GRUPPO 24 ORE

Press Release

Pursuant to CONSOB Resolution 11971/99 as subsequently amended and integrated

Il Sole 24 ORE S.p.A.: BoD approves Interim Management Statement as at 31 March 2016

- **Group consolidated revenue** reaches 86.0 million euro, increasing by 0.9 million euro (+1.1%) versus 1Q15.

- **Digital revenue from information content** of the Daily and of the vertical dailies grows by 2.1 million euro (+36.3%). Overall, digital revenue from information content outperforms revenue from print content, now accounting for more than 58% of total revenue from content versus 53% in 1Q15.

- **Overall Group digital revenue** amounts to 28.1 million euro, accounting for 32.7% of total revenue (31.6% in 1Q15), increasing by 4.5% versus 1Q15.

- **Circulation revenue from the Daily** grows by 4.5% versus 1Q15 (+0.8 million euro), moving in the opposite direction of the 7.2% drop of the relevant market in overall copies sold (ADS January - March 2016).

- **Advertising revenue** amounts to 32.1 million euro and drops by 1.1 million euro (-3.3%) versus 1Q15, due mainly to the termination of a number of third-party publisher concessions; on a like-for-like basis, advertising revenue is up by 1.3%, again bucking the trend of the relevant market, which closes downwards (-0.6%, *Nielsen January-February 2016*). Radio 24 advertising revenue advances by 2.2% versus 1Q15, outperforming the 1.8% increase of the national radio market.

- Revenue from the **Education & Services Area** is on the rise, up by 7.3% versus 1Q15, driven by the development of the new product line for businesses and by the positive performance of the Business School.

- Revenue from the **Culture Area** is up by 4.5%.

- **Gross operating profit (EBITDA)** comes to a positive 0.1 million euro (+1.8 million euro in 1Q15). The change is explained by the different scope of advertising sales and other operating income in 1Q15. **EBITDA in the Publishing area** comes to a positive 1.9 million euro, up by 20.2%, driven by digital innovation and by the rationalization and enhancement of the product portfolio.

- **The result attributable to the owners of the parent** comes to -5.9 million euro versus -2.8 million euro in 1Q15.

- The **net financial position** comes to -20.5 million euro versus -26.8 million euro at 31 December 2015.

Milan, 12 May 2016. Today, the meeting of the Board of Directors of Il Sole 24 ORE S.p.A., chaired by Cav. Lav. Dr. Giorgio Squinzi, approved the Interim Management Statement as at 31 March 2016.

MAIN FIGURES OF THE 24 ORE GROUP		
Amounts in € million	1Q 2016	1Q 2015
Revenue	86.0	85.1
Gross operating profit (EBITDA)	0.1	1.8(*)
Operating profit (loss) (EBIT)	(4.1)	(2.0)
Pre-tax profit (loss)	(5.7)	(2.3)
Profit (loss) from continuing operations	(5.8)	(3.0)
Profit (loss) attributable to owners of the parent	(5.9)	(2.8)
Net financial position	(20.5)	(26.8)(**)(1)
Equity attributable to owners of the parent	80.8	86.7(1)
Average number of employees	1,258	1,207

(1) Value at 31 december 2015

Market trend

Market figures in 2016 continue the downward trend reported in 2015 by advertising sales and newspaper circulation.

In the first two months of 2016, the relevant advertising market lost 0.6% versus the same period last year.

Print media advertising sales continue to drop (-2.5%): daily newspapers and magazines retreat by 1.5% and 4.6% respectively. Radio (+1.8%) and the Internet (+2.2%) grow (*Nielsen January-February 2016*).

Looking at circulation figures, ADS data in January-March 2016 show a drop of approximately 9.2% in print circulation of the major national newspapers versus the same period of 2015. Print+digital circulation falls by 7.2%.

The latest radio audience figures (total 2015) indicate 35,018,000 listeners on average day, increasing by 2.1% (+704,000) versus 2014 (*GFK Eurisko, RadioMonitor*).

The professional market in which the Group operates has seen figures continually shrink. In 2016, the market will witness a more moderate drop than in 2015 (-3.4%), particularly in the tax and legal publishing segment.

(*)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 noncurrent 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 persisting economic crisis has adversely affected the final demand coming from the Group's main markets: businesses, households, and professionals.

The consumer model is shifting towards electronic media, databases, and online products and services. This shift produces a contraction in expenditure owing to the difficulty on the professional market in selling online information at prices comparable to the print versions.

Analysis of 1Q16 consolidated results

In 1Q16, the 24 ORE Group achieved **consolidated revenue** of 86.0 million euro, up by 0.9 million euro versus 1Q15 (+1.1%), driven by the growth in digital revenue from information content of the Daily and of the vertical dailies of 2.1 million euro (+36.3%), by revenue from the Education & Services Area of 0.6 million euro (+7.3%) and from Culture of 0.3 million euro (+ +4.5%). Advertising revenue fell by 1.1 million euro (-3.3%), but was up on a like-for-like basis by 0.4 million euro (+1.3%).

Overall Group digital revenue amounted to 28.1 million euro, accounting for 32.7% of total revenue (31.6% in 1Q15), increasing by 4.5% versus 2015.

Specifically:

- circulation revenue from the Daily (print+digital) grew by 4.5% versus 1Q15 (+0.8 million euro), while the market lost 7.2% in terms of overall copies sold (*ADS March 2016*). The Daily retains its leadership position in digital copies (226,158 copies) and second place in terms of print+digital circulation in the general daily newspaper ranking with 382,032 copies (*ADS March 2016).* Complementing the Sole system, in addition to the print+digital copies, the over 37,000 subscriptions to *IlSole24ore.com.*
- advertising revenue, amounting to 32.1 million euro, dropped by 1.1 million euro (-3.3%) versus 1Q15, due mainly to the termination of a number of third-party publisher concessions; on a like-for-like basis, the area revenue was up by 1.3%. The relevant market dropped by an overall 0.6% (*Nielsen January – February 2016*).
- revenue from the Education & Services Area amounted to 9.4 million euro, up by 7.3%, thanks to the good performance of the Business School, driven by the increase in initiatives completed and in attendants, and by the new Next24 product line, launched in 2015, with the support services to businesses in the innovation and digital transformation processes.
- revenue from the Culture Area, amounting to 6.0 million euro, increased by 0.3 million euro, or 4.5% versus 2015. The first quarter of 2016 saw the opening of the exhibition *Symbolism. Art in Europe from the Belle Époque to the Great War* at Palazzo Reale and, on 24 March, the launch of the 2016-2017 MUDEC season with the exhibition on Mirò.
- revenue from the sale of add-ons, books and print magazines dropped by 14.5% versus 2015, as a result of the market's contraction and the decision to reduce the portfolio of print products.

Direct and operating costs amounted to 58.3 million euro and were in line with 1Q15. Certain costs fell, thanks to the implementation of the digital strategy and the cost-curbing policies and measures pursued on all types of costs, specifically:

- promotional and sales costs decreased by 0.8 million euro (-13.2%);
- advertising fees to third-party publishers decreased by 0.5 million euro (-9.5%), as a result of the reduction in titles under concession;

- costs for raw materials, amounting to 2.2 million euro, decreased by 0.4 million euro (-16.9%), thanks mostly to the strategy adopted by the Group in its transition to the digital business;
- distribution costs, amounting to 6.0 million euro, decreased by 0.2 million euro (-3.7%), due mainly to the lower volumes of distributed print products.

Sale costs rose by 2.2 million euro (+32.3%), according to the increase in revenue from fees relating to the activities developed by TeamSystem and brokered by 24 ORE Trading – Network.

Personnel expense, amounting to 28.0 million euro, increased by 0.3 million euro versus 1Q15. The variation is attributable mainly to the change in the scope of consolidation (Food24) and to the revision of the solidarity contracts with journalists in the first quarter. Average staff amounted to 1,258 units, increasing by 51 units following the consolidation of Food 24 and the application of the Jobs Act, which has allowed atypical contracts to be converted into permanent employment contracts, taking advantage of the reduction in social contributions under the law, with basically no increase in costs.

Gross operating profit (EBITDA) came to a positive 0.1 million euro versus 1.8 million euro in 1Q15, a difference explained mainly by the drop in advertising revenue, as well as by lower operating income. **EBITDA** in the Publishing area came to a positive 1.9 million euro, improving versus the result of 1Q15 (20.2%), confirming the trend of the previous year linked to the digital innovation strategies and to the rationalization and enhancement of the product portfolio, along with cost containment and process efficiency.

Operating profit (EBIT) came to -4.1 million euro versus -2.0 million euro in 2015. Amortization and depreciation amounted to 4.2 million euro versus 3.9 million euro in 1Q15.

Profit before tax came to -5.7 million euro versus -2.3 million euro in 1Q15. The result was affected by financial charges of 1.6 million euro (0.3 million euro in 1Q15), which included the charges of 1.0 million euro from the early cash-in of the vendor loan. 1Q15 had benefited from interest income of 0.5 million euro from the vendor loan.

Income taxes amounted to -0.2 million euro (-0.7 million euro in 1Q15). The reduction is due to the extension of the tax consolidation scheme to the main Group companies.

The result attributable to the owners of the parent came to -5.9 million euro versus -2.8 million euro in 1Q15.

The **net financial position** came to -20.5 million euro versus -26.8 million euro at 31 December 2015, improving by 6.3 million euro, thanks to the early cash-in of the vendor loan of 24.5 million euro. Net working capital absorption reflects the seasonality of cash-ins, payment dynamics at the start of the year, investments and the payment of non-recurring charges. Cash flow from operations improved by 4.8 million euro versus 1Q15, due to lower net working capital absorption.

Appointments to the Control and Risks Committee and the Appointments and Remuneration Committee

Today, the Board of Directors of Il Sole 24 Ore S.p.A. appointed the members of the Control and Risks Committee (composed of board members Claudia Parzani, Carlo Pesenti and Livia Pomodoro).

Livia Pomodoro was appointed Chairman of the Control and Risks Committee.

The Board of Directors of Il Sole 24 Ore S.p.A. also appointed the members of the Human Resources and Remuneration Committee (composed of board members Mauro Chiassarini, Nicolò Dubini and Claudia Parzani).

Nicolò Dubini was appointed Chairman of the Human Resources and Remuneration Committee.

Lastly, the Board of Directors of Il Sole 24 Ore S.p.A. changed the name of the Human Resources and Remuneration Committee into the Appointments and Remuneration Committee, approving its regulations.

Business outlook for the year

Slight improvements are seen in the economy, with GDP in 2016 expected to increase by 1.1%. This estimate is, however, lower than the forecast at end 2015, which had pointed to a 1.4% increase in GDP (*Confindustria Study Centre*).

Looking at the advertising market, the first two months of the year continued the drop in advertising sales on newspapers and magazines. However, forecasts for 2016 remain uncertain to date, and confirm a further decline in advertising sales on newspapers and magazines, at levels similar to those of 2015. Forecasts for the Internet and Radio point to a moderate growth.

The Group continues to pursue activities aimed at optimizing processes and reducing costs, and at strengthening and expanding business initiatives, and will keep focusing on measures to increase revenue.

The publishing industry is going through technological and structural changes. The main players are expanding their digital offering, with a view to greater usability.

In 2016, the Group will continue to develop digital products, supported by the increasing integration of all of the professional content from Il Sole 24 Ore, in order to alleviate the expected drop in traditional print publishing.

To date and in the absence of unpredictable events at this time, the Group continues to keep a sharp eye on its relevant market, still marked by a high degree of uncertainty, regarding the advertising market trend in particular. Against this backdrop, forecasts for 2016 reasonably confirm an improvement in EBITDA versus 2015, together with improved cash flow from operations.

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Under paragraph 2, article 154-bis of the Consolidated Finance Law (TUF), Valentina Montanari, in her 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.

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GRUPPO 24 ORE

Consolidated Financial Statements of the 24 ORE GROUP at 31 march 2016
Financial Statements

CONDENSED CONSOLIDATED INCOME STATEMENT		
Amounts in € million	1Q 2016	1Q 2015
Revenue	86.0	85.1
Other operating income	1.2	3.1
Personnel expense	(28.0)	(27.7)
Change in inventories	(0.6)	(1.3)
Purchase of raw materials and consumables	(3.1)	(2.0)
Services	(47.4)	(47.8)
Other operating costs	(7.2)	(7.1)
Provisions and allowance for impairment	(0.9)	(0.4)
Gross operating profit (EBITDA)	**0.1**	**1.8**
Depreciation and amortisation	(4.2)	(3.9)
Net gains on disposal of non-current assets	0.0	0.1
Operating profit (loss) (EBIT)	**(4.1)**	**(2.0)**
Financial income (expenses)	(1.6)	(0.3)
Pre-tax profit (loss)	**(5.7)**	**(2.3)**
Income taxes	(0.2)	(0.7)
Profit (loss) from continuing operations	**(5.8)**	**(3.0)**
Profit (loss) from discontinued operations	-	-
Net profit (loss)	**(5.8)**	**(3.0)**
Profit (loss) attributable to non-controlling interests	0.0	(0.2)
Profit (loss) attributable to owners of the parent	**(5.9)**	**(2.8)**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION		
Amounts in € million	31.03.2016	31.12.2015
ASSETS		
Non-current assets		
Property. plant and equipment	40.9	42.6
Goodwill	18.4	18.4
Intangible assets	58.4	59.7
Available-for-sale financial assets	0.9	0.9
Other non-current assets	3.4	29.0
Deferred tax assets	47.4	47.4
Total	**169.6**	**198.1**
Current assets		
Inventories	5.0	5.6
Trade receivables	107.7	104.9
Other receivables	11.4	9.8
Other current assets	6.9	4.7
Cash and cash equivalents	50.4	39.1
Total	**181.3**	**164.1**
Assets held for sale	-	-
TOTAL ASSETS	**350.9**	**362.2**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT.)		
Amounts in € million	31.03.2016	31.12.2015
EQUITY AND LIABILITIES		
Equity		
Equity attributable to owners of the parent		
Share capital	35.1	35.1
Equity reserves	61.7	83.0
Other reserves	14.7	14.7
Loss brought forward	(24.9)	(22.1)
Profit (loss) attributable to owners of the parent	(5.9)	(24.0)
Total	**80.8**	**86.7**
Equity attributable to non-controlling interests		
Capital and reserves attributable to non-controlling interests	0.5	0.6
Profit (loss) attributable to non-controlling interests	0.0	(0.1)
Total	**0.5**	**0.5**
Total equity	**81.3**	**87.2**
Non-current liabilities		
Non-current financial liabilities	15.0	15.0
Employee benefit obligations	24.3	24.8
Deferred tax liabilities	5.2	5.2
Provisions for risks and charges	8.4	8.6
Total	**52.9**	**53.6**
Current liabilities		
Bank overdrafts and loans - due within one year	53.9	51.0
Other financial liabilieties	2.0	-
Trade payables	131.8	135.8
Other current liabilities	0.4	0.2
Other payables	28.6	34.4
Total	**216.6**	**221.4**
Available-for-sale liabilities	-	-
Total liabilities	**269.6**	**275.0**
TOTAL EQUITY AND LIABILITIES	**350.9**	**362.2**

CONSOLIDATED STATEMENT OF CASH FLOWS

(in million of euro)	1Q 2016	1Q 2015
Loss before tax attributable to owners of the parent [a]	(5.7)	(2.1)
Adjustments for [b]	**4.9**	**1.4**
Profit (loss) attributable to non-controlling interests	0.0	(0.2)
Amortization and depreciation	4.2	3.9
(Gains) losses	(0.0)	(0.1)
Change in provisions for risks and charges	(0.2)	(1.4)
Change in employee benefits	(0.5)	(0.4)
Change in deferred tax assets	(0.2)	(0.7)
Financial income (expenses)	1.6	0.3
Changes in net working capital [c]	**(15.7)**	**(20.5)**
Change in inventories	0.6	1.3
Change in trade receivables	(2.8)	(2.6)
Change in trade payables	(4.0)	(9.5)
Income taxes paid	-	-
Other changes in net working capital	(9.5)	(9.7)
Total cash flow used in operating activities [d=a+b+c]	**(16.4)**	**(21.2)**
Cash flow from investing activities [e]	**(1.2)**	**(1.5)**
Investments in intangible assets and property plant and equipment	(1.2)	(1.6)
Disposal of intangible assets and property plant and equipment	0.0	0.1
Other changes in investing activities	0.0	(0.0)
Cash flow from financing activities [f]	**29.6**	**2.1**
Net financial interest paid	(0.6)	(0.7)
Changes in short-term bank loans	5.7	2.8
Other changes financing activities	24.5	(0.0)
Cash flow absorbed during of the year[g=d+e+f]	**12.0**	**(20.6)**
OPENING CASH AND CASH EQUIVALENTS	**(2.3)**	**24.8**
CLOSING CASH AND CASH EQUIVALENTS	**9.7**	**4.2**
INCREASE (DECREASE) FOR THE PERIOD	**12.0**	**(20.6)**

CONSOLIDATED NET FINANCIAL POSITION

Amounts in € million	31.03.2016	31.12.2015
Cash and cash equivalents	50.4	39.1
Bank overdrafts and loans due within one year	(53.9)	(51.0)
Short-term financial payables to other lenders	(2.0)	-
Short-term net financial position	**(5.5)**	**(11.8)**
Non-current financial liabilities	(15.0)	(15.0)
Medium/long-term net financial position	**(15.0)**	**(15.0)**
Net financial position	**(20.5)**	**(26.8)**