

CALTAGIRONE EDITORE S.p.A.

Board of Directors report

On Group operations for the first quarter ended

31 March 2004

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In the first quarter of 2004 Caltagirone Editore recorded an EBITDA of €15,27 millions and a total revenue of €65,13 millions, increased from Q1 2003 (€13,38 and 59,64 millions respectively).

Group profit and loss account for the first quarter, compared with the first quarter 2003, is as follows:

PROFIT AND LOSS ACCOUNT	000/EURO		
	31/03/04	31/03/03	Var. %
TOTAL REVENUE	65.129	59.637	9,21%
CIRCULATION	21.957	18.495	18,72%
ADVERTISING	41.197	39.501	4,29%
SERVICES	614	380	61,58%
OTHER SALES	1.361	1.261	7,93%
RAW MATERIALS	(6.321)	(7.361)	-14,13%
SERVICES	(22.174)	(18.000)	23,19%
RENTS, LEASES AND SIMILAR COSTS	(1.712)	(1.144)	49,65%
PERSONNEL	(19.270)	(19.378)	-0,56%
OTHER COSTS	(384)	(377)	1,86%
EBITDA	15.268	13.377	14,14%
DEPRECIATION AND AMORTIZATION	(5.924)	(4.852)	22,09%
OTHER OPERATING (EXPENSES) INCOME	(582)	(424)	37,26%
EBIT	8.762	8.101	8,16%
FINANCIAL REVENUES	4.781	3.769	26,85%
FINANCIAL COSTS	(833)	(655)	27,18%
NET FINANCIAL INCOME	3.948	3.114	26,78%
RESULT FROM ORDINARY ACTIVITY	12.710	11.215	13,33%

NET EXCEPTIONAL INCOME (EXPENSES)	(589)	(944)	-37,61%
PROFIT BEFORE TAX	12.121	10.271	18,01%
TAXATION	(5.656)	(4.320)	30,93%
NET INCOME	6.465	5.951	8,64%
MINORITIES	(508)	(427)	18,97%
GROUP NET PROFIT	5.957	5.524	7,84%

The Group net financial position is described as follows:

NET FINANCIAL POSITION	000/EURO	
	31/03/04	31/12/03
MARKETABLE SECURITIES	14	9
CASH/DEPOSITS	557.126	545.509
LONG TERM BORROWINGS	81.447	82.358
SHORT TERM BORROWINGS	17.003	21.187
NET FINANCIAL POSITION	458.690	441.973

Comments

Group revenue for the first three months of the year rose by 9,2% compared to the same period of 2003.

Advertising revenue reached €41,20 millions, up by 4,3% from Q1 2003, and circulation revenue increased by 18,7% to €21,96 millions.

These improvements are mainly due to the positive trend of local advertising market, to the increase in advertising revenues on “Leggo” and to higher revenues from add on promotions.

Costs and services increase is mainly due to add on promotions.

EBITDA rose by 14,0% to €15,26 millions (€13,38 millions in Q1 2003).

In the first quarter of 2004, EBITDA margin was 22.43% (23.45% as of December 31st 2003).

Despite higher depreciation costs related to the new printing in Torrespaccata (Rome), EBIT was up by 8,2% to €8,76 millions from €8,10 millions of the same period of last year.

Net financial result was €3,95 millions: the increase is due to yields on the cash position.

Net financial position was up to € 458,69 millions from € 441,97 millions as of December 31st 2003: the increase is due to operating cash flow.

Board of Directors

The national advertising market has not registered a significant up turn.

For the following months, the Group does not foresee any significant event affecting the trend established in the past three months.

Rome, May 12th 2004