

Press Release

Il Sole 24 ORE Group BoD meeting: approval of consolidated results as at 30 September 2007

Consolidated revenues in first 9 months = € 416.7 million (+11.9%)

Group advertising revenues = € 166.8 million (+23.7%)

EBITDA = € 54.5 million (+45.2%)

Profit attributable to equity holders of parent = € 15.8 mn (+51%)

Net financial position positive by € 24.9 mn

Rome 15 November 2007. There was a meeting today, in Rome, under the chairmanship of Giancarlo Cerutti, of the Board of Directors of the Il Sole 24 ORE Group, which approved consolidated results for the first nine months of FY2007. The main summary data for the first 9 months and third quarter of 2007, compared with the same periods in 2006, are as follows:

<i>(Amounts in € million)</i>	First 9 months 2007	First 9 months 2006	% chg.	3rd Quarter 2007	3rd Quarter 2006	% chg.
Revenues	416.7	372.6	11.9%	109.5	98.3	11.4%
EBITDA	54.5	37.6	45.2%	(1.5)	(6.6)	77.5%
Operating profit	32.4	28.1	15.3%	(10.3)	(13.3)	22.8%
Pre-tax profit	33.7	30.2	11.7%	(10.5)	(12.7)	17.3%
Profit attributable to equity holders of parent	15.8	10.5	51.0%	(7.9)	(10.7)	26.2%
Equity attributable to equity holders of parent	155.6	145.4	(*)			
Net financial position	24.9	79.8	(*)			
Employee headcount	1,939	1,465				

(*) Data refer to 31.12.2006

Comment on consolidated results of first 9 months

Revenues in the first 9 months of 2007 (9M07) amounted to € 416.7 million (mn) vs. € 372.6 mn in the corresponding 2006 period (9M06), with an 11.9% YoY increase. Net of the effect of € 24.6 mn relating to the change in the scope of consolidation, growth was +5.4%.

Sales revenues achieved in the July-September quarter (3Q07), amounting to € 109.5 mn, grew by 11.2 mn (+11.4%) vs. the same period in 2006 (3Q06). They were lower than in previous quarters due to seasonality effects to which the Group's business is subject in the summertime, i.e. slowdown of both publishing and advertising revenues.

Advertising revenues, totalling € 166.8 mn, grew by 23.7% vs. 9M06. As regards the System segment's advertising collections, there was YoY growth of +13% (+20% excluding collection performed in 9M06 for the publisher San

Paolo, with whom business ceased at the end of 2006). The remaining increase was due to consolidation of Il Sole 24 ORE Business Media.

The daily newspaper's advertising revenues rose by 13.4%, also thanks to the introduction of full colour as from July 2006. Advertising revenues relating to Radio 24 and to the Group's Websites featured even better growth – respectively +16.6% and +50.9% vs. 9M06.

Revenues from the sale of newspapers, books, and magazines amounted to € 173.8 mn vs. € 168.3 mn in 9M06, growing by € 5.4 mn, i.e. +3.2%. The main contributors to this trend were sales of magazines (€ 52.6 mn, +5.2%, primarily due to consolidation of Business Media and to the contribution of the Publishing division's new magazines) and add-ons (€ 44.1 mn, +2.5%). The newspaper's circulation revenues progressed from € 63.6 mn to € 64.5 mn (+1.4%) whilst those of books rose to € 12.4 mn (+7.6%).

Other sales revenues amounted to € 76.1 mn vs. € 69.4 mn in 9M06 (+9.7%). Revenues from the sales of software, e-publishing products, conferences and education featured a growing trend.

EBITDA totalling € 54.5 mn (+45.2% vs. 9M06) benefited from the positive impact of € 4.7 mn arising from IFRS-compliant accounting of post-employment employee benefit provision following legislative changes concerning the latter's allocation. Net of this effect and of the change in the scope of consolidation, EBITDA would total € 48.7 mn, with a 29.6% YoY increase. 3Q07 EBITDA amounted to € -1.5 mn vs. € -6.6 mn in 3Q06, with improvement of € 5.1 mn. This effect was ascribable to higher advertising revenues, to the further effect of operating cost limitation, and to lower provisioning for liabilities and contingencies.

Operating profit amounted to € 32.4 mn vs. € 28.1 mn in 9M06, which had also benefited from the capital gain of € 11.6 mn made on the sale of the buildings in Via Lomazzo.

Profit attributable to equity holders of the parent amounted to € 15.8 mn vs. € 10.5 mn in 9M06 (+51%).

Revenues, margins, and operating performance by business segment

First 9 Months 2007

(Amounts in € million)

	REVENUES	EBITDA	EBITDA MARGIN	EBIT	ROS
PUBLISHING	212.8	29.9	14.1%	24.9	11.7%
SYSTEM	143.5	0.4	0.2%	0.4	0.2%
PROFESSIONALS	134.8	27.0	20.1%	23.4	17.4%
MULTIMEDIA	29.9	1.7	5.8%	1.3	4.4%
RADIO	9.0	-0.7	-7.6%	-9.0	-100.4%
CORPORATE & CENTRALISED SERVICES	1.5	-3.8		-8.6	
ELIMINATIONS	-114.7				
CONSOLIDATED TOTAL	416.7	54.5	13.1%	32.4	7.8%

First 9 Months 2006

(Amounts in € million)

	REVENUES	EBITDA	EBITDA MARGIN	EBIT	ROS
PUBLISHING	193.5	29.6	15.3%	23.4	12.1%
SYSTEM	127.2	-1.2	-0.9%	-1.2	-0.9%
PROFESSIONALS	111.7	22.7	20.3%	21.9	19.6%
MULTIMEDIA	31.2	-0.7	-2.4%	-1.4	-4.6%
RADIO	7.9	-2.5	-31.7%	-11.1	-140.6%
CORPORATE & CENTRALISED SERVICES	0.0	-10.3		-3.5	
ELIMINATIONS	-98.9				
CONSOLIDATED TOTAL	372.6	37.6	10.1%	28.1	7.5%

Publishing segment – generalist publishing

Publishing is the division heading the daily newspaper Il Sole 24 ORE, its add-on products, 24minuti (the free news-sheet launched at the end of FY2006), the theme magazines English24, Viaggi24, and House24, and some primary processes (printing and distribution) also managed for other Group segments.

The Publishing division's 9M07 **revenues** amounted to € 212.8 mn, growing by 9.7% over 9M06. Il Sole 24 ORE newspaper's circulation, which totalled over 333 thousand average daily copies, was in line with the previous year. Advertising revenues grew by 18.5% thanks to excellent performance of the newspaper's modular advertising. Il Sole 24 ORE newspaper's circulation revenues grew (+1.4%) as did sales of add-on products (+2.1%). The magazines line featured a very positive trend (+62.1%), thanks above all to expansion of the range.

The Publishing division's **EBITDA** amounted to € 29.9 mn in 9M07 vs. € 29.6 mn in 9M06 (+1.1%). The good trend in the newspaper's margins, achieved also thanks to cost-reduction action in production and distribution processes, offset the cost increase relating to launch of the free-press news-sheet and reduction of add-ons' margins.

System segment – advertising collection

System is the division that acts as advertising concessionaire for the Group's main media and for some third-party media.

In 9M07 the System division's **revenues** amounted to € 143.5 mn vs. € 127.2 mn in 9M06 (+12.9%). Performance was particularly positive for the newspaper, Group Websites, and Radio24. Advertising collection for third-party print media, managed under concession, decreased significantly vs. 2006, due to cessation of the contract with the publisher San Paolo. The System division's **EBITDA** showed improving, progressing from a negative margin of € -1.2 mn in 9M06 to a positive margin € 0.4 mn, due to the increase in volume handled and to cessation of the contract mentioned above.

Professionals segment – professional & specialist publishing

The Professionals division targets professionals (mainly chartered accountants, lawyers, and employment consultants), the PA, and SMEs with broad-spectrum publishing solutions comprising magazines, books, databanks, e-publishing, education courses, and management software. The Professionals division also comprises the product system branded Frizzera, the Pirola brand, and software under the Via Libera and Impresa24 brands.

The Professionals division's **revenues** in 9M07 amounted to € 134.8 mn vs. € 111.7 mn in 9M06. Net of the € 24.6-mn effect relating to change in the scope of consolidation, the trend was substantially in line with 2006. Tax & Legal products and services featured a growing trend (+1.8%). Education showed revenues in line with those of 9M06, whilst management software products, even net of the change in consolidation scope, featured a growth rate of over 11%.

The Professionals division's **EBITDA** rose from € 22.7 mn in 9M06 to € 27.0 mn in 9M07 (+19.3%). Net of change in the scope of consolidation, EBITDA YoY growth was around 11%. This trend was the result of the combined effect of revenue growth and actions to limit costs relating to commercial processes.

Multimedia segment

The Multimedia division handles the collection, production, and distribution, in digital format, of specific news and information content for the world of financial institutions, investors, and companies using various transmission technologies, i.e. satellite, terrestrial lines, and wireless networks.

The division also manages the Group's on-line activities, making Il Sole 24 Ore's contents and products available on the portal <http://www.ilsole24ore.com> and on the e-commerce channel Shopping24.

Multimedia also distributes the Radiocor agency's newsflows and provides the contents of the Group's main publications to the on-line databanks. It is also a content provider for the PA, mobile telephone players and independent publishers, providing this service via a technological platform that customises content according to customer requirements. Lastly, the division also manages the 24 TV channel distributed via Internet.

Revenues for the Multimedia division amounted to € 29.9 mn vs. € 31.2 mn in 9M06 (-4.3%). The decrease was due to the sale of real-time financial news products – a market that is steadily decreasing, primarily because of concentration of the banking industry. In September 2007 the Group's Website achieved 26.4 mn page views (+27% vs. September 2006) and 2.2 mn unique visitors (+57%). These results were joined by advertising revenue growth vs. 9M06 (+37%). Significant performance came from the newsletter products dedicated to large companies and institutions.

The Multimedia division's **EBITDA** progressed from a negative margin of € -0.7 mn in 9M06 to a positive margin of € 1.7 mn in 9M07. Contributors to this result were (a) disappearance of costs relating to satellite TV activity and (b) actions to rein in technological costs relating to sale of telematic products.

Radio segment

The Radio division manages the national radio station Radio24, a news & talk radio with an editorial format alternating news and entertainment programmes based exclusively on speech. It broadcasts live some 18 hours a day from the Milan and Rome studios. Every week, over 30 different programmes cover the key areas of public interest, ranging from national and international news to business & finance; from topics concerning the family and home to sport, culture and leisure; and from wellbeing to work.

In the 5th bimester of 2007 Radio24 listening featured 1.861 mn listeners/day, up from 1.774 mn in the first half of 2006. The Radio division's **revenues** amounted to € 9.0 mn, growing by 13.8% over 9M06.

EBITDA for the Radio division, which in 9M06 was negative by € -2.5 mn, improved by € 1.8 mn in 9M07. This result was the effect of advertising revenue growth and of reduction of some operating costs.

The **net financial position** decreased from net cash of € 79.8 mn as at 31 December 2006 to net cash of € 24.9 mn. This was mainly due to investments made in 9M07, which totalled € 74.1 mn and primarily related to acquisitions made to implement the strategic business plan.

The net financial position's breakdown is shown below:

<i>(Amounts in € million)</i>	30 September 2007	31 December 2006
Cash & cash equivalents	31,561	86,101
Bank overdrafts and borrowings falling due within 12 mths.	-6,577	-4,765
Other current financial liabilities		
Current financial receivables	2	2
Short-term net financial position	24,986	81,339
Non-current financial liabilities	-17,894	-18,845
Non-current financial assets and fair value of hedging instruments	17,815	17,324
Net financial position	24,907	79,818

Foreseeable business progress

The initial evidence of October confirms the positive trend of advertising revenues. Also confirmed are the positive signals coming both from other revenue lines and from the cost structure front. Given all this, we believe that – in the absence of exceptional events not currently foreseeable – FY2007 will end with results showing improvement over the previous financial year and in line with forecasts.

Significant events after 30 September 2007

On 4 October 2007, the Group acquired from the company Fratelli Alinari Istituto di Edizioni Artistiche SpA ("Fratelli Alinari") a 55% equity interest in Alinari 24ORE SpA (formerly Alinari Business SpA), a company active in the photography and image sector. The company operates on the base of a license contract for exclusive use of the iconographical assets owned by Fratelli Alinari. Its primary objective is to manage and extract value from such assets and other photographic archives. The overall price paid to acquire the stake amounted to € 1.8 mn.

On 5 October 2007, the Group purchased 30% of Diamante SpA, a company active in management software for SMEs. The overall price paid was € 1.5 mn, which may possibly be joined by the amount payable if the call option on the residual stake accounting for 69.982% of share capital is exercised.

The call option will be exercisable in the 10 working days following approval of Diamante SpA's individual year-end accounts for the financial years ending, respectively, on 31 December 2008, 2009, and 2010, and on condition that, as at those dates, EBITDA reported in the last set of year-end accounts approved exceeds € 700,000. The price payable against exercise of the call option will be a multiple of Diamante SpA's EBITDA.

As from the beginning of October, the Company started to sell the London Stock Exchange Group (LSEG) shares obtained following take-up of the Public Exchange Offer launched by LSEG on the shares of Borsa Italiana SpA. Sale of all LSEG shares has been completed for a total amount of GBP 9.3 mn, equal to € 13.7 mn, making a capital gain of € 13.2 mn.

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Consolidated income statement for the first 9 months and 3rd quarter of 2007

<i>(Amounts in € million)</i>	First 9 months 2007	First 9 months 2006	3rd Quarter 2007	3rd Quarter 2006
1) Continuing operations				
Publishing revenues (newspapers, books, and magazines)	173.8	168.3	44.5	48.9
Advertising revenues	166.8	134.8	42.0	31.0
Other revenues	76.1	69.5	23.1	18.4
Total revenues	416.7	372.6	109.6	98.3
Other operating income	6.5	4.7	2.4	1.4
Payroll & employee benefit costs	(104.9)	(101.1)	(36.0)	(33.9)
Changes in inventories	2.1	(3.3)	0.1	0.4
Purchases of materials and consumables	(33.0)	(22.0)	(9.1)	(8.4)
Service costs	(192.6)	(177.0)	(57.9)	(51.7)
Costs for use of third-party assets	(27.5)	(23.8)	(7.8)	(8.0)
Other operating costs	(8.4)	(8.7)	(2.4)	(2.2)
Provisions	(1.2)	(1.6)	0.1	(1.0)
Allowance for doubtful debts	(3.2)	(2.2)	(0.5)	(1.4)
EBITDA	54.5	37.6	(1.5)	(6.5)
Amortisation of intangible assets	(12.7)	(10.4)	(5.5)	(3.6)
Depreciation of property, plant & equipment	(9.7)	(9.4)	(3.3)	(3.5)
Impairment (losses)/write-backs on intangible assets and property, plant & equipment	-	(1.8)	-	-
Capital gains/(losses) on disposal of non-current assets	0.3	12.1	-	0.3
Operating profit	32.4	28.1	(10.3)	(13.3)
Finance income/(expense)	1.5	1.9	-	0.7
Other income/(losses) from investment assets and liabilities	0.3	0.2	-	-
Share of profit (loss) of equity-accounted associates and joint ventures	(0.5)	-	(0.2)	-
Profit before tax	33.7	30.2	(10.5)	(12.6)
Income taxes	(18.2)	(19.7)	2.6	2.0
Profit (loss) from continuing operations	15.5	10.5	(7.9)	(10.6)
2) Discontinued operations				
Profit (loss) from discontinued operations	-	-	-	-
Profit for period	15.5	10.5	(7.9)	(10.6)
Profit/loss attributable to minority interest	0.3	-	0.6	-
Profit (loss) attributable to equity holders of parent	15.8	10.5	(7.3)	(10.6)

Consolidated balance sheet

<i>(Amounts in € million)</i>	30.9.2007	31.12.2006
ASSETS		
Non-current assets		
Property, plant & equipment	96.5	98.5
Goodwill	52.7	3.0
Intangible assets	77.2	53.7
Investments in associates and joint ventures	0.8	22.1
Available-for-sale financial assets	18.7	4.5
Other non-current assets	17.9	17.3
Deferred tax assets	15.6	4.3
Total	279.4	203.4
Current assets		
Inventories	17.0	11.7
Trade receivables	162.2	145.6
Other receivables	7.9	4.0
Other current assets	8.8	6.7
Cash & cash equivalents	31.5	86.1
Held-for-sale assets	0.8	-
Total	228.2	254.1
TOTAL ASSETS	507.6	457.5
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<i>(Amounts in € million)</i>	30.9.2007	31.12.2006
EQUITY AND LIABILITIES		
A) Equity		
Equity attributable to equity holders of parent		
Share capital	23.4	23.4
Revaluation reserves	32.4	20.6
Hedging & translation reserves	0.4	0.3
Other reserves	26.0	26.0
Retained earnings	57.6	58.5
Profit for period attributable to equity holders of parent	15.8	16.6
Total equity attributable to equity holders of parent	155.6	145.4
Capital & reserves attributable to minority interest	0.6	0.6
Profit (loss) attributable to minority interest	(0.3)	-
Total equity attributable to minority interest	0.3	0.6
Total	155.9	146.0
B) Non-current liabilities		
Non-current financial liabilities	17.9	18.8
Employee benefit provisions	41.1	42.8
Deferred tax liabilities	30.9	10.6
Provisions for liabilities and contingencies	23.4	19.9
Other non-current liabilities	4.8	-
Total	118.1	92.1
C) Current liabilities		
Bank overdrafts and borrowings falling due within 12 months	6.6	4.8
Trade payables	161.2	175.4
Other current liabilities	19.1	3.1
Other payables	46.7	36.1
Total	233.6	219.4
TOTAL LIABILITIES	351.7	311.5
TOTAL EQUITY AND LIABILITIES	507.6	457.5

Consolidated cash flow statement

(Amounts in € million)

ITEMS	First 9 months 2007	First 9 months 2006
A) CASH FLOWS OF OPERATING ACTIVITY		
Profit for period attributable to equity holders of parent	15.8	10.5
Adjustments for:		
Dividends received	(0.3)	(0.2)
Depreciation of property, plant & equipment	9.7	9.4
Amortisation of other intangible assets	12.7	10.4
Impairment losses on other tangible and intangible assets	-	1.8
Capital (gains) losses on disposal of property, plant & equipment	-	(11.6)
Capital (gains) losses on disposal of intangible assets	(0.2)	(0.3)
Capital (gains) losses on disposal of company branches	(0.1)	(0.3)
Increase (decrease) in accrued provisions for liabilities and contingencies	3.5	(5.8)
Increase (decrease) in accrued employee benefit provisions	(1.7)	0.2
Increase (decrease) in deferred tax assets/liabilities	8.3	2.5
Net finance (income) expense	(2.1)	(2.1)
Operating cash flow before changes in working capital	45.6	14.5
(Increase) decrease in inventories	(5.4)	3.3
(Increase) decrease in trade receivables	(16.5)	4.4
Increase (decrease) in trade payables	(14.1)	(19.5)
Income tax paid	(6.0)	(6.0)
(Increase) decrease in other assets/liabilities	26.0	31.7
Total change in working capital	(16.0)	13.9
NET CASH FLOW GENERATED BY OPERATING ACTIVITY (A)	29.6	28.4
B) CASH FLOWS OF INVESTING ACTIVITY		
Dividends received	0.3	0.2
Proceeds from disposal of property, plant & equipment	0.1	22.3
Proceeds from disposal of intangible assets	0.4	0.6
Investments in property, plant, and equipment	(4.9)	(32.5)
Investments in intangible assets	(5.9)	(2.5)
Other changes in intangible assets	-	-
Investments in property, plant, and equipment from business combinations	(2.9)	-
Increase in goodwill from business combinations	(49.7)	-
Investments in intangible assets from business combinations	(30.3)	-
Acquisition of equity investments in associates	(0.8)	(1.4)
(Decrease) in associates due to business combinations	22.0	-
Other decreases (increases) in other non-current assets	4.6	-
Purchases of available-for-sale financial assets	(1.7)	(3.3)
NET CASH FLOW ABSORBED BY INVESTING ACTIVITY (B)	(68.8)	(16.6)
FREE CASH FLOW (A + B)	(39.2)	11.8
C) CASH FLOWS OF FINANCING ACTIVITY		
Dividends paid	(18.7)	(9.0)
Proceeds from (repayment of) medium-/long-term bank borrowings	(1.0)	(2.3)
Net change in other non-current financial assets	(0.4)	(0.4)
Net change in financial assets held for trading	(0.1)	-
Net financial interest received	2.1	2.1
Change in equity attributable to minority interest	(0.3)	-
Other changes in reserves	1.3	1.1
NET CASH FLOW ABSORBED BY FINANCING ACTIVITY (C)	(17.1)	(8.5)
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS (A+B+C)	(56.3)	3.3
CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD	81.3	94.9
CASH & CASH EQUIVALENTS AT END OF PERIOD	25.0	98.2
INCREASE (DECREASE) IN PERIOD	56.3	(3.3)