



CALTAGIRONE EDITORE SPA
INTERIM REPORT
September 30th 2009

Corporate Boards

Board of Directors

Chairman Francesco Gaetano Caltagirone

Vice Chairmen Gaetano Caltagirone
Azzurra Caltagirone

Directors Francesco Caltagirone
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Massimo Confortini *
Mario Delfini *
Massimo Garzilli *
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Chairman Raul Bardelli

Standing Auditors Carlo Schiavone
Federico Malorni

Executive Responsible Roberto Di Muzio

Independent Auditors KPMG SpA

* *Members of the Internal Control Committee*

INTRODUCTION

The present interim report at September 30th 2009 was prepared in accordance with IAS/IFRS. The report is in compliance with article 154, paragraph 5 of Legislative Decree 58/1998, as supplemented.

Market overview

In the first nine months of 2009, the Caltagirone Editore Group's operating environment was strongly affected by the crisis which hit the economy in general and the publishing market in particular. The recession has led to a significant decrease in advertising investment across all sections of the media. The press has been particularly affected, with advertising revenue falling 23.4%¹ - 19.2%¹ for paid newspapers and 28.8%¹ for free newspapers.

With this backdrop of weak consumption the sale of daily newspapers dropped by 6.96%².

Performance in the first nine months and Q3 quarter of 2009

Caltagirone Editore Group recorded revenues of Euro 184.8 million in the first nine months of 2009, a decrease of 15.2% on Euro 217.9 million in 9M 2008. In the third quarter of 2009, Group consolidated revenues amounted to Euro 56.7 million, dropping 9.4% on Q3 2008.

The EBITDA of Euro 3.8 million was a significant decrease on Euro 25.6 million in the first nine months of 2008. In Q3 2009 the EBITDA amounted to Euro 866 thousand from Euro 2.8 million in the same period of the previous year.

The significant decrease in revenues and Ebitda are principally due, as previously stated, to the sharp reduction in advertising revenues following the financial and economic crisis.

The impact on Ebitda by the reduction of advertising revenues was in part compensated by a reduction in operating costs (-6%). The Companies of the Caltagirone Editore Group, to offset the decrease in revenues, have implemented rationalisation and cost containment plans which include structural actions, including in relation to personnel; agreements have therefore been reached with the trade union organisations relating to

¹ FCP FIEG Date for the period January – September 2009

² ADS media mobile data, period August 2008-July 2009 compared to August 2007-July 2008

reducing the workforces at Il Messaggero, Il Gazzettino, Il Mattino and Concessionaria di Pubblicità Piemme.

The implementation of restructuring plans led to extraordinary costs of approx. Euro 6.9 million which further affected - and significantly - the Ebit which amounted to a loss of Euro 12.4 million in 9M 2009 compared to a profit of Euro 15.4 million in the first nine months of 2008.

The key results for the first nine months and third quarter of 2009 compared with the same periods in 2008 are shown below.

<i>In Euro thousands</i>	9M 2009	9M 2008	Change %	Q3 2009	Q3 2008	Change %
Circulation revenues	63,506	66,859	-5.0%	22,638	23,686	-4.4
Promotions revenues	3,052	4,674	-34.7%	365	275	32.7
Advertising revenues	112,876	140,996	-19.9%	32,127	36,900	-12.9
Other operating revenues	5,346	5,460	-2.1%	1,596	1,742	-8.4
Total operating revenues	184,780	217,989	-15.2%	56,726	62,603	-9.4
Raw material costs	(24,873)	(27,963)	-11.1%	(8,210)	(9,243)	-11.2
Labour costs	(78,332)	(82,013)	-4.5%	(23,236)	(25,383)	-8.5
Other operating costs	(77,760)	(82,451)	-5.7%	(24,414)	(25,177)	-3.0
Total operating costs	(180,965)	(192,427)	-6.0%	(55,860)	(59,803)	-6.6
EBITDA	3,815	25,562	-85.1%	866	2,800	-69.1
Amortisation, depreciation and provisions	(10,747)	(10,173)	5.6%	(3,817)	(3,212)	18.8
Actuarial reserve provision	(5,431)	-	na	(3,291)	-	na
EBIT	(12,363)	15,389	na	(6,242)	(412)	na
Financial result	(17,922)	6,485	na	(138)	(2,306)	na
Profit (loss) before taxes	(30,285)	21,874	na	(6,504)	1,612	na
Group net profit	(29,867)	21,820	na	(6,313)	1,600	na
Minority interest share	(418)	54	na	(191)	12	na

The reduction in Operating Revenues is due to the contraction in all of the principal revenue lines. The decrease in advertising revenues was particularly significant.

<i>In Euro thousands</i>	Jan - Sept 2009	Jan - Sept 2008	Cge %	Q 3 2009	Q 3 2008	Cge %
Advertising						
• Il Messaggero	51,853	65,737	-21.1%	15,139	17,596	-14.0%
• Il Mattino	18,649	24,201	-22.9%	5,452	6,440	-15.3%
• Il Gazzettino	16,627	20,734	-19.8%	4,841	5,714	-15.3%
• Leggo	15,282	18,689	-18.2%	3,507	3,949	-11.2%
• Quotidiano di Puglia	4,278	5,229	-18.2%	1,335	1,497	-10.8%
• Corriere Adriatico	3,767	4,297	-12.3%	1,100	1,185	-7.2%
Total newspapers	110,456	138,887	-20.5%	31,374	36,381	-13.8%
• Other advertising revenues	2,420	2,109	14.8%	753	519	45.1%
Total	112,876	140,996	-19.9%	32,127	36,900	-12.9%

In the first nine months of 2009, advertising revenues contracted 19.9% on the same period in the previous year, with contrasting performances in the quarters. A reduction of 28.5% occurred in the first quarter, 16.7% in the second and 12.9% in the third. The fall off was particularly significant in newspaper advertising revenues from national advertising campaigns in comparison to newspapers concentrated on local advertising.

This data, as we have already described, reflects a serious contraction and following the worldwide economic downturn.

In the first nine months of 2009, the "Other advertising revenues" relate principally to the advertising revenues on newspaper internet sites (Euro 1.5 million) and the TV broadcaster Telefriuli for approx. Euro 900 thousand. The advertising revenues on the internet recorded a very positive performance but the volumes are not sufficient to significantly impact on the overall result.

Circulation revenues and add-on products also felt the impact of the crisis and recorded a total decrease of 6.9% on the first nine months of 2008. In particular, circulation revenues of Euro 63.5 million fell by 5.0%. This decrease is due to a contraction in the newspaper market both in Italy and in the principal western economies.

Revenues from promotional products sold with the group's newspapers recorded a significant decrease also due to the reduced demand for these products.

<i>In Euro thousands</i>	Jan - Sept 2009	Jan - Sept 2008	Cge %	Q 3 2009	Q 3 2008	Cge %
Newspaper sales	63,506	66,859	-5.0%	22,638	23,686	-4.4%
Promotions revenues	3,052	4,674	-34.7%	365	275	32.7%
Total	66,558	71,533	-6.9%	23,003	23,961	-4.0%

The cost of raw materials were 11.1% down due to the lower quantities utilised in the production process following the fall in advertising space sold and the decrease in circulation revenues.

Labour costs fell 4.5% on the first nine months of 2008. The data for 2009 includes non structural costs of approx. Euro 1.5 million for the implementation of the restructuring plan. However, on a like-for-like basis, the decrease in labour costs was 6.2% on 9M 2008, benefiting from the restructuring undertaken also in previous years.

The other operating costs decreased by approx. 5.7% on the same period in the previous year. The reduction is largely due to the strong decrease in costs relating to the purchase of add-on products. The decrease in costs relating to these products was Euro 1.4 million on lower revenues of Euro 1.6 million, confirming the lower margin contribution of this area of activity.

Amortisation/depreciation, write-downs and provisions include amortisation/depreciation for approx. Euro 7.5 million (Euro 7.9 million in the first nine months of 2008), write downs of receivables by the subsidiary Piemme Concessionaria di Pubblicità for Euro 2.3 million and provisions for Euro 900 thousand. The actuarial reserve provisions of Euro 5.4 million represent extraordinary costs estimated for the implementation of the restructuring plan for the publishing companies of the Group. These-non structural costs recorded in the third quarter amounted to Euro 3.3 million.

The financial result amounted to Euro 17.9 million, comprising the results of companies valued under the equity method (Euro -9.5 million) and financial charges (Euro - 8.4 million).

The result of the companies valued at equity was affected by the losses recorded by the associated company Rofin 2008 Srl which in the first quarter sold on the market the shares held in portfolio at December 31st 2008, recording a loss of Euro 9.3 million attributable to the share of the Caltagirone Editore Group.

Net financial charges principally included the loss of Euro 12.3 million from the sale of listed shares on the market and interest expense of Euro 2.8 million and also include

financial income of Euro 6.7 million, of which Euro 3.4 million for interest income on bank deposits and Euro 3 million as dividends deriving from shares in portfolio.

The decrease in financial income on the same period of the previous year is due to the drop in income from liquidity held following the reduction in the market rates and the curtailed funds available due to the investments carried out in the period.

Net Cash Position

The Net Cash Position at September 30th 2009 amounted to Euro 227.3 million, a decrease on Euro 262.6 million at December 31st 2008, due on the one hand to the cash flow generated of approx. Euro 20.4 million from the sale of shares in listed companies and, on the other hand, from the distribution of dividends of Euro 6.2 million and the purchase of listed shares for Euro 42.5 million and the coverage of losses in the associated company ROFIN 2008 Srl for Euro 6.8 million.

<i>In Euro thousands</i>	30/09/09	31/12/08
Current financial assets	2,951	29,711
Cash and cash equivalents	288,421	308,349
Non-current financial liabilities	(44,624)	(49,061)
Current financial liabilities	(19,456)	(26,446)
	227,292	262,553

Caltagirone Editore Group Shareholders' Equity amounted to Euro 804.4 million (Euro 822.1 million at December 31st 2008); the decrease is principally due to the loss in the period and the distribution of the dividend, which was partially offset by the valuation at fair value of the shareholdings held by the Group which increased by approx. Euro 19 million.

Outlook for fourth quarter of 2009

The general economic outlook and consumer spending indicates that the trend for the full year will be in line with the third quarter of 2009.

Rome, November 10th 2009

For the Board of Directors
The Chairman

Francesco Gaetano Caltagirone

The Executive responsible for the preparation of the corporate accounting documents, Roberto Di Muzio, declares in accordance with article 154 bis, paragraph 2, of the Consolidated Finance Act, that the accounting information contained in the present report corresponds to the underlying accounting documents, records and accounting entries.