GRUPPO 24 ORE

Press Release

Il Sole 24 ORE S.p.A.: BoD approves 2017-2020 Business Plan

Milan, 20 February 2017. Today, the meeting of the Board of Directors of Il Sole 24 ORE S.p.A., chaired by Dr. Giorgio Fossa, approved the 2017-2020 Business Plan.

Preliminary figures at 31 December 2016

The Board of Directors of Il Sole 24 Ore reviewed the preliminary figures at 31 December 2016, which reflect the estimates, anticipated by the Company Management, on the write-downs resulting from the impairment test, the definition of which is still underway and the procedures of which were approved by the Board today. The test will be conducted in the coming weeks by the expert appointed by the Company. The preliminary figures, while not final, not yet supported by definitive assessments and subject to change, depending, among other things, on the outcome of the impairment test, pursuant to IAS 36, show a negative equity which, if confirmed, would lead the Company to the situation set forth in art. 2447 of the Italian Civil Code. The Board of Directors has therefore decided to speed up, in the shortest possible time, the activities to complete and finalize the figures at 31 December 2016, and to postpone the ensuing resolutions to a later meeting. Were the assumptions to be confirmed, the Board of Directors, pursuant to law, will call an extraordinary Shareholders' Meeting to assess and approve a recapitalization, the size and characteristics of which will be established based on the final balance sheet figures and on the financial plan currently under development.

Main guidelines of the 2017-2020 Business Plan

The guidelines of the 2017-2020 Plan point to an overall stability of revenue and focus on operations with greater potential and profitability. The guidance on margins indicates an improvement that will benefit from the containment of direct costs, from the sustainable reduction in personnel expense, and from the rationalization of operating costs.

On the revenue front, the main strategic-operational initiatives envisage the adoption of a new Editorial Relaunch Plan based on a sharper focus of the business-financial-regulatory Daily, with the new enhanced print content and the strategic choice of an innovative web platform (digital first 24) grounded upon solutions tailored to the consumer market, to the large business-financial clients and to the professional world (native digital daily, doc apps on tablets and smartphones, broadsheets chain, databases Plus), speeding up the integration between print and digital components in a single information circuit reflecting the digital priority of the new Editorial Plan.

As for the other business areas, the Plan aims to boost the Training Area (Business School), maximizing market opportunities and the Group's solid foothold, to redefine the business model of the Culture Area, focusing on margins rather than on revenue growth, and to optimize Radio performance. Regarding the Radiocor Plus agency, an ever closer integration of content and contributions forming part of the consumer/work tool solutions of the Sole 24 ORE Group, and exploration of market opportunities.

On the costs front, the main measures contained in the Plan point to lower costs for raw materials, production and distribution. The Plan also proposes a reduction in the use of outsourcers and the optimization of costs for columnists.

On the personnel expense front, the Plan sets out a broad staff reorganization (journalists, executives, printers, graphics and radio resources), which aims to contribute significantly to achieving a positive EBIT, including in the Daily Area, over the period of the Plan.

Further efficiencies are expected to be achieved through cost containment from the redefinition and centralization of the purchasing process, from the renegotiation of the main contracts, the reduction of costs for professional services and the containment of costs for business services, marketing, sales, advertising and promotion, related also to the termination of low-margin operations.

Key results of the Group

€million	2016	non-recurring charges	2016 Norm.	2018	2020
Revenue	285		285	275	295
Ebitda	(22)	10	(12)	19	45

Analysis of the main measures outlined for the Business Areas

Daily

The new Editorial Relaunch Plan prioritizes the digital component and enhanced print content, in addition to the consolidation of the multimedia system of Il Sole 24 Ore and sharper focus on business, financial and regulatory topics, the rationalization of content and products to speed up the integration between print and digital components, in order to enhance the web offering and reorganize editorial work. Starting from 2017, support to circulation is restricted to the Osservatorio Giovani Editori.

Profitability over the period of the Plan reflects the expected reduction in production and distribution costs (optimization of newsstand returns management, reorganization of the production process and renegotiation of the distribution contract), the review of editorial costs by reducing the use of outsourcers, and lower personnel expense.

As for advertising sales, in a declining market, the Plan aims to limit the drop in traditional advertising by enhancing targets and premium positions, developing new theme areas and increasing the average price.

Key results of the Daily

€million	2018	2020
Revenue	110	110
Ebitda	3	11

Other areas

With regard to **Radio24**, the Plan envisages an increase in advertising revenue thanks to higher quality and further optimization of the programming schedule (the effects of which will be felt from 2018), aimed at maximizing the value of the spots, in addition to a reduction in the cost for outsourcers and the optimization of plant maintenance costs.

With regard to the **Tax & Legal** Area, the Plan envisages the consolidation of the "traditional" Databases by upgrading existing products, launching new products and exploring new distribution channels, in addition to focusing on and reducing the Magazine portfolio, with resulting benefits on production and distribution costs. Forecasts point to a drop in total revenue, with a strong change in the mix in favour of high-margin operations (significant growth in Databases and e-publishing products, reduction in Magazines). The assumptions of the Plan envisage a marked reduction in direct costs resulting from the abovementioned change in the sales mix, the optimization of business and marketing costs and an improvement in credit management.

The Business Plan aims to boost **Business School** operations by strongly expanding and enhancing the product range, with sharper focus on content quality.

The redefinition of the business model of the **Culture** Area envisages the concentration of exhibitions on Milan, Mudec and Palazzo Reale, and the growth of the Development Line dedicated to the sale of concepts and the organization of exhibitions by the Business Unit for international players. Costs are expected to fall sharply from the rationalization of the number of exhibitions planned in the framework of the new strategy.

Statement by CEO Franco Moscetti

The approval of the 2017-2020 Business Plan marks a strategic step towards reigniting the engine of the 24 ORE Group, to relaunch and further enhance it. The Board of Directors has approved a package of challenging and no longer deferrable measures. Over the period of the Plan, we believe they can firmly reposition the 24 ORE Group in the profit territory. The mix of cost containment measures, the acceleration of a renewed Editorial Plan and the launch of new products should restore the Group back to its former glory, and to being a best practice in the publishing industry also on an international level. The tough challenge we have taken on remains in our reach and, with the right speed and help of the skills abounding in the Group, will need to lead us back to being highly competitive on the market.

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