

Gruppo



La cultura dei fatti.

Press Release

II Sole 24 ORE Group BoD meeting: Approval of results of 1st quarter of 2008

Consolidated revenues = € 150.7 million (+2.4%)
Group advertising revenues = +7.1% on like-for-like basis
Gross operating profit = € 16.2 million (-15.6%)
Net profit after minorities = € 5.3 million vs. € 5.7 million in 1st quarter of 2007

Milan, 15 May 2008. There was a meeting today, under the chairmanship of Giancarlo Cerutti, of the Board of Directors of the II Sole 24 ORE Group, which approved consolidated reported results for the 1st quarter of 2008.

Amounts in € millions	Jan-Mar 2008 (1Q08)	Jan-Mar 2007 (1Q07)	Change
Revenue	150.7	147.1	2.4%
Gross operating profit	16.2	19.2	-15.6%
Net profit after minorities	5.3	5.7	-6.2%

Comment on consolidated results of 1st quarter of 2008

In the first quarter of FY2008 (1Q08), the II Sole 24 ORE Group achieved **consolidated revenues** of € 150.7 million (mn), growing by 2.4% vs. € 147.1 mn in the same period in 2007 (1Q07).

In 1Q08, reported Group **advertising revenues** increased by 16.2% in total, mainly because of the effect of acquisitions completed (II Sole 24ORE Business Media). In like-for-like terms, the **System** division, the Group's advertising sales agency, showed growth of 7.1% - significantly better than that of the market of reference.

Gross operating profit (EBITDA) totalled **€ 16.2 mn**, with a decrease of -15.6% vs. € 19.2 mn in 1Q07. This was substantially due to the lower contribution of add-on products, which was in part expected and has been partially offset by the good trend in advertising sales and curbing of certain types of costs. Net of the lower profitability of such products (€ 7 mn), the difference in 2008 gross operating profit vs. 2007 would be positive by € 4mn.

In 1Q08, the contribution generated by acquisitions completed in the second and third quarters of 2007 totalled € 13.3 mn in terms of revenues. Conversely, their impact on GOP was not significant, mainly because of the effects of the seasonality of the businesses acquired (sector-specific publishing and software).

Operating profit amounted to € 7.5 mn, as compared to € 12.8 mn in 1Q07 and mainly felt the effect of higher depreciation & amortisation relating to acquisitions made in 2007 (€ 2.1 mn).

Thanks to higher net finance income and to a lower tax burden, **Net profit after minorities** amounted to € 5.3 mn vs. € 5.7 mn in 1Q07.

As at 31 March 2008, the Group's **net financial position** was positive by € 232.8 mn (positive by € 240.2 mn as at 31 December 2007).

Performance by business segment

Publishing segment – Generalist publishing

Publishing is the division heading the daily newspaper *Il Sole 24 Ore*, its add-on products, *24minuti* (the free newspaper launched at the end of FY2006), the monthly magazine *Ventiquattro*, the theme magazines *English24*, *Viaggi del Sole*, and *House24*, and some primary processes (printing and distribution) also managed for other Group segments.

As, foreseen, in the early months of the market for newspapers' add-on products featured a further negative trend, which had already emerged in the second part of 2007. In this scenario, *Il Sole 24 ORE* also featured shrinkage of sales and margins, which were significantly affected by the particularly negative performance of a specific book.

The most recent circulation data (ADS moving average February 2007-January 2008) show a YoY reduction in the number of copies of the main paid national daily newspapers. In the same period *Il Sole 24 ORE* featured slippage of -1.5%.

The travel magazine "*Il Viaggi del Sole*" consolidated its leadership position in the sector to which it belongs. It confirmed 1Q07 revenues, in a period not particularly dynamic in advertising terms, and in a sector – travel magazines – where heightened competitive pressure is also evident.

The segment's revenues amounted to € 73.8 mn, down by -11% YoY, mainly because of the trend in add-on products described above.

System segment – advertising sales

All group media achieved growth of advertising revenues. The daily newspaper, despite the sharp decrease in financial advertising, progressed by +1.3%. The online section showed an increase of 31.8%. Radio 24 grew by over 3%, also thanks to System's sales network specifically dedicated to selling radio advertising time, operational as of January 2008. The free newspaper's advertising revenues grew by over 60%.

In a substantially stable market environment, in 1Q08 the System segment (the division that acts as the advertising sales agency for the group's main media, except of trade-specific publishing – Business Media, which has its own network – and for some third-party media) reported **advertising sales growth** vs. 1Q07 (+7.1% in like-for-like terms, and 1Q07, once again in like-for-like terms, in turn grew by 21.9% vs. 1Q06) with sales totalling €55.7 mn.

Professionals segment – Professional and 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, training courses, management software, and dedicated portals. 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 also manages B2B integrated communication activities targeting SMEs in specific sectors, including agrifood, retail distribution, building, and healthcare, directly managing dedicated advertising sales networks.

The Professionals segment achieved **revenue growth** (+27.6%) vs. 1Q07, reaching a total of € 52.4 mn. This was attributable to changes in operating scope occurring in the Business Media business unit (ex-GPP acquisition) and in the Software Solutions unit (acquisitions of STR and Data Ufficio).

Comparison based on like-for-like operating scope shows a decrease of -3.2%, based on growth in training revenues, firmness of the Tax & Legal sector, and lower sales of software solutions (-27.9%). The latter's delay vs. 1Q07, which also impacted margins, was entirely due to the different contractual approach adopted. For these products, we have switched from single sales to a subscription contract, meaning that, on an accrual accounting basis, the revenues are spread over the entire contract duration. By the end of the year this delay will have therefore been recovered.

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, 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 news feeds 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.

The segment's revenues amounted to € 9.5 mn, down by -3.4% vs. 1Q07. This was entirely due to reduction of revenues from real-time financial news services, which more than absorbed the growth of revenues for the online business.

In the first part of 2008, the **online business** benefited from the trend in advertising, which featured 31.8% YoY growth. Another positive factor was **30% growth in e-commerce**, in line with 2008 forecasts for the market as a whole (Source: Osservatorio del Politecnico di Milano – the Observatory of Milan's Polytechnic University).

The **Il Sole 24 ORE website** increased the number of unique visitors by 46% and the number of page views by 36%, hitting the all-time record of 3,077,000 unique visitors in January 2008. In the Financial News sectors, the www.ilsole24ore.com site maintains outright market leadership, with penetration double that of the second foremost competitor.

The **Radiocor press agency**, which during 1Q08 drove growth of its new products (mainly of newsletters), featured sales up vs. 1Q07.

Radio segment

The Radio division manages the national radio station Radio24, a news & talk radio with an editorial format alternating news and entertainment programmes. It broadcasts from the Milan base and from the Rome studios and with its 209 installations located throughout Italy, reaches 83.6% of the Italian population.

In the first two months of 2008, the total radio audience (source: Audioradio) remained substantially stable compared with the previous year, with 38.4 million daily listeners.

In 1Q08 the **Radio 24 audience** hit an all-time record with a precise figure of 2.2 million daily listeners and 5.8% penetration of the total Italian radio audience (Audiradio data, 1st bimester of 2008 – 12 January-29 February – "Listened Yesterday Daily Average" Monday-Sunday). Compared with the same period, there was even more marked growth with +360,000 listeners. This was the highest growth achieved among national broadcasters vs. the last bimester of 2007, enabling Radio 24 to position itself stably among the 10 Italian radio stations with the highest listenership.

In March an investment was made to buy three new frequencies, with the aim of improving radio signal quality and coverage of some important road areas in Tuscany and Latium (a.k.a. Lazio).

Foreseeable business progress

In an overall economic scenario that will continue to feature great uncertainty, the remaining part of FY2008 should confirm the slack circulation trend of paid daily newspapers and the downward trend of the market for add-on products emerging in 1Q08.

As specifically regards the latter, appropriate action is being taken to combat the trend that has emerged, focusing on further strengthening of the characteristics of quality and service that are already a distinctive trait of Group products, also through development of new "useful add-on products" for households and businesses.

Scenarios for advertising and the professional area remain positive. The Group's advertising sales agency has reported, also in April, growth rates in line with those of 1Q08. The Professionals area should instead benefit in forthcoming months from recovery in software products' sales and margins and from the full-year contribution of companies acquired during 2007.

The items mentioned above lead us to believe that, if there is no exacerbation of the market scenario, full-year earnings expected for FY2008 should not diverge from those of 2007, net of the positive non-recurring effects primarily relating to the capital gain on the London Stock Exchange Group shares and to the new regulations concerning Italian post-employment benefit systems.

Work is continuing to identify and select investment opportunities strategically consistent with the Group's development plans. This should lead to completion of some significant acquisition deals by the end of this autumn, above all in the professional sector.

The manager responsible for preparing corporate financial reports, Giuseppe Crea, herewith declares that the accounting disclosures contained in this press release correspond to accounting records, corporate books, and accounting entries.

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Consolidated financial statements for the "II Sole 24 ORE" Group for the quarter ended on 31 March 2008

Balance Sheet

Amounts in €'000	Balance at 31.03.2008	Balance at 31.12.2007
ASSETS		
Non-current assets		
Property, plant and equipment	92,841	94,628
Goodwill	39,377	39,377
Intangible assets	80,334	85,268
Investments in associates and joint ventures	1,950	1,950
Financial assets available for sale	5,580	5,580
Other non-current financial assets	17,459	17,337
Other non-current assets	791	880
Deferred tax assets	16,854	16,697
Total	255,186	261,717
Current assets		
Inventories	16,430	21,350
Trade receivables	213,459	179,559
Other receivables	6,429	6,110
Current tax assets	4,018	4,538
Other current assets	10,102	6,784
Cash and cash equivalents	234,674	243,067
Total	485,112	461,408
TOTAL ASSETS	740,298	723,125

Amounts in €'000	Balance at 31.03.2008	Balance at 31.12.2007
EQUITY AND LIABILITIES		
A) Equity		
Total equity attributable to equity holders of the parent		
Share capital	35,124	35,124
Capital reserves	180,316	180,316
Revaluation reserves	20,561	20,561
Hedging and translation reserves	337	485
Reserves - Other	29,880	29,182
Retained earnings (loss)	88,540	53,049
Profit for the year attributable to the shareholders of the parent	5,343	27,694
Total equity attributable to equity holders of the parent	360,101	346,411
Capital and reserves attributable to minority interests	1,365	1,485
Profit for the year attributable to minority interests	(25)	(120)
Total equity attributable to minority interests	1,340	1,365
Total	361,441	347,776
B) Non-current liabilities		
Non-current financial liabilities	16,371	16,407
Personnel provisions	40,701	40,558
Deferred tax liabilities	31,093	32,198
Provisions for risks and charges	24,265	24,781
Other non-current liabilities	1,326	2,072
Total	113,756	116,016
C) Current liabilities		
Bank overdrafts and loans - due within one year	3,464	4,494
Trade payables	186,600	187,634
Other current liabilities	21,924	5,812
Other payables	53,113	61,393
Total	265,101	259,333
Total liabilities	378,857	375,349
TOTAL EQUITY AND LIABILITIES	740,298	723,125

(*) Section 10 of explanatory notes to financial statements

Summary Consolidated Income Statement

Summary consolidated income statement		
Amounts in €'000	Jan-Mar 2008 (1Q08)	Jan-Mar 2007 (1Q07)
Revenue from sales and services	150,710	147,144
Other operating income	2,230	1,736
Personnel expense	(43,280)	(35,576)
Change in inventories	(5,212)	(2,527)
Purchase of raw materials and consumable materials	(5,964)	(8,253)
Costs for services	(69,144)	(70,211)
Other operating costs	(11,742)	(11,063)
Provisions	(1,421)	(2,082)
Gross operating profit	16,177	19,168
Depreciation & amortisation and impairment	(8,689)	(6,544)
Gain/loss on intangible assets and property, plant and equipment	4	141
Operating profit	7,492	12,765
Financial income (expenses)	2,652	1,049
Financial income (expenses) from investments	-	(184)
Profit before tax	10,144	13,630
Income taxes	(4,826)	(8,063)
Profit for the year	5,318	5,567
Loss attributable to minority interests	25	131
Profit attributable to equity holders of the parent	5,343	5,598

Cash flow statement

Cash flow statement		
Amounts in €'000	Jan-Mar 2008	Jan-Mar 2007
A) CASH FLOWS OF OPERATING ACTIVITIES		
Profit attributable to equity holders of the parent	5,343	5,698
Adjustments for:		
Depreciation of property, plant and equipment	3,309	3,174
Amortisation of intangible assets	5,381	3,370
Capital (gains) losses on disposal of non-current assets	(4)	(141)
Increase (decrease) in provisions for risks and charges	(516)	834
Increase (decrease) in personnel provisions	143	1,173
Increase (decrease) in deferred tax assets/liabilities	(1,262)	(585)
Net financial (income) expenses	(2,653)	(1,049)
Cash flows from ordinary activities prior to change in net working capital	9,741	12,473
(Increase) decrease in inventories	4,922	2,527
(Increase) decrease in trade receivables	(33,900)	(22,181)
Increase (decrease) in trade payables	(1,034)	3,807
(Increase) decrease in other assets/liabilities	4,715	22,579
Changes in net working capital	(25,298)	6,732
TOTAL NET CASH FLOWS GENERATED/ABSORBED BY OPERATING ACTIVITIES (A)	(15,557)	19,205
B) CASH FLOWS OF INVESTING ACTIVITIES		
Cash-in from disposal of non-current assets	285	158
Investments in property, plant and equipment	(1,799)	(1,281)
Investments in intangible assets	(449)	(388)
Other changes in non-current assets	(3)	(169)
Decrease of associates due to business combinations	(0)	22,050
Other decreases (increases) of other non-current assets and liabilities	(657)	(40,157)
Purchases of available-for-sale financial assets	(1)	-
TOTAL NET CASH FLOWS ABSORBED BY INVESTING ACTIVITIES (B)	(2,623)	(19,787)
FREE CASH FLOW (A + B)	(18,180)	(582)
C) CASH FLOWS OF FINANCING ACTIVITIES		
Net financial interest received	2,653	1,049
Change in financial assets/liabilities	(158)	(205)
Gross cash-in from over-allotment allocation (green shoe)	7,796	-
Change in equity attributable to minority interests	(25)	(131)
Other changes in reserves	551	-
TOTAL NET CASH FLOWS GENERATED BY FINANCING ACTIVITIES (C)	10,817	713
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS (A+B+C)	(7,363)	131
OPENING CASH AND CASH EQUIVALENTS	238,573	81,338
CLOSING CASH AND CASH EQUIVALENTS	231,210	81,466
INCREASE (DECREASE) IN PERIOD	(7,363)	131

Net financial position

Net financial position		
Amounts in €'000	Balance at 31.03.2008	Balance at 31.03.2007
Cash and cash equivalents	234,674	243,067
Bank overdrafts and loans due within 1 year	(3,464)	(4,494)
Short-term net financial position	231,210	238,573
Non-current financial liabilities	(16,372)	(16,407)
Non-current financial assets and hedging instruments measured at fair value	17,922	17,998
Medium/long-term net financial position	1,550	1,591
Net financial position	232,760	240,164