GRUPPO 24 ORE

Press Release

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BoD of 24 ORE Group approves Interim Management Report as at 31 March 2012

- **Consolidated revenue** of **€114.0 million**, down 2.3% due mainly to the advertising market trend.
- **EBITDA** of **-€2.4 million**, affected by the decline in advertising revenue, by higher costs from increased prices of raw materials (+11%), of postage rates (+17% normal rate, +40% Saturday rate), of fees from higher sales volumes and from the increase in the cover price, and by extraordinary personnel expenses generating a drop of €6 million versus 1Q11.
- **Net result attributable to the shareholders of the parent company of -€5.3 million**, falling by €1.5 million versus 1Q11.
- **Positive net financial position of €36 million** (€42 million as at 31 December 2011). The cash flow for the period, versus the negative cash flow of €15 million in 1Q11, shows a negative figure of approximately €6 million, €3 million of which for payment of redundancy expenses.
- **Positive trend in newspaper circulation revenue (+13.9%** in terms of value) thanks to the higher **newsstand (+4.3%)** and **print+digital subscription** volumes **(+17.1%)**, **which lift revenue by 10%**, together with a further **increase in revenue (+4%) from the higher price at newsstands**.
- **Newspaper circulation** (*ADS moving average* 12 months February 2011 - January 2012) reaches **266,500 average copies**, in line with last year's figure, but **outperforms** the main national paid newspapers, which drop by 3.1%.
- **Advertising sales fall** (-5.6%) in line with the market (-5.7%, *Nielsen*). **System outperforms the market** with **Radio (+3.7%** versus the market's -5.1%), and with the **Internet**, with IlSole24ore.com net of funds at **+39.8%** versus the market's +12.3%.

Milan, 2 May 2012. 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 2012.

MAIN FIGURES OF THE 24 ORE GROUP			
Amounts in €million	3 M 2012	3 M 2011	
Revenues	114.0	116.6	
Gross operating profit (EBITDA)	(2.4)	3.6	(*)
Operating profit (loss) (EBIT)	(7.6)	(3.4)	
Pre-tax profit (loss)	(7.7)	(3.1)	
Net profit from continuing operations	(5.4)	(3.8)	
Profit from discontinued operations	-	(0.2)	
Profit (loss) attributable to owners of the parent	(5.3)	(3.8)	
Net financial position	35.9	42.1	(**)(1)
Equity attributable to owners of the parent	242.7	247.9	(1)
Employees headcount at the end of period	1,879	1,911	(1)

(1) As at 31 december 2011

Analysis of 1Q12 consolidated results

The general economic backdrop remains highly challenging. In the first months of 2012, the global economic recession further deteriorated, and the print media market saw a further retreat and contraction of business.

The effects of the persisting economic crisis impact on household spending, while advertising investments by companies continue to decline, affecting the activities of Italian publishing groups, who are forced to reorganize and rethink their business model.

The online publishing market, as a whole, shows a healthier, more dynamic and stronger performance of its various components in 1Q12.

The advertising market, considering all of its components, including television, lost 5.7% versus last year (*Nielsen Media Research* – January - February 2012).

Print media continued to lose ground, with newspapers dropping by 5.3%. Radio fell (-5.1%), while Internet alone grew (+12.3%).

Looking at circulation, the latest ADS figures (moving average February 2011 - January 2012) show a 3.1% decline of the main national paid newspapers.

(*) 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.

(**) 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.

The professional services market, likewise, continues to suffer the current economic conjuncture and the lingering woes of professionals and small and medium enterprises. The economic situation accelerates the current tendency of professional firms to work on a partnership basis and cut their spending.

As at 31 March 2012, the 24 ORE Group achieved **consolidated revenue** of €114.0 million, down -2.3% versus the €116.6 million in 1Q11. A result attributable to the growth in circulation revenue (+7.5%), in revenue generated by the Digital Area (+6.5%), by Training (+18.2%), Radio (+5.0%) and Culture (+1.4%), which allowed to offset the drop in advertising sales (-5.6%) and in magazines and books.

Personnel costs fell by €1.6 million, or 3.7%, as a result primarily of a reduction in average headcount envisaged in the reorganization plan. The headcount as at 31 March 2012 was 1,879 units versus the 2,039 of the same period last year.

Direct and operating costs rose by 8.0%, or €5.5 million, versus 1Q11 due to:

- an increase in external production costs of €1.4 million, as a result primarily of the Newton Lab initiatives and of the production of add-ons and booklets bundled with the newspaper, which started in 2012;
- an increase in costs for raw materials and consumables of €0.8 million, for the increase in the amount of copies produced and of pages in the newspaper;
- an increase in distribution costs of €2.0 million (+24.0%), due to higher distribution fees calculated on the new cover price, to higher volumes and to higher postage rates;
- an increase in advertising and promotional initiatives of €1.3 million, as a result of higher investments in advertising and marketing;
- a 15.3% drop in costs for fees and other sales, linked to the performance of advertising revenue and the optimization of sales structures.

Ebitda showed a loss of €2.4 million (a loss of €0.7 million net of extraordinary expenses of 1Q12), sliding by €6 million versus 1Q11, as a result of the combined effects of the above-mentioned costs and revenue.

Ebit showed a loss of €7.6 million versus the loss of €3.4 million in 1Q11. Amortization and impairment losses amounted to €5.2 million versus the €7.0 million in 2011.

The **net result attributable to the shareholders of the parent company** showed a loss of €5.3 million versus the loss of €3.8 million in 1Q11.

The Group's **net financial position** as at 31 March 2012 showed a positive figure of €35.9 million, versus the €42.1 million reported at the start of the year. The cash flow for the period, versus the negative cash flow of €15 million in 1Q11, showed a negative figure of approximately €6 million for payment of redundancy expenses, €3 million of which for payment of redundancy expenses.

Segment reporting

Revenue generated by the **Publishing Area** totaled €51.7 million (-0.4% versus 1Q11), as a result of the drop in advertising revenue (-8.8%), partly offset by the increase in circulation and other revenue (+9.7%).

Revenue generated by the ***Newspaper*** was up 0.9% versus 1Q11, thanks to the increase in circulation and other revenue (+13.9%), offsetting the decline in advertising (-9.7%) in the newspaper and in its add-ons.

A point worth mentioning is also the constant growth in *pdf* and *iPad* subscribers. The over 30,000 subscribers to the electronic formats in March 2012 (+165% versus December 2011) are the result of this growing trend and of the Group's focus on developing solutions oriented to the use of every possible platform to distribute its content.

Add-ons bucked the relevant market trend, gaining 18.2% in 1Q12 versus 1Q11, a result achieved thanks mainly to the good results of the current collections and by comparing the situation with 1Q11, when less launches had been made.

Advertising revenue generated by the ***System Area***, as a whole, ended 1Q12 dropping by 5.6%. The Agency shows different performance patterns for each media: print media declined, Radio bucked the market trend and grew, while the Internet was also on the rise.

The advertising market, as a whole, including television, closed the first two-month period of 2012 with a loss of 5.7% and a global figure of €1.2 billion. All the main components reported a negative trend: television, accounting for 57%, dropped by 6.9%, newspapers by 5.3%, magazines by 11.0% and Radio by 5.1%. Internet, once again, was the only positive component (+12.3%) (*Nielsen Media Research* January - February 2012).

Advertising sales on the newspaper ended 1Q12 losing 5.9%, with the various forms of advertising showing different performance patterns. Commercial advertising, which accounts for 55% of total advertising sales, inched downwards (-1.9%) but outperformed the market (-2.7%). The service typology, instead, was penalized by the fact that the statutory publication of announcements calling shareholders' meetings of publicly-traded companies was shifted to April, and by the continued downward trend of the funds typology. The performance of public notices stems from the fewer tenders published, a result, in turn, of the contraction in public work investments.

Advertising sales on the area's **magazines** lost pace (-8.2% versus the market's -11%); net of the closure of *Ventiquattro*, the result would be a 6.2% rise. In terms of spaces, the performance of magazines is in line with the monthlies market, with a reduction in advertising space planned in the major industries (clothing, property, personal items, and professional services).

Internet (+12.6%) and ***Radio*** (+3.7%) advertising sales continued to climb. A point worth mentioning is the strong performance of ilsole24ore.com net of funds (+39.8%).

In 1Q12, revenue generated by the ***Tax & Legal*** BU amounted to €19.8 million, dropping versus the €22.2 million in 1Q11 (-10.8%). The delta is mainly focused on print products, and is also related to the optimization of the product portfolio and to the shift towards digital editions.

The digital component (electronic publishing + digital services) gained 3.8%, with a steady shift from electronic publishing to digital services, confirming the growing propensity to use online resources as a source to stay informed and up to date. Thanks to the increase in digital revenue achieved in 1Q12, the digital component accounted for 46% of total revenue of the BU in 1Q12, from 40% in 1Q11.

Revenue generated by the ***Software Solutions*** BU fell by 6.8%, owing to the termination in 2011 of two important contracts with social security agencies (Inps and Inpdap). Sole and ESA branded products did well.

Revenue generated by the ***Training*** BU was up 18.2% versus 1Q11.

Revenue generated by ***Radio 24*** in 1Q12 progressed by 5.0% versus 1Q11. Radio 24 bucked the market trend closing 1Q12 with advertising sales up 3.7% versus 1Q11, confirming the positive trend of recent years.

In 1Q12, revenue generated by the ***Digital Area*** **grew by 6.5%** versus 1Q11. The main engines of growth were the good performance of advertising sales along with the positive trend in the sale of digital subscriptions.

The other noteworthy figures of 1Q12 were: an increase in unique browsers of the website, with a daily average of 554,438.10, or +52.0% on the previous year's average (*Nielsen Site Census*), while average daily page views reached 4,513,082.34, or +74.7% versus 1Q11 (*Nielsen Site Census*). The all-time record of page views was achieved in March: 138,214,390.

The mobile version of the website achieved remarkable results in 1Q12: +111.9% of average daily unique browsers and +144.1% of average daily page views (*Nielsen Site Census*).

Regarding user response, the Newspaper reader app has been downloaded 355,380 times so far, while the *Finanza & Mercati* and *La Vita Nòva* apps as at 31/03 have been downloaded 47,507 and 43,433 times respectively.

In 1Q12, revenue generated by the ***Culture Area*** amounted to €2.4 million, in line (+1.4%) with 1Q11. Revenue from exhibitions and books of 24 ORE Cultura was on the rise.

The exhibitions inaugurated from 14 to 23 March were *Pixar* (second stage at Palazzo Te, Mantua), *Mirò* (Rome), *Marina Abramovic* (Milan), and *Klimt* (Venice). An important exhibition on *Picasso* is scheduled in September in Milan.

Significant events subsequent to 31 March 2012

On 23 April 2012, the Shareholders' Meeting of Il Sole 24 ORE S.p.A. approved the financial statements for the year ended 2011 and resolved not to distribute a dividend and to fully cover losses for the year, amounting to €10,085,291, through an equivalent amount of retained profit carried forward.

The Meeting also appointed as Director dott. Claudio Costamagna, who had been co-opted by the Board of Directors of Il Sole 24 ORE S.p.A. on 10 May 2011, and appointed as Director dott. Carlo Ticozzi Valerio, who had been co-opted by the Board of Directors of Il Sole 24 ORE S.p.A. on 14 February 2012.

Business outlook for the current year

The economic indicators show for 2012 signs of a structural crisis marked by negative growth rates.

Regarding advertising investments, in a context still hampered by poor visibility, expectations for a rebound of the market as a whole see highly diversified performance patterns for each of the media, with a further contraction of print media versus 2011 and a positive performance of radio and the Internet. Circulation figures of paid newspapers are expected to continue their customary, downward trend.

In the professionals segment, expectations show a substantial stability marked by the transition from print models and tools to digital platforms. Forecasts for 2012 show an increasing role played by digital revenue.

Against this challenging backdrop, and in the absence of a drastic deterioration in the advertising market, the measures already implemented in 2011, the authority of our resources, the new editorial initiatives underway, the renewed operational focus, the numerous areas of operation regarding revenue growth and structural cost containment, envisaged in the implementation of the 2011-2013 Business Plan, provide reasons to predict a sharp increase in gross operating profit in 2012 versus the figure of 2011.

Under paragraph 2, article 154-bis of the Consolidated Finance Act, Massimo Luca Arioli, in his capacity as corporate financial reporting manager, attests that the accounting information contained in this press release corresponds to the document results, books and accounting records.

For further information:
Press Office Il Sole 24 ORE: Ginevra Cozzi - Tel. 02/3022.4945 – Mob. 335/1350144
PMS: Fabio Marando – Tel. 02/48000250 - Mob. 329/4605000 f.marando@pmsgroup.it

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Consolidated financial statements of Il Sole 24 ORE Group as at 31 March 2012

Accounting schedules

CONSOLIDATED BALANCE SHEET AND CASH FLOW STATEMENT		
Amounts in €million	31.03.2012	31.12.2011
ASSETS		
Non-current assets		
Property, plant and equipment	76.4	77.5
Goodwill	73.5	73.5
Intangible assets	84.0	85.7
Investments in associates and joint ventures	2.3	2.3
Available-for-sale financial assets	1.2	1.2
Other non-current financial assets	0.8	20.4
Other non-current assets	0.9	0.9
Deferred tax assets	50.4	47.2
Total	**289.3**	**308.6**
Current assets		
Inventories	11.1	12.5
Trade receivables	191.6	188.2
Other receivables	12.5	8.5
Other current assets	11.8	6.3
Cash and cash equivalents	45.5	31.4
Total	**272.5**	**246.9**
Assets held for sale	-	-
TOTAL ASSETS	**561.8**	**555.5**

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CONSOLIDATED BALANCE SHEET AND CASH FLOW STATEMENT (CONT.)		
Amounts in €million	31.03.2012	31.12.2011
EQUITY AND LIABILITIES		
Equity		
Equity attributable to owners of the parent		
Share capital	35.1	35.1
Equity reserves	180.3	180.3
Revaluation reserves	20.6	20.6
Hedging and translation reserves	(0.2)	(0.2)
Other reserves	25.0	25.0
Retained earnings	(12.9)	(4.5)
Profit (loss) attributable to owners of the parent	(5.3)	(8.4)
Total	**242.7**	**247.9**
Equity attributable to non-controlling interests		
Capital and reserves attributable to non-controlling interests	0.3	0.3
Profit (loss) attributable to non-controlling interests	(0.1)	(0.0)
Total	**0.2**	**0.3**
Total equity	**242.9**	**248.3**
Non-current liabilities		
Non-current financial liabilities	5.8	5.9
Employee benefit obligations	32.1	32.0
Deferred tax liabilities	15.8	16.1
Provisions for risks and charges	13.5	13.2
Other non-current liabilities	0.0	0.0
Total	**67.2**	**67.2**
Current liabilities		
Bank overdrafts and loans - due within one year	3.5	2.8
Financial liabilities held for trading	0.3	0.3
Trade payables	177.4	161.7
Other current liabilities	16.1	9.8
Other payables	54.4	65.5
Total	**251.7**	**240.1**
Liabilities held for sale	-	-
Total liabilities	**319.0**	**307.3**
TOTAL EQUITY AND LIABILITIES	**561.8**	**555.5**

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CONDENSED CONSOLIDATED INCOME STATEMENT		
Amounts in €million	3M 2012	3M 2011
Revenues from sales and services	114.0	116.6
Other operating income	1.7	1.0
Personnel expenses	(42.2)	(43.8)
Change in inventories	(1.4)	(0.1)
Purchase of raw materials and consumables	(6.1)	(6.6)
Costs for services	(56.7)	(51.6)
Other operating costs	(9.5)	(9.8)
Provisions and provision for bad debts	(2.2)	(2.0)
Gross operating profit (EBITDA)	**(2.4)**	**3.6**
Depreciation and amortisation	(5.2)	(7.0)
Gains/(losses) on disposal of non-current assets	(0.0)	0.0
Operating profit (loss) (EBIT)	**(7.6)**	**(3.4)**
Financial income (expenses)	(0.0)	0.3
Income (expenses) from investments	-	0.1
Pre-tax profit (loss)	**(7.7)**	**(3.1)**
Income taxes	2.3	(0.7)
Net profit (loss)	**(5.4)**	**(3.8)**
Discontinued operations	-	(0.2)
Profit (loss) attributable to non-controlling interests	(0.1)	(0.1)
Profit (loss) attributable to owners of the parent	**(5.3)**	**(3.8)**

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CONSOLIDATED CASH FLOW STATEMENT		
Amounts in €million	3M 2012	3M 2011
A) CASH FLOWS FROM ORDINARY ACTIVITIES		
Profit (loss) attributable to owners of the parent	(5.3)	(3.8)
Adjustments for:		
Depreciation of property, plant and equipment	2.6	2.9
Amortisation of other intangible assets	2.6	4.3
(Gain) loss from disposal of financial assets available for sale	-	(0.1)
Increase (decrease) in provisions for risks and charges	0.3	(0.2)
Increase (decrease) in employee benefits	0.1	(0.7)
Increase (decrease) in deferred tax assets/liabilities	(3.4)	(0.9)
Net financial expenses (income)	0.0	(0.3)
Cash flows used in operating activities before change in working capital	**(3.1)**	**1.3**
(Increase) decrease in inventories	1.4	0.1
(Increase) decrease in trade receivables	(3.4)	(25.1)
Increase (decrease) in trade payables	15.7	5.4
(Increase) decrease in other assets/liabilities	(14.3)	3.2
Changes in net working capital	**(0.6)**	**(16.5)**
NET CASH USED IN OPERATING ACTIVITIES (A)	**(3.7)**	**(15.2)**
B) CASH FLOWS FOR INVESTING ACTIVITIES		
Proceeds on sale of available-for-sale financial assets	-	0.1
Investments in property, plant and equipment	(1.4)	(0.6)
Investments in intangible assets	(1.0)	(0.5)
Other decreases (incr.) in other non-current assets and liabilities	(0.0)	0.3
NET CASH USED IN INVESTING ACTIVITIES (B)	**(2.4)**	**(0.7)**
FREE CASH FLOW (A + B)	**(6.1)**	**(15.9)**
C) CASH FLOWS FOR FINANCING ACTIVITIES		
Raising (repayment) of medium/long-term bank loans	(0.1)	(0.1)
Change in other non-current financial assets	19.7	(0.1)
Change in financial assets/liabilities held for trading	(0.0)	(0.2)
Net financial interest received	(0.0)	0.3
Change in equity attributable to non-controlling interest	(0.1)	(0.1)
Other changes in reserves	0.0	0.1
NET CASH FROM (USED IN) FINANCING ACTIVITIES (C)	**19.5**	**(0.1)**
NET INCR. (DECR.) IN CASH AND CASH EQUIVALENTS (A+B+C)	**13.4**	**(16.0)**
OPENING CASH AND CASH EQUIVALENTS	**28.7**	**73.6**
CLOSING CASH AND CASH EQUIVALENTS	**42.0**	**57.6**
INCREASE (DECREASE) FOR THE PERIOD	**13.4**	**(16.0)**

CONSOLIDATED NET FINANCIAL POSITION		
Amounts in €million	31.03.2012	31.12.2011
Cash and cash equivalents	45.5	31.4
Bank overdrafts and loans due within one year	(3.5)	(2.8)
Short-term net financial position	**42.0**	**28.7**
Non-current financial liabilities	(5.8)	(5.9)
Non-current financial assets	-	19.7
Fair value of hedging instruments	(0.3)	(0.3)
Medium/long-term net financial position	**(6.1)**	**13.4**
Net financial position	**35.9**	**42.1**