GRUPPO 24 ORE

Press Release

BoD of 24 ORE Group approves Interim Management Report as at 31 March 2011

First effects of recovery plan: result improves, direct and operating costs drop

- **Consolidated revenues €118.5 million, down 3.8% (-3.2% on a like-for-like basis)**
- **Advertising revenues virtually stable, Digital Area revenues surge (+25%)**
- **EBITDA positive at €3.6 million (€0.5 million in 1Q10)**
- **Direct and operating costs cut by €6.2 million (-8.1%)**
- **Result attributable to the shareholders of the Parent Company -€3.9 million versus -€6.5 million in 1Q10**
- **Positive net financial position of €68.5 million (€84 million as at 31 December 2010)**
- **Claudio Costamagna appointed independent non-executive Director**

Milan, 10 May 2011. Today, the meeting of the Board of Directors of the 24 ORE Group, chaired by Cav. Lav. Dr. Giancarlo Cerutti, approved the Interim Management Report as at 31 March 2011.

MAIN FIGURES OF THE 24 ORE GROUP			
Amounts in € million	31.03.2011	31.03.2010	
Revenues	118.5	123.2	
Gross operating profit (EBITDA)	3.6	0.5	*
Operating profit (EBIT)	(3.6)	(6.9)	*
Pre-tax profit	(3.2)	(6.6)	
Profit attributable to the shareholders of the parent company	(3.8)	(6.2)	
Net financial position	68.5	84.1	** (1)
Total equity attributable to the shareholders of the parent company	253.5	257.2	(1)
Number of employees at the end of the period	2,069	2,092	(1)

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* (*) 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 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.

Analysis of 1Q11 consolidated results

The Group's core market showed no real improvement in 2010 and in 1Q11.

The Group structural optimization and streamlining strategy pursued by Management, starting from last year, led to a sharp reduction in costs in 1Q11.
The improvement is a result of the initial effects of the reorganization plan and operating cost-curbing measures established following the approval of the 2011-2013 Business Plan. Specifically:

- **personnel costs fell by 5.8%,** thanks to a reduction in average headcount of 108 units;
- **Group direct and operating costs fell by 8.1%** as a result of strong measures especially at a productive, editorial and commercial level, **with benefits totaling €6.2 million**.

In 1Q11, the 24 ORE Group achieved **consolidated revenues** of €118.5 million, down 3.8%. The overall result shows, however, different patterns in the various business units, with sharp revenue rises by Digital (+25%), Radio (+13%) and Culture (+63%), partly offsetting the contraction in print media circulation and advertising results, which continued the structural slide of the past few years.

Ebitda rose sharply in 1Q11, reaching +€3.6 million versus the timid €+0.5 million in 1Q10. Despite the decline in revenues, direct costs fell by 7.5%, operating costs by 9.3%, and personnel costs by 5.8%, thanks to the reorganization and centralization measures underway, and to the optimization and standardization of the product range.

Ebit was negative, but half the loss (-€3.6 million) of 1Q10 (-€6.9 million).

The **net result** as at 31 March 2011 showed a loss of €3.9 million, almost half the loss of 1Q10.

The **Net Financial Position**, down from €84.1 million to €68.5 million, remains affected, besides by sales seasonality effects, also by the decline in revenues of the second half of 2010 and by the harsher market climate, despite the positive performance of Ebitda in 1Q11, which will, however, begin to spread its positive effects to the cash flow starting from the next months this year.

Segment reporting

At year-end 2010, a number of organizational changes modified the business areas forming the Group. The main changes regard: the creation of the Digital Area, which heads up the www.ilsole24ore.com website, paid online contents, the Shopping24 e-

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(**)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 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 Group resulting balance, determined by the Issuer, may not be comparable with the balance determined by other groups.

commerce channel and the Group's business that targets consumers on devices such as tablet PCs and smartphones; the Publishing and System Areas brought together under one organizational unit; the Sector-specific Publishing BU, previously part of the Professionals Area, absorbed by the Publishing Area.
In order to render the amounts for the two years comparable on a like-for-like basis, the results of 1Q10 have been reclassified based on the organization of 2011.

Revenues generated by **Publishing** totaled €53.8 million (-11.7% versus 1Q10) as a result of the contraction of both advertising and circulation revenues.
The daily newspaper's revenues dropped by 9.6% versus 1Q10. Regarding add-on products, a number of positive indicators show highly promising results for the major launches, and point to a sharp rise in revenues and margins for the rest of the year versus the performance of 2010.

Advertising revenues generated by **System** closed 1Q11 with an overall decline, dropping, however, less than the core market.

The overall advertising market, including television, in the first two months of 2011, was down 2.0% versus the same period last year, at €1.2 billion (*Nielsen Media Research* – January-February 2011). TV's performance was in line with the previous year (-0.5%), accounting for 55% of total investments, increasing its market share by 0.9% against print media. Advertising sales on daily newspapers and magazines continued to lose ground (-5.6% daily newspapers, -4.3% magazines), with widely differing performance patterns for each product sector.

In advertising terms, the ***daily newspaper*** ended 1Q11 losing 6%, mainly as a result of postponed advertising plans by a number of major clients in the car, TLC and financial fields, which affected the revenue trend in commercial advertising. Service advertising, instead, managed to hold ground.

As for advertising sales on the Group's ***magazines***, *IL* and *I Viaggi del Sole* followed the market decline, while *Ventiquattro* lost more than competition.

Advertising revenues generated by ***Internet*** (+24%) and ***Radio*** (+12%) grew stronger than the core market.

In 1Q11, revenues generated by **Professionals** fell only slightly all in all (€44.2 million, or -1.5%). A point worth mentioning was the good performance of Digital revenues (online products and Software) and Training.

Revenues generated by the *Tax & Legal BU* decrease in the books and magazines segment. This trend is ascribable to the shift towards new, largely online tools of information, and also to the streamlining of the product catalogue, which is designed to maximize the profit margin of these two product lines.

The shift towards online information tools pushed e-publishing revenues. E-publishing revenues now account for 35.2% - from 32.6% - of total revenues generated by the Tax & Legal BU.

Looking, instead, at the *Software Solutions BU*, almost all product lines closed 1Q11 with a much brighter performance than 1Q10. Special emphasis must be placed on the good results of ESA, whose revenues jumped by 6.8% on a like-for-like basis.

Revenues generated by the *Training BU* were up 29.4% versus 1Q10**.**

Radio 24 closed 1Q11 with a much brighter performance then the general radio advertising market, with revenues rising by 15.2%, and with a 13% increase in seconds (*Nielsen*) versus 1Q10, increasing its space share from 7.8% in 1Q10 to 8.6% in 1Q11.

The rise in revenues (+13%), plus the watchful eye on costs, allowed Radio to reach a substantial break even, with Ebitda slightly negative at -€0.1 million.

In 1Q11, revenues generated by **Digital** rose by 25.1% versus 1Q10. The main engines of growth were advertising revenues and the sale of digital subscriptions.

The other figures that marked 1Q11 were: an increase in unique visitors of the website, with a daily average of approximately 365,000, or +13.1% on the previous yearly average (*Nielsen Site Census*), while average daily page views were +15.0% higher than in 1Q10 (*Nielsen Site Census*).

The website's mobile version saw unique daily visitors shoot up by 65.5% and average daily page views by 92.9% (*Nielsen Site Census*), with a record figure of 543,473 unique visitors set on 15 March.

In 1Q11, revenues generated by Shopping24, the e-commerce channel, were up 18% versus 1Q10, with a 20% rise in amount of orders. The ratio between users who placed an order on Shopping24 versus those who visited the website was 32% higher than the figure in 1Q10.

As at 31 March, total downloads of Group apps reached 216,760.

The market segments headed by **Culture** produced mixed results. While the exhibitions and museums segment over the past two years has seen figures constantly growing, with an increased presence in particular of families and young people, the traditional publishing products have, instead, seen their figures decline. The start of the year was welcomed by a rebound in the photography rights market, thanks also to the effects of the celebrations of the 150th anniversary of the Unification of Italy and to the demand for historical pictures. Likewise, the art and photographic prints market inched upwards for the same reason.

Revenues generated by Culture showed a remarkable performance (+63.2%), thanks mainly to the strong trend of Exhibitions and the sale of reproduction rights.
The Area also implemented synergies with the daily newspaper, in particular with a series of add-ons, accompanied by cross-selling activities and launch of subscriptions on the occasion of a number of exhibitions.

Significant events subsequent to 31 March 2011

Significant events post quarter included the following:

- starting 10 April, the price of the newspaper rose to €1.50 throughout the week;
- on 19 April, the Shareholders' Meeting of Il Sole 24 ORE S.p.A. approved the financial statements for the year ended 2010 and resolved not to distribute any dividend and to cover the entire loss for the year - €35,686,017 - with *Profit carried forward* of the equivalent amount. The Meeting also confirmed Nicoletta Miroglio as director. She had been formally co-opted by the Board of Directors on 15 April 2010;
- on 20 April, Francesco Caio resigned, with immediate effect, as non-executive director of Il Sole 24 ORE S.p.A., following his appointment as Managing Director of the Avio Group based in Turin. Francesco Caio, as independent director, was also member of the Audit Committee and the Compensation Committee;
- on 22 April, the Ministry of Labour and Social Policies enacted the early retirement decree, which involved the planned exit of 50 people at the end of April.
- on 29 April, a preliminary agreement was signed involving the gradual withdrawal of the 24 ORE Group from the real-time financial information business. The agreement with German group vwd AG, leader in real-time financial information in German-speaking countries, sees an initial step where the vwd Group will act as an outsourcing partner and provide various technological services and, at closing date, slated for 30 June 2011, will acquire the necessary business resources for €3 million. In a second phase, the clients of the 24 ORE Group will be given the opportunity to join the vwd Group's product world. Should business run smoothly in 2011 and 2012, the vwd Group will make an additional payment (earn-out) of up to a maximum of €4 million.

Business outlook for the year

The opening macroeconomic indicators of 2011 are in line with the expectations of an economic recovery, which remains feeble at this time.

Looking at the 24 ORE Group's core market, the advertising segment remains hampered by poor visibility and by highly diversified performance patterns for each of the media, while the circulation figures of paid daily newspapers continue their customary, though slower, downward trend.

In order to endure the on-going market dynamics, following the approval of the 2011-2013 Business Plan, the 24 ORE Group has defined and started the implementation of a series of actions on its range of products, on product features and on structural cost components, which have already brought benefits to overall margins in 1Q11.

The operating areas under the Plan are proceeding as scheduled and in the second half of the year greater signs should be seen of the impacts also on revenues related to the evolution and revision of existing products and to the development of new initiatives, particularly in the digital segment.

The foregoing elements, together with the constant and stringent operating cost-curbing measures and benefits produced by the streamlining of the management and operating structures, provide reasons to predict, in the absence of particularly negative market trends, a sharp increase in Ebitda throughout 2011 versus 2010.

Appointment of new director

The Board of Directors of the 24 ORE Group also co-opted independent director Claudio Costamagna, replacing dott. Francesco Caio, pursuant to law and the Bylaws (see press release of 20 April 2011).

Director Claudio Costamagna, who will remain in office until the next Shareholders' Meeting, was also appointed member of the Compensation Committee and Audit Committee.
Costamagna curriculum vitae can also be consulted on the Internet site www.gruppo24ore.com in the governance section.

Under paragraph 2, article 154-bis of the Consolidated Finance Law (TUF), Giuseppe Crea, in his capacity as corporate financial reporting manager, attests that the accounting information contained herein is consistent with the Company's document results, books and accounting records.

For further information:

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Financial highlights of the Group

CONDENSED CONSOLIDATED INCOME STATEMENT		
Amounts in € millions	31.03 2011	31.03 2010
Revenues from sales and services	118.5	123.2
Other operating income	1.5	2.6
Personnel expenses	(44.7)	(47.5)
Change in inventories	(0.1)	(2.2)
Purchase of raw materials and consumables	(6.6)	(6.1)
Costs for services	(52.6)	(56.3)
Other operating costs	(10.3)	(11.2)
Provisions and bad debts	(2.1)	(2.0)
Gross operating profit (EBITDA)	**3.6**	**0.5**
Amortisation and depreciation	(7.2)	(7.4)
Capital gains/loss from intangible and tangible assets	0.0	0.0
Operating profit (EBIT)	**(3.6)**	**(6.9)**
Financial income (expenses)	0.3	0.2
Income (expenses) from equity investments	0.1	0.1
Pre-tax profit	**(3.2)**	**(6.6)**
Income tax	(0.7)	0.0
Net profit (loss)	**(3.9)**	**(6.5)**
Profit (loss) attributable to minorities	(0.1)	(0.1)
Profit (loss) attributable to the shareholders of the parent company	**(3.8)**	**(6.4)**

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CONSOLIDATED BALANCE SHEET AND CASH FLOW STATEMENT

Amounts in € million	31.03.2011	31.03.2010
ASSETS		
Non-current assets		
Property, plant and equipment	82.5	84.8
Goodwill	73.1	73.1
Intangible assets	86.1	90.0
Investments in associates and joint ventures	3.1	3.1
Financial assets available for sale	1.2	1.2
Other non-current financial assets	19.9	19.8
Other non-current assets	0.9	1.2
Deferred tax assets	41.6	41.3
Total	**308.3**	**314.4**
Current assets		
Inventories	9.8	10.0
Trade receivables	203.8	178.7
Other receivables	11.7	13.1
Other current assets	10.7	6.2
Cash and cash equivalents	63.1	76.7
Total	**299.1**	**284.7**
Assets held for sale	-	-
TOTAL ASSETS	**607.4**	**599.1**

CONSOLIDATED BALANCE SHEET AND CASH FLOW STATEMENT (CONT.)		
Amounts in € million	31.03.2011	31.03.2010
EQUITY AND LIABILITIES		
Equity		
Equity attributable to shareholders of parent company		
Share capital	35.1	35.1
Equity reserves	180.3	180.3
Revaluation reserves	20.6	20.6
Hedging and translation reserves	(0.2)	(0.3)
Other reserves	26.0	26.0
Profit/(loss) carried forward	(4.5)	35.6
Profit (loss) attributable to shareholders of parent company	(3.8)	(40.1)
Total	**253.5**	**257.2**
Equity attributable to minorities		
Capital and reserves attributable to minorities	0.3	0.6
Profit (loss) attributable to minorities	(0.1)	(0.3)
Total	**0.2**	**0.3**
Total equity	**253.7**	**257.5**
Non-current liabilities	**-**	**-**
Non-current financial liabilities	8.0	8.1
Employee benefit obligations	36.4	37.1
Deferred tax liabilities	18.4	19.0
Provisions for risks and charges	16.6	16.8
Other non-current liabilities	0.0	0.1
Total	**79.4**	**81.1**
Current liabilities	**-**	**-**
Bank overdrafts and loans due within one year	5.4	3.1
Financial liabilities held for trading	0.3	0.5
Trade payables	168.0	162.6
Other current payables	15.5	9.7
Other payables	85.1	84.7
Total	**274.3**	**260.6**
Liabilities held for sale	**-**	**-**
Total liabilities	**353.7**	**341.7**
TOTAL EQUITY AND LIABILITIES	**607.4**	**599.1**

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CONSOLIDATED CASH FLOW STATEMENT		
Amounts in € million	31.03.2011	31.03.2010
A) CASH FLOWS FROM ORDINARY ACTIVITIES		
Result for the period attributable to the shareholders of the parent company	(3.8)	(6.4)
Adjustments for:		
Amortisation of property, plant and equipment	2.9	2,9
Amortisation of other intangible assets	4.3	4,5
(Gains) loss from sale of property, plant and equipment	(0.0)	0.1
(Gains) loss from disposal of intangible assets	(0.0)	(0,1)
(Gains) losses from the disposal of investiments in subsidiaries	-	(0.0)
(Gain) loss from disposal of financial assets available for sale	(0.1)	-
Increase (decrease) in provisions for risks and charges	(0.2)	(0.1)
Increase (decrease) in employee benefit obligations	(0.7)	(0,5)
Increase (decrease) in deferred tax assets/liabilities	(0.9)	(1,7)
Variations in the consolidation basis for operating funds	-	(0.1)
Net financial expenses (income)	(0.3)	(0,2)
Cash flows from ordinary activities before change in working capital	**1.3**	**(1.7)**
(Increase) decrease in inventories	0.1	1,5
(Increase) decrease in trade receivables	(25.1)	(9,2)
Increase (decrease) in trade payables	5.4	5,3
Increase (decrease) in other assets/liabilities	3.2	(1,3)
Variations in the consolidation basis for working capital	(0.0)	0.1
Changes in net working capital	**(16.5)**	**(3,5)**
TOTAL NET CASH FLOWS FROM ORDINARY ACTIVITIES (A)	**(15.2)**	**(5.2)**
B) CASH FLOWS FOR INVESTING ACTIVITIES		
Proceeds from the sale of subsidiaries	-	1,2
Proceeds from sale of tangible assets	0.0	0.0
Proceeds from sales of intangible assets	0.0	0.1
Proceeds from the sale of branches of business	0.1	-
Investments in tangible assets	(0.6)	(0.5)
Investments in intangible assets	(0.5)	(0.7)
Other changes in tangible assets	-	(0.0)
Other changes in intangible assets	-	(0.0)
Other decreases (increases) in investments in associates	0,0	(0.1)
Other decreases (incr.) of other non-current assets and liabilities	0,3	0.0
INCR. (DECR.) NETTO DELLE DISP. LIQUIDE E MEZZI EQUIVALENTI (A+B+C)	**(0,7)**	**0.0**
FREE CASH FLOW (A + B)	**(15.9)**	**(5.2)**
C) CASH FLOWS FOR FINANCING ACTIVITIES		
Registering (repayment) of medium/long-term bank loans	(0.1)	(0.1)
Change in other non-current financial assets	(0.1)	(0.1)
Change in financial assets/liabilities held for trading	(0.2)	0.2
Net financial interest received	0.3	0.2
Change in equity attributable to minorities	(0.1)	(0.2)
Other changes in reserves	0.1	0.3
TOTAL CASH FLOWS FOR FINANCING ACTIVITIES (C)	**(0.1)**	**0.3**
NET INCR. (DECR.) IN CASH AND CASH EQUIVALENTS (A+B+C)	**(16.0)**	**(4.9)**
OPENING CASH AND CASH EQUIVALENTS	**73.6**	**92.1**
CLOSING CASH AND CASH EQUIVALENTS	**57.6**	**87.2**
INCREASE (DECREASE) FOR THE YEAR	**(16.0)**	**(4.9)**

CONSOLIDATED NET FINANCIAL POSITION		
Amounts in € million	31.03.2011	31.03.2010
Cash and cash equivalents	62.3	76.7
Bank overdrafts and loans due within one year	(4,7)	(3.1)
Short-term net financial position	**57.6**	**73.6**
Non-current financial liabilities	(8.0)	(8.1)
Non-current financial assets and fair value of hedging instruments	18,9	18.6
Medium/long-term net financial position	**10.9**	**10.5**
Net financial position	**68.5**	**84.1**