

Pretax result reached € 105,38 millions is influenced by the sale of *RCS Mediagroup* and *BNL* financial stakes.

## Outlook for Q4 2005

On the basis of current economic and competitive scenario, management does not expect major changes for the remainder of the year. Group trading is expected be in line with the first nine months of the year.