

Gruppo



La cultura dei fatti.

Press Release

II Sole 24 ORE Group BoD meeting: approval of consolidated results as at 30 September 2008

Consolidated revenues = €421.4 million (+1.1) vs. 9M07
Advertising revenues = €179.8 million (+7.8%), +5.1% on like-for-like basis
Professionals revenues = €156 million (+15.7%), -1.1% on like-for-like basis
EBITDA = €36.3 million, hit by decline in collaterals
Profit attributable to equity holders of parent = €14 million (-11%)
Net consolidated financial position positive by €216.9 million

Milan, 7 November 2008. Today, the meeting of the Board of Directors of the II Sole 24 ORE Group, chaired by Cav. Lav. Dr. Giancarlo Cerutti, approved the consolidated results as at 30 September 2008.

Amounts in € million	Jan-Sept 2008	Jan-Sept 2007	% Chg.
Revenue	421,4	416,7	1,1%
Gross operating profit (GOP)	36,3	54,5	-33,5%
Profit attributable to equity holders of the parent	14,0	15,8	-11,1%

Comment on consolidated results of 9M08

In order to have a proper picture of the results, one must bear in mind that comparative figures were greatly affected by a number of differences. Specifically, whereas the first nine months of 2007 (9M07) had benefited from non-recurring income amounting to €4.7 million, generated by IAS accounting of staff severance indemnity, 9M08 was heavily affected, on the one hand, by the changed selling strategies for a number of software products (meaning revenues and EBITDA¹ dropping roughly by €2.6 million and €1.6 million respectively, which will be

¹ EBITDA is defined as earnings before amortization of tangible and intangible assets, financial charges and income, capital gains/losses from disposal of fixed assets, write-down of equity interests, capital gains from disposal of equity interests, depreciation of intangible assets and income tax. Since EBITDA is not seen as an accounting measure by either the Italian Accounting Standards or the European IFRS, the determination of its quantity may be prone to ambiguity. The principle adopted by the Group to determine EBITDA may differ from the criteria adopted by other groups. Hence, its amount may not be comparable with the amount determined by other groups.

substantially regained in the last quarter of the year), and, on the other, by the fair value accounting of free shares to employees and the top management stock option plan, which increased staff costs by €2.1 million.

In 9M08, the Il Sole 24 ORE Group posted consolidated **revenues** of €421.4 million, up vs. €416.7 million in 9M07. On a like-for-like basis, this means a 4.6% drop, due mainly to the decline in collaterals, whose revenues fell by €20.6 million.

In 9M08, the Group's **advertising revenues** progressed by 7.8%, thanks to the 5.1% increase in revenues achieved by System, outstripping its core market, alongside acquisitions made (Il Sole 24ORE Business Media).

EBITDA stood at €36.3 million vs. €54.5 million in 9M07 (-33.5%).

Net of the effects caused by the foregoing differences, the fall was mainly ascribable to the decline in collaterals, whose EBITDA slid by €8.1 million.

In 9M08, acquisitions completed in the second and third quarter of 2007 contributed by €24.2 million in terms of revenues, and by €2 million as far as EBITDA is concerned.

Operating profit amounted to €10.2 million vs. €32.4 million in 9M07. This year's result, in addition to the observations made on gross profit, was affected by a higher amortization figure for acquisitions made in 2007 amounting to €3.6 million.

Profit attributable to equity holders of parent amounted to €14 million vs. €15.8 million in 9M07, a more modest drop than operating profit, thanks to the increased net financial income from the average higher financial resources available, and lower tax liabilities, benefiting from the optimization measures adopted over the period.

The Group's **net financial position**² as at 30 September 2008 was positive by €216.9 million (positive by €240.2 million as at 31 December 2007).

Performance by business segment

Publishing – Generalist publishing

Editrice is the division that heads up the daily newspaper Il Sole 24ORE, its add-on products, 24minuti (the free newssheet launched at end 2006), theme magazines such as English24, I Viaggi del Sole and House24, monthlies Ventiquattro and IL-il maschile del Sole 24 ORE, plus a number of primary processes (printing and distribution) also managed for other Group segments.

The latest circulation figures (ADS moving average for July 2007-June 2008) show a 2.9% drop vs. 9M07 in number of copies of the main national paid dailies. Il Sole 24 ORE, over the same period, dropped in line with market trends.

² Net financial position is defined as the sum of cash and cash equivalents, short-term financial assets, non-current financial assets and the fair value measurement of hedged financial instruments, netted against overdrafts and bank loans due within a year and non-current financial liabilities. Net financial position is not seen as an accounting measure either by the Italian Accounting Standards or by the European IFRS. The principle adopted by the Issuer to determine net financial position may differ from the criteria adopted by other groups. Hence, the resulting balance, determined by the Issuer, may not be compatible with the balance determined by other groups.

The area's total revenues fell by 9.9% vs. 9M07. Set against a slight decrease in the newspaper's revenues and a solid growth in free press revenues (+56%), collaterals contributed far less, from €44.1 million to €23.5 million.

The third quarter of 2008 also saw the launch of the new magazine bundled with the daily: IL – il maschile del Sole 24 ORE. The first issue hit newsstands on 19 September, with remarkable sale of advertising space (142 pages), and approximately 500,000 copies issued. IL was warmly welcomed by readers and impacted positively on the daily's sales that day.

In 9M08, add-ons bundled with newspapers confirmed the downward trend that had started in the second part of 2007, with sharp drops in sales especially hitting minor players. This drop involved all types of products across the board. The current trend is for publishers to market joint works on a paid basis right from the first issue and with squeezed advertising investments.

System – advertising agency

System is the division that acts as advertising agency for the Group's main media as well as for a number of third-party media.

The advertising market (Nielsen figures, January/August 2008 –€5,680 million), vs. 9M07, lost the good momentum of the first half of the year, bringing it to the same levels of 2007 (+0.3%, excluding free press and satellite TV). The market saw all its media drop, especially advertising investments, which continued to decline on print media overall (-2.7%). Magazines plunged the most (-3.9%), followed by paid dailies (-3.3%), with the good news coming from free dailies only.

Internet performed well (+19.7%), as well as radio (+4.4%).

Against this backdrop, heavily affected by the deterioration of the economy and financial markets, System outstripped its core market, with total advertising sales up 5.1% vs. 9M07, or 5.9% excluding revenues generated in 2007 by San Paolo Edizioni magazines, today no longer under concession (a point worth stressing: as at 30 September 2007, a 21% rise had already been achieved, excluding advertising sales for San Paolo).

Results were on the rise across the board for all managed media, especially for free press, +54%, and Internet, +37.5%. A result achieved thanks also to IL, the new men's magazine launched in September. The daily's advertising sales dropped by -0.8%, much less than the market's figure in any case, owing mainly to the nose-dive of the financial market and the shrinking IPOs, a mere 5 against the 21 in 9M07.

Internet advertising sales advanced strongly on the 19 managed websites, outstripping the core market with +37.5% vs. the market's +19.7% average reported by Nielsen. On a like-for-like basis in terms of media, the performance vs. 9M07 was +46%.

Professionals – professional & specialist publishing

Professionals is the segment that targets professionals (basically chartered accountants, lawyers and labour consultants), the PA and SMEs, with a plethora of

publishing solutions including magazines, books, databases, e-publishing, training courses, management software and dedicated portals. This segment also includes the Frizzera product system, Pirola, and Via Libera and Impresa24 software.

The segment also manages B2B integrated communication for SMEs in areas such as agrifood, retail distribution, building and welfare, directly managing dedicated advertising sales networks.

Total revenues for Professionals were on the rise (+15.7%) vs. 9M07, thanks mainly to changes in the consolidation scope in the Business Media business unit (acquisition of the GPP Group at end March 2007) and Software Solutions (acquisition of STR and Data Ufficio in the second half of 2007).

On a like-for-like basis, revenues dropped by -1.1% vs. 9M07, owing to the changed selling strategies for a number of software products as described below, and lower sales of a number of magazines in the Tax & Legal sector.

Revenues in 9M08 for the Software Solutions business unit reached €33.3 million, increasing by more than 69% vs. 9M07. This result reflected the effects of the new acquisitions and the changed selling strategies of a number of products, net of which growth would have been 2.3%.

The Training business unit performed extremely well, with revenues in 9M08 reaching €6.4 million, up 46.3% vs. 9M07. A figure basically achieved thanks to the improved result of Annual and Events, especially in the finance, energy, technology and tourism sectors. These high-end products were used to develop the range of sponsored events.

Multimedia

Multimedia manages the collection, production and distribution, in digital format, of specific news content for financial institutions, investors and companies, using a range of transmission technologies such as satellite, terrestrial and wireless networks.

The division also manages the Group's on-line business, providing the contents and products of Il Sole 24 Ore in digital format on the portal <http://www.ilsole24ore.com> and on the e-commerce channel Shopping24.

Multimedia also distributes the news fed by the Radiocor agency, and provides the contents of the Group's main publications to the online databases. It is also a content provider for the PA, mobile phone companies and independent publishers.

Revenues for the area came to €28.8 million, down 3.7% vs. 9M07.

Thanks basically to the growth of new products (mainly newsletters), the Radiocor press agency's revenues advanced by 7.4% vs. 9M07.

As far as the real-time financial news business is concerned, revenues continued to fall like in previous years, mainly due to prices that have been declining for quite a while now.

In 2008, the on-line business benefited from the remarkable advertising results, climbing by 37.5% and outstripping the market.

Radio

Radio manages the national radio station Radio24, a news & talk radio with an editorial format that blends news and information and entertainment programmes.

In the fourth two-month period, Radio 24 scored 2,049,000 daily listeners, up 18.6%, or +321,000 listeners YoY. Weekly listenership in this same period grew by an astounding 10.3% YoY, reaching 4,906,000 listeners (Audiradio figures, fourth two-month period 2008 - total seven days).

In terms of advertising spaces expressed in seconds, Radio 24 progressed by 21% YoY, which means a 15% market share (source: Nielsen Media Research).

Advertising revenues in 9M08 amounted to €8.7 million, +3.7% vs. 9M07.

Corporate and Centralized Services

This area also includes the Group's cultural activities conducted by 24 ORE Motta Cultura and Alinari 24 ORE. The latter company changed the consolidation scope, as it was acquired in the second half of 2007.

In 9M08, a number of cultural events were organized, all receiving enthusiastic public response. They include the Canova exhibition, organized at Palazzo Reale in Milan by 24 ORE Motta Cultura, the exhibition on Europe, organized in Rome by Alinari 24 ORE, which then toured Berlin, Ljubljana and Paris, as well as "I mari dell'uomo", an exhibition of photographs by Folco Quilici, organized by Alinari 24 ORE.

Co-option of a director

The BoD co-opted **Giovanni Lettieri** as non-executive director of the Company to replace Paolo Zegna.

The resumé of the new director is available on the Company's website (www.gruppoilsole24ore.com), in the Governance section.

As at the date of his appointment, Giovanni Lettieri did not own any equity interest in Il Sole 24 Ore SpA.

Significant events after 30 September 2008

On 30 October, the wholly-owned subsidiary H24 Software S.p.A. (former 24ORE Television S.p.A.), completed the acquisition of 70% of the share capital in ESA Software S.p.A., paying out a total of €42.5 million. With a 2007 turnover of €31 million and an EBITDA of €6.3 million, ESA is a leading name on the Italian marketplace for software solutions tailored to enterprises, HR and professionals.

Thanks to this operation, the Professionals area of the Il Sole 24 ORE Group will be able to generate revenues in the region of €250 million. The Software Solutions business unit will be able to get a particularly big boost, with revenues soaring from

€15 million in 2006 to about €75 million in 2008 which, alongside Il Sole 24 ORE brand products, include STR, Data Ufficio and Esa (proforma 12 months).

The www.ilsole24ore.com website scored an impressive performance in October, reaching record figures in unique users and page views, with its daily chronicles on the global markets, the school reform debate and US elections: 4,598,352 unique users (+87% vs. 9M07) and 85,886,066 page views (+193% vs. 9M07).

Business outlook

In light of the recent shockwaves that have swept global financial markets, for the final part of the year, given also the situation in October, the scenario is expected to further deteriorate, impacting heavily on consumption and on corporate investments. Against this backdrop, the Il Sole 24 ORE Group will hardly be able to achieve, in the final quarter of the year, the same results achieved by advertising sales over the same period in 2007, although confirming growth throughout 2008 and outstripping its core market.

Circulation figures are expected to continue to slide downwards, although the Il Sole 24 ORE daily will do better than its core market.

The B2B business, particularly services for enterprises and professionals, should suffer less in the short term thanks to the high amount of subscriptions. Thanks to the more defensive nature of this business, to System's outstanding performance in the first half of the year, to the working cost-curbing and tax optimization measures adopted, the profit attributable to equity holders of parent for the year 2008 should be higher than the 2007 figure, net, for that year, of the non-recurring positive effects deriving from the capital gain on London Stock Exchange Group shares, and from the new laws on staff severance indemnity.

The manager responsible for preparing corporate financial reports, Giuseppe Crea, herewith declares, pursuant to paragraph 2, Article 154/2 of the Italian Consolidated Finance Act, that the accounting disclosures contained in this press release match accounting records, corporate books, and accounting entries.

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**Consolidated balance sheet of the II Sole 24 ORE Group as at 30 September
2008
Accounting schedules**

Balance sheet

Amounts in € thousands	Balance at 30.09.2008	Balance at 31.12.2007
ASSETS		
Non-current assets		
Property, plant and equipment	97.956	94.628
Goodwill	39.377	39.377
Intangible assets	74.370	85.268
Investments in associates and joint ventures	2.370	1.950
Available-for-sale financial assets	5.883	5.580
Other non-current financial assets	17.717	17.337
Other non-current assets	3.199	880
Deferred tax assets	16.801	16.697
Total	257.673	261.717
Current assets		
Inventories	16.978	21.350
Trade receivables	182.197	179.559
Other receivables	15.968	10.648
Other current assets	8.555	6.784
Cash and cash equivalents	216.513	243.067
Total	440.211	461.408
TOTAL ASSETS	697.884	723.125

Amounts in € thousands	Balance at 30.09.2008	Balance at 31.12.2007
EQUITY AND LIABILITIES		
A) Equity		
Total equity attributable to the shareholders of the parent company		
Share capital	35.124	35.124
Equity reserves	180.316	180.316
Fair value and revaluation reserves	20.561	20.561
Hedging and translation reserves	422	485
Other reserves	33.370	29.182
Retained earnings	72.516	53.049
Profit for the year attributable to the shareholders of the parent company	14.031	27.694
Total equity attributable to the shareholders of the parent company	356.340	346.411
Capital and reserves attributable to minority interests	1.365	1.485
Profit (loss) attributable to minority interests	(291)	(120)
Total equity attributable to minority interests	1.074	1.365
Total	357.414	347.776
B) Non-current liabilities		
Non-current financial liabilities	14.836	16.407
Employee benefit obligations	39.613	40.558
Deferred tax liabilities	18.780	32.198
Provisions for risks and charges	22.745	24.781
Other non-current liabilities	1.316	2.072
Total	97.290	116.016
C) Current liabilities		
Bank overdrafts and loans - due within one year	3.113	4.494
Trade payables	172.509	187.634
Other current liabilities	20.575	5.812
Other payables	46.983	61.393
Total	243.180	259.333
D) Non-current liabilities held for sale		
	-	-
Total liabilities	340.470	375.349
TOTAL EQUITY AND LIABILITIES	697.884	723.125

Condensed Consolidated Income Statement

Amounts in € thousands	Jan-Sept 2008	Jan-Sept 2007
Publishing revenues and provision of services	421,400	416,725
Other operating income	8,210	6,542
Payroll & employee benefit costs	(127,187)	(104,928)
Changes in inventories	(4,373)	2,138
Purchase of raw materials and consumables	(25,852)	(33,021)
Service costs	(196,118)	(192,592)
Other operating costs	(33,515)	(35,897)
Provisions and allowance for doubtful debts	(6,304)	(4,443)
EBITDA	36,261	54,524
Amortization and depreciation	(26,047)	(22,478)
Capital gains/losses, tangible and intangible assets	(1)	347
Operating profit	10,213	32,393
Financial income (charges)	7,429	1,549
Income (charges) equity-accounted associates	-	(250)
Profit before tax	17,642	33,692
Income tax	(3,902)	(18,259)
Profit for the period	13,740	15,433
Profit/loss attributable to equity holders of parent	14,031	15,776

Cash flow statement

Amounts in € thousands	Balance as at 30.09.2008	Balance as at 30.09.2007
A) CASH FLOWS OF OPERATING ACTIVITY		
Profit for period attributable to equity holders of parent	14,031	15,776
Adjustments for:		
Dividends received	-	(305)
Depreciation of property, plant & equipment	9,786	9,772
Amortization of other intangible assets	16,261	12,706
Capital (gains) losses on disposal of tangible and intangible assets	1	
Increase (decrease) in provisions for liabilities and contingencies	(2,036)	(2,158)
Increase (decrease) in provisions for employee benefit	(944)	(6,623)
Increase (decrease) in deferred tax assets /liabilities	(13,521)	(339)
Annual instalment of substitute tax	1,457	-
Net financial (income) expense	(7,429)	(1,549)
Operating cash flows before changes in working capital	17,604	26,933
(Increase) decrease in inventories	4,373	(2,912)
(Increase) decrease in trade receivables	(2,639)	5,144
Increase (decrease) in trade payables	(15,125)	(24,377)
Income tax paid	(3,481)	(6,042)
(Increase) decrease in other assets /liabilities	(4,715)	22,016
Total change in net working capital	(21,586)	(6,171)
TOT. NET CASH FLOWS FROM OPERATING ACTIVITY (A)	(3,982)	20,762
B) CASH FLOWS OF INVESTING ACTIVITY		
Dividends received	-	305
Proceeds from tangible and intangible assets	125	468
Investments in tangible assets	(13,243)	(4,898)
Investments in intangible assets	(5,367)	(5,962)
Other changes	7	(147)
Acquisition of equity investments in associates	(420)	(771)
Acquisition of equity investments in subsidiaries	(2,325)	(51,253)
Other decreases (incr.) in other non-current assets and liabilities	(750)	4,562
Purchase of financial assets available for sale	(304)	(1,695)
TOT. NET CASH FLOWS ABSORBED BY INVESTING ACTIVITY (B)	(22,277)	(59,391)
FREE CASH FLOWS (A + B)	(26,258)	(38,629)
C) CASH FLOWS OF FINANCING ACTIVITY		
Dividends paid	(13,911)	(18,666)
Origination (repayment) of medium/long-term bank borrowings	(1,571)	(951)
Net change in other non-current financial assets	(381)	(439)
Net change in financial assets held for trading	0	(116)
Net financial interest received	7,429	1,549
Change in equity attributable to minority interest	(291)	(343)
Other changes in reserves	9,809	1,241
TOT. NET CASH FLOWS ABSORBED BY FINANCING ACTIVITY (C)	1,085	(17,724)
NET INCR. (DECR.) IN CASH & CASH EQUIVALENTS (A+B+C)	(25,174)	(56,354)
CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD	238,573	81,338
CASH & CASH EQUIVALENTS AT END OF PERIOD	213,400	24,984
INCREASE (DECREASE) OF PERIOD	(25,174)	(56,354)

Net financial position

Amounts in € thousands	Balance at 30.09.2008	Balance at 31.12.2007
Cash and cash equivalents	216.513	243.067
Bank overdrafts and loans – due within one year	(3.113)	(4.494)
Short-term net financial position	213.400	238.573
Non-current financial liabilities	(14.836)	(16.407)
Non-current financial assets and fair value changes in financial hedging instruments	18.300	17.998
Medium/long-term net financial position	3.464	1.591
Net financial position	216.864	240.164