



**INTERIM REPORT**  
**March 31st 2011**

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## Corporate Boards

### Board of Directors

*Chairman* Francesco Gaetano Caltagirone

*Vice Chairman* Gaetano Caltagirone  
Azzurra Caltagirone

*Directors* Alessandro Caltagirone  
Francesco Caltagirone  
Massimo Confortini\*  
Mario Delfini\*  
Massimo Garzilli\*  
Franco Luciano Lenti  
Albino Majore \*  
Giampietro Nattino \*

### Board of Statutory Auditors

*Chairman* Raul Bardelli

*Standing Auditors* Maria Assunta Coluccia  
Federico Malorni

**Executive Responsible** Roberto Di Muzio

**Independent Auditors** KPMG SpA

\* members of the Internal Control Committee

## 2011 FIRST QUARTER REPORT

The present interim report at March 31<sup>st</sup> 2011 was prepared in accordance with IAS/IFRS. The report is in compliance with Article 154, paragraph 3 of Legislative Decree 58/1998, as supplemented.

### Highlights

The Caltagirone Editore Group reports revenues of Euro 55.1 million in the first quarter of 2011, down 7.9% on Euro 59.9 million in Q1 2010.

The EBITDA amounted to Euro 1.9 million (Euro 4.6 million in Q1 2010); the reduction is principally due to decreased revenues, particularly advertising revenues.

The EBIT, after amortisation/depreciation and write-downs of Euro 2.9 million, decreased from a profit of Euro 1.9 million in the first quarter of 2010 to a loss of Euro 1 million in Q1 2011.

The Group net result was a loss of Euro 790 thousand from a profit of Euro 1.6 million in Q1 2010.

The key financial results compared to the first quarter of 2010 are shown below:

<i>In Euro thousands</i>	Q1 2011	Q1 2010	Cge. %
Circulation revenues	18,846	19,680	-4.2%
Promotions revenues	137	544	-74.8%
Advertising revenues	33,802	37,746	-10.4%
Other operating revenues	2,360	1,926	22.5%
<b>Total operating revenues</b>	<b>55,145</b>	<b>59,896</b>	<b>-7.9%</b>
Raw material costs	(6,315)	(6,474)	-2.5%
Labour costs	(23,731)	(24,126)	-1.6%
Other operating costs	(23,224)	(24,664)	-5.8%
<b>Total operating costs</b>	<b>(53,270)</b>	<b>(55,264)</b>	<b>-3.6%</b>
<b>EBITDA</b>	<b>1,875</b>	<b>4,632</b>	<b>-59.5%</b>
Amortisation, depreciation & provisions	(2,932)	(2,778)	5.5%
<b>EBIT</b>	<b>(1,057)</b>	<b>1,854</b>	<b>n.a.</b>
Share of income/(expense) from equity investments	(1)	(103)	n.a.
Net financial income/(charges)	58	(281)	n.a.
<b>Profit (loss) before taxes</b>	<b>(1,000)</b>	<b>1,470</b>	<b>n.a.</b>
Group net profit/(loss)	(790)	1,579	n.a.

Minority interest share	(210)	(109)	92.7%
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Operating costs fell 3.6%, principally due to the lower amount of add-on products, lower agent commissions and a reduction in overhead costs in the preceding periods.

Net financial income amounted to Euro 58 thousand (net financial charge of approx. Euro 281 thousand in the first quarter of 2010) due to a higher return on liquidity with improved market interest rates.

The Caltagirone Editore Group Shareholders' Equity amounted to Euro 768.01 million (Euro 761.97 million at December 31<sup>st</sup> 2010); the increase of Euro 6 million is principally due the valuation at fair value of the shareholdings held by the Group.

The Net Cash Position at March 31<sup>st</sup> 2011 compared to December 31<sup>st</sup> 2010 is shown below:

## Net Cash Position

<i>in Euro thousands</i>	31/03/2011	31/12/2010
Current financial assets	4,608	4,211
Cash and cash equivalents	257,300	256,987
Non-current financial liabilities	(33,339)	(33,756)
Current financial liabilities	(17,673)	(18,544)
<b>Net Cash Position</b>	<b>210,896</b>	<b>208,898</b>

The net cash position increased by approx. Euro 2 million due to cash flow generated from operating activities.

## OPERATIONAL PERFORMANCE

### Circulation Revenues

<i>In Euro thousands</i>	<b>Q1 2011</b>	<b>Q1 2010</b>	<b>Cge. %</b>
<b>Newspaper sales</b>	<b>18,846</b>	<b>19,680</b>	-4.2%
<b>Promotions revenues</b>	<b>137</b>	<b>544</b>	-74.8%
<b>Total</b>	<b>18,983</b>	<b>20,224</b>	-6.1%

Group circulation revenues reduced by 6.1% and with the price rises implemented by almost all competitors for the moment not being applied by the Group.

The revenues from products sold together with the Group's newspapers decreased by 74.8% following the substantial shift away from add-on products; these margins however are not significant in relation to the overall result.

## Advertising Revenues

In Q1 2011, the advertising revenues from Group newspapers decreased by 10.4% - from Euro 37.7 million in the first quarter of 2010 to Euro 33.8 million in Q1 2011. This reduction took place within an advertising market which is undergoing a structural change. Investment dropped off in the newspaper advertising sector in the quarter by 5.1%<sup>1</sup> on Q1 2010.

The Group companies' internet advertising revenues grew 40.4% on the same period of the previous year. Sector internet advertising grew by 15.5%. Although internet advertising revenues are in rapidly growth, the volumes in this sector are still marginal in relation to Group overall advertising revenue.

The account Others principally includes advertising revenues on the Telefriuli television network.

## Outlook for the following quarters

Deep uncertainty permeates the general sector outlook against which the Group implemented a rigorous cost control policy. The Group is currently developing its multimedia presence, whose ongoing improvement can tap into new advertising revenue flows and

<sup>1</sup> FCP Newspaper Research Data – first quarter 2011

attract new readers, while in relation to the traditional press focusing on a diversified stream of advertising revenues – increasingly toward areas such as fashion and health.

Rome, May 10th 2011

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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.