Press Release

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

Il Sole 24 ORE S.p.A.: BoD approves Half-Year Financial Report at 30 June 2019

Consolidated highlights of the 24 ORE Group:

- **Positive EBITDA of € 10.4 million (€ 2.1 million at 30 June 2018)**
- **Positive EBIT of € 2.1 million (€ -2.5 million at 30 June 2018)**
- **Profit of € 1.7 million (€ -4.1 million at 30 June 2018)**

Net of non-recurring expense and income and the impact of IFRS 16:

- **Positive EBITDA of € 3.0 million (€ 3.9 million at 30 June 2018)**
- **Negative EBIT of € -1.0 million (€ -0.7 million at 30 June 2018)**
- **Loss of € -0.9 million (€ -1.5 million in first half 2018)**

€ 3.3 million improvement in the net financial position of € -31.6 million versus € -34.9 million at 1 January 2019 (includes the effects of the first-time adoption of IFRS 16);

Consolidated equity of € 39.4 million (€ 38.4 million at 1 January 2019, includes the effects of the first-time adoption of IFRS 16).

Milan, 1 August 2019 - Today, the meeting of the Board of Directors of Il Sole 24 ORE S.p.A., chaired by Edoardo Garrone, approved the Half-Year Financial Report at 30 June 2019 of the 24 ORE Group.

Financial highlights of the 24 ORE Group

The 24 ORE Group closed first half 2019 with a profit of € 1.7 million and with equity of € 39.4 million, increasing by € 3.5 million versus consolidated equity of € 35.8 million at 31 December 2018.

The key financial figures of the Group at 30 June 2019, drawn from the condensed consolidated half-year financial statements, are as follows:

MAIN CONSOLIDATED FIGURES OF THE 24 ORE GROUP		
Amounts in € million	1H 2019	1H 2018
Revenue	100.8	108.1
Gross operating profit (EBITDA)	10.4	2.1
Operating profit (loss) (EBIT)	2.1	(2.5)
Pre-tax profit (loss)	1.8	(3.7)
Profit (loss) from continuing operations	1.7	(4.1)
Profit (loss) of the period	1.7	(4.1)
	30.06.2019	31.12.2018
Non-current assets	143.5	118.2
Current assets	94.8	100.0
Total assets	**238.2**	**218.1**
Equity attributable to owners of the parent	39.4	35.8
Equity attributable to non-controlling interests	-	-
Total equity	**39.4**	**35.8**
Non-current liabilities	58.6	45.7
Current liabilities	140.2	136.6
Total liabilities	**198.9**	**182.3**
Total equity and liabilities	**238.2**	**218.1**

IFRS 16 Leases was applied for the first time as from 1 January 2019, with respect to the financial statements at 31 December 2018. The standard has brought significant changes to the accounting treatment of lease arrangements in the lessee's financial statements, requiring lessees to account for all lease contracts adopting a single accounting model in the financial statements similar to the accounting for finance leases, which were previously governed by IAS 17.

The standard provides two exceptions, which the Group has made use of, to the recognition for lessees - lease of low-value assets (assets with a value of less than USD 5,000) and short-term leases (i.e. leases of 12 months or less).

At the start of a lease, the lessee recognizes a liability from lease payments (i.e. the lease liability) and an asset that represents the right to use the underlying asset during the lease term (i.e. the right of use). Lessees are therefore required to separately recognize interest expense on the lease liability and depreciation on the right of use.

Lessees are also required to reconsider the amount of the lease liability on occurrence of certain events (e.g. change in the lease term, change in future lease payments resulting from a change in an index or rate used to determine such payments). The lessee generally recognizes the difference by remeasuring the amount of the lease liability as an adjustment to the right of use.

As allowed by the standard, the Group has decided to apply the modified retrospective approach in the transition to the new standard; therefore, the figures for the periods prior to the date of first-time application (1 January 2019) have not been restated versus those historically prepared applying the previous standard.

Application of new accounting standards

Effects of the first-time adoption of IFRS 16 on the income statement
Specifically, with the application of IFRS 16, EBITDA in first half 2019 increased by € 4.1 million versus the recognition method under IAS 17, as a result of:

- Lower operating income of € 1.0 million. This income derives from the subletting of property in Milan and Rome which, following application of IFRS 16, was recorded as financial lease, instead of as operating lease under IAS 17.
- Lower rentals and leases of € 5.1 million, deriving from rental of the Group's offices, car rental fees and the rental of space for radio broadcasting equipment. Under IFRS 16, amortization of rights of use and interest on financial liabilities are recognized in the Group's income statement, instead of the lease payments previously recorded in accordance with IAS 17.

As a result of the application of IFRS 16, the operating result decreased by € 0.1 million, as a result of the above and the recognition of amortization on rights of use which, in first half 2019, amounted to € 4.3 million.

Additionally, the recognition of the right of use as an asset has led to the recognition in the financial statements of a financial liability, on which interest expense has been recognized which, in first half 2019, amounted to € 0.5 million.

Lastly, following the above effects, a positive tax effect of € 0.1 million was recognized during the period.

The effects on the condensed income statement in first half 2019 are shown below:

Effects of the first-time adoption of IFRS 16 on the statement of financial position

The application of IFRS 16, with the modified retrospective approach, to the initial statement of financial position at 1 January 2019 resulted, *inter alia*, in an increase in equity of € 2.5

million, resulting from the recognition of subletting of property to third parties for € 3.7 million net of deferred tax of € 1.2 million from the recognition of the liability arising from temporary tax differences between the new amounts recognized under IFRS 16 and the corresponding tax value.

The effects of the first-time adoption of IFRS 16 at 1 January 2019 on the condensed statement of financial position are shown below:

CONTO ECONOMICO SINTETICO CONSOLIDATO - IFRS 16 EFFECTS			
Amounts in € millions	1°H 2019	First adoption IFRS 16	1 Q net of first adoption IFRS16
Revenue	100,8	-	100,8
Other operating income	6,4	(1,0)	7,4
Direct and operating costs	(96,0)	5,1	(101,1)
Provisions for bad debts	(0,8)	-	(0,8)
Gross operating profit	**10,4**	**4,1**	**6,2**
Amortisation, depreciation, gains and losses	(8,2)	(4,3)	(4,0)
Operating profit	**2,1**	**(0,1)**	**2,2**
Financial (expenses) income	(1,2)	(0,5)	(0,7)
income from investment assests	1,0	-	1,0
Net profit (loss) before tax	**1,8**	**(0,6)**	**2,5**
Income tax	(0,1)	0,1	(0,2)
Net profit	**1,7**	**(0,5)**	**2,3**

Effects of the first-time adoption of IFRS 16 on the statement of financial position

The application of IFRS 16, with the modified retrospective approach, to the initial statement of financial position at 1 January 2019 resulted, *inter alia*, in an increase in equity of € 2.5 million, resulting from the recognition of subletting of property to third parties for € 3.7 million net of deferred tax of € 1.2 million from the recognition of the liability arising from temporary tax differences between the new amounts recognized under IFRS 16 and the corresponding tax value.

The effects of the first-time adoption of IFRS 16 at 1 January 2019 on the condensed statement of financial position are shown below:

HIGHLIGHTS OF THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION			
Amounts in € millions	01.01.2019	First adoption IFRS 16	31.12.2018
Non-current assets	147.8	29.6	118.2
Current assets	102.0	2.0	100.0
Total assets	**249.7**	**31.6**	**218.1**
Equity attributable to owners of the parent	38.4	2.5	35.8
TotalEquity	**38.4**	**2.5**	**35.8**
Non-current liabilities	67.5	21.8	45.7
Current liabilities	143.8	7.2	136.6
Total liabilities	**211.4**	**29.1**	**182.3**
Total equity and liabilities	**249.7**	**31.6**	**218.1**

Effects of the first-time adoption of IFRS 16 on the statement of cash flows

The application of IFRS 16 has produced significant changes in a number of items of the statement of cash flows. Specifically, with the application of IFRS 16, cash flow from operations increased by € 4.6 million as a result of:

- An increase of € 1.3 million in cash flow from investing activities, deriving from the collection of financial receivables recognized in connection with the subletting of property in Milan and Rome which, following application of IFRS 16, was recorded as financial lease, instead of as operating lease under IAS 17 and recognized in cash flow from operations.
- A decrease in cash flow from financing activities of € 5.9 million, in connection to payment of financial payables and related interest expense, recorded under IFRS 16, instead of the rental payments previously recorded in accordance with IAS 17 and recognized in cash flow from operations.

Effects of the first-time adoption of IFRS 16 on the net financial position

The application of IFRS 16 had a total effect on the Group's net financial position at 1 January 2019 of € 29.0 million, composed as follows:

- € 2.0 million in current financial receivables for the short-term portion of the subletting of property to third parties;
- € 31.0 million in financial payables, of which € 10.3 million in current financial payables and € 20.7 million in non-current financial payables, deriving from leases for the Group's offices, from capital goods (rental of hardware and motor vehicles) and the rental of space and areas held for the positioning of radio transmission systems owned by the Group.

The effects of the first-time adoption of IFRS 16 at 1 January 2019 on the net financial position are shown below:

CONSOLIDATED NET FINANCIAL POSITION			
Amounts in € millions	01.01.2019	First adoption IFRS 16	31.12.2018
A. Cash in hand	0.3	-	0.3
B. Other cash and cash equivalents (bank and post office accounts)	22.4	-	22.4
C. Securities held for trading	-	-	-
D. Liquidity (A) + (B) + (C)	**22.6**	**-**	**22.6**
E. Current loan assets	**2.0**	**2.0**	**-**
F. Current portion of amounts due to banks	(17.9)	-	(17.9)
G. Current portion of non-current loans	(0.6)	-	(0.6)
H. Other current loans and borrowings	(15.4)	(10.3)	(5.1)
I. Current debt (F)+(G)+(H)	**(33.8)**	**(10.3)**	**(23.5)**
J. Net current debt (I) – (E) – (D)	**(9.2)**	**(8.3)**	**(0.9)**
K. Non-current bank loans and borrowings	(5.0)	-	(5.0)
L. Bonds issued	-	-	-
M Other non-current borrowings	(20.7)	(20.7)	-
N. Non-current debt (K) + (L) + (M)	**(25.7)**	**(20.7)**	**(5.0)**
O. Net financial position (J) + (N)	**(34.9)**	**(29.0)**	**(5.9)**

Market environment

ADS figures of the main national newspapers for January-May 2019 show a -6.1% drop in the total circulation of print + digital copies versus the same period of 2018, the result of a -7.9% decline in print circulation and a growth in digital circulation (1.3%: *ADS January - May 2019*).

The latest radio audience figures (1° half 2019) indicate a total of 34,802,000 listeners on average day, steady versus 1° half 2018 (+0.8% *RadioTER 2018-2019*).

The relevant advertising market closed first half 2019 down by 5.6%. Print suffered a double-digit decline (-13.1%), with reductions in both components: newspapers - net of local (-11.5%), magazines (-14.7%). Radio (up by 1.4%) and the Internet (up by 1.2%) grew *(Nielsen - January-June 2019).*

For the professional publishing market, 2019 is forecast to remain a critical year, although segment trends are expected to improve. Estimates for 2019 on the Group’s various market segments of operation indicate a turnover down by 1.1% versus 2018 for products in the Legal area, and a 1.9% drop versus 2018 for those in the Tax area.

As for the various types of media, electronic publishing is expected to grow (+3.5%), while revenue from print publishing is forecast to drop versus 2018 (books -4.9% and magazines -24.4%: "*Rapporto Databank Editoria Professionale" - Cerved S.p.A., December 2018*).

Consolidated results at 30 June 2019

Financial highlights of the 24 ORE Group net of the effects of newly applied standards and non-recurring expense and income

To provide a clearer picture of the Group's operating performance, which compares figures for first half 2019 with those of the same period of 2018, the analysis made identifies the effects explained above of the first-time adoption of IFRS 16 and of the recognition of non-recurring expense and income.

The key financial figures (net of the effects of IFRS 16 and non-recurring expense and income) of the Group at 30 June 2019 are shown below:

MAIN CONSOLIDATED FIGURES OF THE 24 ORE GROUP NET OF NON RECURRING CHARGES AND IFRS 16 EFFECTS		
Amounts in € millions	1H 2019	1H 2018
Revenue	100,8	108,1
EBITDA net of non recurring income and charges and IFRS 16 effects	3,0	3,9
EBIT net of non recurring income and charges and IFRS 16 effects	(1,0)	(0,7)
Pre-tax profit (loss) net of non recurring income and charges and IFRS 16 effects	(0,7)	(1,1)
Net profit (loss) net of non recurring income and charges and IFRS 16 effects	(0,9)	(1,5)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION		
Amounts in € millions	30.06.2019 (*)	01.01.2019 (*)
Equity	39,4	38,4
Net financial position	(31,6)	(34,9)

(*) including the effects of the first-time adoption of IFRS 16

Revenue trend

In first half 2019, the 24 ORE Group achieved **consolidated revenue** of € 100.8 million versus € 108.1 million in the same period of 2018 (€ -7.3 million, or -6.7%). The change was due in particular to a drop in advertising revenue of € 3.3 million (-7.7% from € 42.3 million to € 39.0 million), in publishing revenue of € 1.9 million (-3.5% from € 54.5 million to € 52.6 million), and in sundry revenue of € 2.1 million (-18.4% from € 11.3 million to € 9.2 million).

Main trends in consolidated revenue:

- circulation revenue from the Daily (print + digital) amounted to € 26.0 million, down by € 0.4 million (-1.7%) versus first half 2018. Circulation revenue from the print Daily amounted to € 16.3 million, down by € 0.5 million (-2.8%) versus the same period of 2018. Circulation revenue from the digital Daily amounted to € 9.7 million, up slightly versus first half 2018 (0.3%);
- advertising revenue, amounting to € 39.0 million, dropped by € 3.3 million (-7.7%) versus first half 2018. Advertising revenue on Group media amounted to € 38.2 million (-6.8% versus the same period of the prior year) and revenue on third-party publishers amounted to € 1.0 million (-30.8%). This result was affected by the persisting crisis of print media, which accounts for 48% of the agency's total sales, as well as the termination of a number of third-party concessions and the reduction in financial ads;

- revenue from databases amounted to € 16.7 million, down by 5.7% versus the same period of the prior year. Revenue from the Tax and Employment segment amounted to € 11.6 million, down by 6.9%. Revenue from Law products amounted to € 3.3 million, down (-3.5%) versus first half 2018. Revenue from Construction and PA products amounted to € 1.9 million, down by 1.7% versus the same period of 2018;
- revenue from the Culture Area, amounting to € 7.5 million, dropped by € 2.0 million (-20.7%) versus first half 2018.

The circulation (print+digital) of Il Sole 24 ORE from January to May 2019 totaled 157,344 average daily copies (-9.1% versus the same period of 2018). Specifically, the average daily print circulation declared to ADS for the period January-May 2019 was 77,281 copies (-11.9% versus January-May 2018). Digital circulation declared to ADS was 80,063 average daily copies (-6.1% versus January-May 2018). The figure refers to the Publisher's declaration to ADS, considering that the new additional Regulations on performing the ADS assessment of digital copies, in force from the declaration of May 2017, envisage the possibility, under the adoption criteria, of declaring multiple copies and promotional digital copies.

On 25 February 2019, the 24 ORE Group opened discussions with ADS to clarify a number of critical issues regarding ADS requirements on the verification and certification of digital copies for 2017, with an impact also on the declaration of figures for following periods. Based on these issues, on 5 March 2019, the auditor in charge of certifying the 2017 annual figures declared by the Publisher, sent ADS the outcome of its audits, issuing a report with observations on the current requirements of the "Regulations on digital copies" and related "Technical Annex", in addition to the opinions from ADS itself, correcting the figures in the statements.

The revised statements sent by the auditor have not been approved at the moment by the ADS Board which, through subsequent written reply to the 24 ORE Group dated 29 May 2019, has expressed its willingness to examine, within the ADS Technical Committee, the points on the critical issues of the Regulations raised by the letter dated 25 February 2019.

Should the ADS Board approve the revised statements sent by the auditor and render a negative opinion on the critical issues on digital copies raised by the Publisher, and if such criteria were also applied to the following years, the total circulation of restated print + digital copies declared to ADS for the period January-May 2019 would amount to 151,035 copies (-4.0% versus the figure declared by the Publisher), and the ADS figure elaborated for the same period of 2018 based on the same criteria would amount to 168,098 copies (-2.8% versus the figure declared by the Publisher).

Concurrent to the dealings underway with ADS, the 24 ORE Group followed up on the indications appearing in the Interim Management Statement at 30 September 2018, appointing a different leading independent audit firm to render an opinion on the adequacy and operability of the audits on the measurement and declaration of digital and print copies sold. Activity is currently underway and the first report is scheduled to be released in the coming months.

Adjustments to circulation figures have no impact on the average daily print + digital copies sold which, in the period January-May 2019, totaled 185,591 thousand copies (-8.6% versus the same period of 2018), including all multiple digital copies sold, but not declarable as circulated for ADS purposes, therefore not included in the relating declaration.

Margins trend

EBITDA in first half 2019 came to a positive € 10.4 million versus a positive EBITDA of € 2.1 million at 30 June 2018. EBITDA in 1° half 2019 benefited from non-recurring income from the release of € 3.2 million relating to the provision for risks allocated in the prior year for the possible price adjustment for the sale of the investment in Business School24 S.p.A..

EBITDA in first half 2019 improved by € 4.1 million as a result of the first-time adoption of IFRS 16. In fact, lower operating income of € 1.0 million from the subletting of property was accounted for, and lower rentals and leases of € 5.1 million, deriving from rental of the Group's offices, car rental fees and the rental of space for radio broadcasting equipment. Net of the impact of the first-time adoption of IFRS 16 and net of non-recurring expense and income, EBITDA in first half 2019 came to a positive € 3.0 million versus € 3.9 million in the same period of 2018, down by € 0.9 million. The change is due mainly to the decrease in revenue of € 7.3 million (-6.7%), partly offset by the reduction in costs.

Personnel expense, amounting to € 42.6 million, fell by € 1.8 million (-4.1%) versus € 44.4 million in first half 2018. The average headcount, amounting to 917 units, fell by 47 units versus 964 units in first half 2018. Additionally, in 1° half 2019, personnel expense of € 0.4 million was capitalized for internally developed software. Based on the union agreements signed, the lower cost resulting from the reduction in average workforce envisaged a review, versus the prior year, of the percentage of solidarity contracts applied to non-journalistic areas.

Other changes relate to **costs for services** which, net of non-recurring expense and income and the first-time adoption of IFRS 16, amounted to € 44.8 million, down by € 2.3 million (-4.9%) versus 30 June 2018.

EBIT in first half 2019 came to a positive € 2.1 million versus € -2.5 million. Amortization, depreciation and impairment losses amounted to € 8.2 million versus € 4.6 million in first half 2018. As a result of the application of IFRS 16, amortization of rights of use in the first half amounted to € 4.3 million. EBIT, net of non-recurring expense and income and of the first-time adoption of IFRS 16, came to € -1.0 million versus € -0.7 million in first half 2018.

Profit before tax came to € 1.8 million versus € -3.7 million in first half 2018. Income from investments of € 0.9 million was recorded in the period, for the adjustment at equity of the value of the investment Business School24 S.p.A.. Additionally, the result before tax was affected by net financial income and expense of € -1.2 million (€ -1.9 million at 30 June 2018). As a result of the first-time adoption of IFRS 16, the recognition of the financial liability arising from the present value of lease payments, resulted in the recognition of financial expense and income, which amounted to € -0.5 million in first half 2019.

The result before tax, net of non-recurring expense and income and the first-time adoption of IFRS 16, came to € -0.7 million versus € -1.1 million in first half 2018, improving by € 0.3 million.

Profit attributable to the owners of the parent came to € 1.7 million versus a loss of € 4.1 million in first half 2018. The net result attributable to the owners of the parent, net of non-recurring expense and income and the first-time adoption of IFRS 16, came to € -0.9 million (€ -1.5 million in first half 2018).

Statement of Financial Position

The **net financial position** at 30 June 2019 came to € -31.6 million versus € -34.9 million at 1 January 2019 (€ -5.9 million at 31 December 2018), improving by € 3.3 million. The change in the net financial position is attributable mainly to the trend in cash flow from operations, which was able to also offset the payment of non-recurring expense from voluntary redundancies made in the year.

Equity amounted to € 39.4 million, or € 1.0 million higher than at 1 January 2019, when it amounted to € 38.4 million, due to the result for the period of € 1.7 million, and the actuarial assessment of post-employment benefits, which had a negative effect of € 0.7 million.

Business outlook

The first six months of 2019 confirm the lingering weak market conditions and general uncertainty in the Italian economy, which affect the performance of advertising sales in particular.

Based on the preliminary ISTAT estimate for first quarter 2019, which was subsequently revised downwards, the Italian GDP recorded a 0.1% increase (ISTAT press release 5 July 2019). According to the Bank of Italy's Economic Bulletin, GDP growth is forecast at 0.1% for 2019, 0.8% for 2020 and 1.0% for 2021. The economic environment is marked by a slowdown in investments. A gradual rebound in consumption is expected from the second half of 2019 (Bank of Italy-Economic Bulletin no. 3 of 12 July 2019).

Against this backdrop, the renewed top management of the Company and the overall organizational reshaping completed in first half 2019, have nevertheless ushered in new ideas and opportunities that have already been reflected in the 2019-2022 Business Plan. The Group has identified a series of commercial actions and the development of new products and market segments considered effective to counter the market trend and to reassert its editorial leadership role in the business-financial world, addressing business stakeholders in particular, with projects to expand its content range, pushing strongly in the direction of digital and B2B services, and expanding its customer base to new customer segments currently untapped by its products.

The goal set for 2019 focuses on the recovery of profitability, achieved also through cost containment actions and greater operating efficiency, while guaranteeing appropriate business investments to support revenue and in technologies enabling new operating and business models, while maintaining adequate financial balance.

Other information

On 31 July 2019, with regard to the existing loan agreements - a revolving pool cash credit facility for a total of € 28.5 million and a bilateral cash credit facility for a total of € 1.5 million - the relating lenders confirmed the reduction in the interest margin from 5.0% to 4.2% on an annual basis.

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Consolidated financial statements at 30 June 2019

CONSOLIDATED STATEMENT OF FINANCIAL POSITION		
Amounts in € millions	30.06.2019	31.12.2018
ASSETS		
Non-current assets		
Property, plant and equipment	37,3	16,7
Goodwill	15,5	15,5
Intangible assets	38,2	38,0
Investments in associates and joint ventures	19,3	18,4
Available-for-sale financial assets	0,7	0,7
Other non-current assets	7,2	3,6
Deferred tax assets	25,2	25,3
Total	**143,5**	**118,2**
Current assets		
Inventories	2,5	2,1
Trade receivables	57,8	63,8
Altri crediti	5,3	5,6
Other current financial assets	1,7	0,0
Other current assets	6,9	5,9
Cash and cash equivalents	20,5	22,6
Total	**94,8**	**100,0**
Assets held for sale	-	-
TOTAL ASSETS	**238,2**	**218,1**

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT.)		
Amounts in € millions	30.06.2019	31.12.2018
EQUITY AND LIABILITIES		
Equity		
Equity attributable to owners of the parent		
Share capital	0,6	0,6
Equity reserves	19,5	26,8
Post-employment benefits Reserve - IAS adjustment	(4,7)	(3,9)
Retained earnings	22,3	18,5
Profit (loss) attributable to owners of the parent	1,7	(6,0)
Total	**39,4**	**35,8**
Equity attributable to non-controlling interests		
Capital and reserves attributable to non-controlling interests	-	-
Profit (loss) attributable to non-controlling interests	-	-
Total	**-**	**-**
Total equity	**39,4**	**35,8**
Non-current liabilities		
Non-current financial liabilities	20,8	5,0
Employee benefit obligations	17,9	18,0
Deferred tax liabilities	6,6	5,6
Provisions for risks and charges	13,3	17,1
Other non-current liabilities	-	-
Total	**58,6**	**45,7**
Current liabilities		
Bank overdrafts and loans - due within one year	18,5	18,5
Other financial liabilietes	14,6	5,1
Trade payables	82,3	83,3
Other current liabilities	0,0	0,1
Other payables	24,8	29,7
Total	**140,2**	**136,6**
Liabilities held for sale	-	-
Total liabilities	**198,9**	**182,3**
TOTAL EQUITY AND LIABILITIES	**238,2**	**218,1**

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CONSOLIDATED INCOME STATEMENT		
Amounts in € millions	1H 2019	1H 2018
1) Continuing operations		
Revenue	**100,8**	**108,1**
Other operating income	6,4	6,7
Personnel expenses	(42,6)	(44,4)
Change in inventories	0,4	(0,1)
Purchase of raw materials and consumables	(3,8)	(3,5)
Services	(44,8)	(47,5)
Use of third party assets	(3,6)	(9,0)
Other operating costs	(1,5)	(2,3)
Provisions	(0,5)	(5,7)
Provisions for bad debts	(0,3)	(0,2)
Gross operating profit	**10,4**	**2,1**
Amortisation of intangible assets	(2,4)	(2,7)
Depreciation of property, plant and equipment	(5,9)	(1,9)
Net gains on disposal of non-current assets	(0,0)	-
Operating profit	**2,1**	**(2,5)**
Financial income	0,3	0,2
Financial expenses	(1,5)	(2,1)
Total Financial income (expenses)	**(1,2)**	**(1,9)**
Other income from investment assests and liabilities	0,0	(0,2)
Valuation by equity method of the share capital investments	0,9	0,9
Net profit (loss) before tax	**1,8**	**(3,7)**
Income tax	(0,1)	(0,4)
Net profit (loss) from continuing operations	**1,7**	**(4,1)**
2) Discontinued operations		
Profit (loss) from discontinued operations	**-**	**-**
Profit (loss) for the year	**1,7**	**(4,1)**
Profit (loss) attributable to minorities	**-**	**-**
Profit (loss) attributable to the shareholders of the parent company	**1,7**	**(4,1)**

CONSOLIDATED STATEMENT OF CASH FLOWS

Amounts in € millions	1H 2019	1H 2018
Items of the statement of cash flows		
Pre-tax profit (loss) from continuing operations attributable to owners of the parent [a]	1,8	(3,7)
Adjustments for [b]	**5,5**	**10,0**
Profit (loss) attributable to non-controlling interests	-	-
Amortization	8,2	4,6
(Gains) loss	0,0	-
Effect of investment valuation	(1,0)	(0,8)
Increase (decrease) in provisions for risks and charges	(3,2)	4,5
Increase (decrease) in employee benefits	0,2	(0,5)
Changes in deferred tax assets/liabilities	0,1	0,2
Financial income (expenses)	1,2	1,9
Changes in net working capital [c]	**0,2**	**(17,5)**
Increase (decrease) in inventories	(0,4)	0,1
Increase (decrease) in trade receivables	6,0	1,5
Increase (decrease) in trade payables	2,1	(6,9)
Other changes in net working capital	(7,5)	(12,2)
Total cash flow used in operating activities [d=a+b+c]	**7,6**	**(11,2)**
Cash flow from investing activities [e]	**(1,9)**	**0,6**
Investments in intangible assets and property plant and equipment	(3,2)	(1,0)
Fees collected from sale of investments	-	1,6
Other changes in investing activities	1,3	0,0
Cash flow from investing activities [e]	**(7,8)**	**0,1**
Net financial interest paid	(1,2)	(1,9)
Repayment of medium/long term bank loans	(0,3)	(0,3)
Changes in short-term bank loans	(0,0)	1,1
Change in other financial receivables and payables	(0,8)	0,7
Change in receivables and payables form IFRS16	(5,4)	-
Other changes in financial assets and liabilities	(0,0)	0,3
Other changes in reserves	-	0,1
Cash flow absorbed during of the yearg=d+e+f]	**(2,1)**	**(10,5)**
Opening cash and cash equivalents	**22,1**	**33,0**
Closing cash and cash equivalents	**19,9**	**22,5**
Increase(decrease) for the period	**(2,1)**	**(10,5)**

Supplements required by Consob pursuant to art. 114, Italian Legislative Decree 58/1998

Failure to meet covenants, negative pledges and any other clause of the Group's debt, involving limits in the use of financial resources, with the disclosure to date of the degree of compliance with such clauses

On 30 November 2017, the Company finalized the execution of the recapitalization and capital strengthening transaction and concluded agreements with lenders on the granting of new revolving cash credit facilities for a total of € 30.0 million, falling due on 31 December 2020, to support any future financial needs of the Company.

The new revolving cash credit facilities do not require any collateral or compulsory security, but rather financial covenants recognized at a consolidated level. The covenants are structured as follows:

FINANCIAL COVENANTS						
Amounts in € millions	31-dec-2017	30-jun-2018	31-dec-2018	30-jun-2019	31-dec-2019	30-jun-2020
EBITDA (*) higher than	n.r.	2.0	5.0	8.0	12.5	16.5
Equity higher than	27.0	25.0	23.0	24.0	26.0	30.0
PFN / EBITDAlower than	n.r.	n.r.	1.75	n.r.	1.50	n.r.

(*) rolling on a 12 month basis

Failure to satisfy even one of the covenants involves solely the right of early withdrawal from the loan by the banks; however, in this case too, changes to the loan agreement may be requested from the lenders, or the lenders may waive their right to early withdrawal if failure to meet a covenant should occur.

On 13 and 14 May 2019, the lenders confirmed that, as from 2019, the covenants will be reviewed by adjusting the figures taken from the Group's half-year and annual reports by the effects of the introduction of the new IFRS 16 based on the elements elaborated in the financial reports.

The adjustments related to the introduction of the new IFRS 16 regarding EBITDA and Equity at 30 June 2019 are presented in the paragraph above "*Application of the new accounting standards - Effects on the income statement of the first-time application of IFRS 16 and Effects on the statement of financial position of the first-time application of IFRS 16*", while the adjustments related to the Net Financial Position at 30 June came to € -24.7 million.

At 30 June 2019, while no use was made of the above credit facilities, the covenants were met and amount to:

- EBITDA(rolling on a 12 month basis): € 11.1 million (covenant: € 8.0 million);
- Equity: € 37.4 million (covenant: € 24.0 million).

Additionally, on 13 November 2017, the Company and Monterosa SPV concluded an agreement to extend the maturity of the transaction involving the securitization of trade receivables until December 2020; it should be noted, however, that under the agreement, both parties may conclude operations at the end of each calendar quarter.

The maximum total amount that can be financed is € 50.0 million; at 30 September 2019, the credit facility for the securitization of trade receivables had been drawn down, with recourse, for the amount of € 17.9 million (total amount of the facility € 20.0 million), and without recourse, for € 16.1 million.

The securitization agreement does not contain financial covenants, but rather impediments to the purchase of the Company's portfolios of receivables which, in the event of failure to remedy, may also result in termination of the agreement.

At 30 June 2019, no such impediments to the purchase had arisen, and/or significant events as to determine the termination of the agreement.

State of implementation of the Business Plan, and disclosure of deviations of actual data from forecasts

On 15 May 2019, the Board of Directors of the Company appointed on 30 April 2019 re-approved the 2019-2022 Plan, also in order to incorporate, with respect to the version previously approved on 7 February 2019 by the previous Board of Directors, the impacts of the application of the new IFRS 16. The 2019-2022 Plan marks an update to and development of the previous 2018-2021 Plan approved on 26 March 2018.

The sweeping changes in top management and the partial organizational reshaping, of the sales area in particular, have in fact ushered in new ideas and opportunities that have already been reflected in the 2019-2022 Plan which, in any case, reaffirms the strategic guildelines and improvement trends of the financial indicators of the 2018-2021 Plan.

External and internal developments within the Group, the latter also following renewal of the top management, have led to a review of some of the initiatives contained in the 2018-2021 Plan and to a rescheduling of their launch time, as well as the introduction of a number of new projects.

The 2019-2022 Plan hinges on the following strategic guidelines:

- ✓ To reassert the Group's editorial leadership role in the business-financial-regulatory world, addressing business stakeholders in particular;
- ✓ To enhance the production of content by consolidating the core positioning of professionals and managers on the market, pushing strongly in the direction of digital and B2B services;
- ✓ To penetrate the high-margin markets that are marginally served or untapped at the moment, through the profiling of content with new products and services in order to capture new audiences of consumers and customers;
- ✓ To pursue strategic development targets also through greater efficiency in publishing, production and distribution costs and in operating costs of the central structures.

The 2019-2022 Plan envisions the development of an integrated offering that adopts a more customer-centric approach (versus the traditional product driven approach), starting from the identification of clusters of users to whom custom content can be offered, and leveraging on the potential synergies in terms of revenue and cost. The new identified initiatives aim at broadening the range of content, with particular focus on the integrated development of digital services and products dedicated to professionals and the business core target, and at expanding the customer base to new customer segments currently untouched by the Group's products.

In order to drive revenue, the 2019-2022 Plan envisages an acceleration of business investments and of those in technologies enabling new business models, with particular regard to the new digital and social platforms where new audio/visual formats, new information distribution channels, custom content and user profiling can be tested.

The 2019-2022 Plan reaffirms the gradual growth in profitability and the improvement in long-term capital and financial indicators.

Consolidated revenue is expected to grow by 2.7% over the period of the Plan (CAGR 2019-2022), while margins are forecast to increase, with an EBITDA CAGR in 2019-2022 up by +20.3%, thanks also to the greater efficiencies achievable in direct costs and in operating costs of the central structures.

The main financial indicators forecast over the period of the Plan are shown below:

2019-2022 PLAN		
€ millions	2019 Plan	2022 Plan
Revenue	214	232
EBITDA	22	38
EBIT	5	26

These forecasts confirm the long-term profitability targets and indicate an improvement in operating margins across all business areas, guaranteeing the Company the investments needed to develop revenue and achieve greater operating efficiency.

The relevant advertising market closed first half 2019 down by 5.6%, in line with the trend already recorded in the first quarter (-5.6%). Specifically, the period under review repeated the contraction in print media, down by 13.1%, and the negative trend of the individual components: newspapers (net of local) -11.5% and magazines -14.7%. Radio ended the period up by 1.4%, improving the slightly positive performance recorded in the first quarter (+0.4%). The Internet also recorded a positive trend (+1.2%) versus first half 2018, albeit with a slowdown versus the positive performance (+3.0%) seen in first quarter 2019 (*Nielsen - January-June 2019*).

The Group's advertising revenue was affected, albeit to a lesser extent than the relevant market, by such a negative trend, especially in print media.

This lower-than-expected trend affects the Group's overall performance, which closed with consolidated revenue in first half 2019 down versus the Budget and the same period of the prior year.

The Company expects the commercial actions launched in the first half of the year, the development of the digital strategy starting from the renewed presence and positioning of ilsole24ore.com released in June, the expansion of the topics covered and the launch of new publishing projects to support the attractiveness of advertising investments, together with the landing in new areas of B2B services (software, business information, etc.), to be able to drive revenue in the second half of the year.

Additionally, in June the 24 ORE Group launched sweeping organizational changes with the intent of focusing more on covering and developing specific core markets through well-defined business responsibilities.

The results for the first six months of 2019, net of non-recurring income, although lower than forecast in the plan, are such as to allow Management to confirm the medium to long-term targets set out in the 2019 - 2022 Plan.

The Group also confirms its expectations of compliance with the covenants relating to the Group's financial debt and the improving trend of the Net Financial Position, which returns to positive territory in 2021.

The preparation of the 2019-2022 Plan was based, among other things, on (i) general, hypothetical, as well as discretionary assumptions, and on (ii) a series of estimates and assumptions regarding the implementation, by the directors, of specific actions to be undertaken in the 2019-2022 time frame, or regarding future events that may be only partly influenced by the directors, or events which may not occur or be subject to change over the period of the plan.

The achievement of the targets and the results set in the 2019-2022 Plan depends not only on the actual achievement of the volume of revenue imagined, but also on the effectiveness and timely implementation of the actions identified, within the time frames and with the operating impacts assumed.

A significant negative deviation of Group results from the 2019-2022 Plan could impact on operations and on the financial situation, as well as on the Group's prospects.

The Group keeps a watchful eye on the trend of the relevant markets vis-à-vis the assumptions in the Plan, and on the timely implementation of scheduled actions, maintaining proactive and constant focus on cost containment and on the identification of initiatives to increase operating efficiency and thus alleviate the risks associated with the unsteady trend of revenue and ensure the achievement of the forecast operating results.

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Under par. 2, art. 154-bis of the Consolidated Finance Law (TUF), Paolo Fietta, in his capacity as 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:

Investor Relations:
Raffaella Romano
Tel: 02 30223728
e-mail: investor.relations@ilsole24ore.com

Communication and External Relations:
Ginevra Cozzi
Mob. 335 1350144
e-mail: ginevra.cozzi@ilsole24ore.com