GRUPPO 24 ORE

Press Release

Il Sole 24 ORE S.p.A.: BoD approves Interim Management Report as at 30 September 2011

Implementation of reorganization and recovery plan propels Group results. Ebitda is positive, losses drop by 49.4%. Sale of daily newspaper copies continue to gain versus previous quarter: newsstand (+17%), subscriptions (+1.5%), digital copies (+38.5%)

- **Consolidated revenues = €338.5 million, down 1% (-1.8% in 1H11).**
- **Costs cut by €17.7 million as a result of the rationalization and efficiency measures envisioned in the Business Plan.**
- **Positive EBITDA of €5.6 million, increasing by €13.1 million (+175%) versus first nine months of 2010.**
- **Result attributable to the shareholders of the Parent Company = -€12.5 million, with losses halved versus first nine months of 2010 (-€24.6 million).**
- **Positive performance of revenues from newsstand sales of the daily newspaper in 3Q11 (+17% in volumes versus 2Q11) and of subscriptions (+1.5% in volumes versus 2Q11). Digital copies continue to surge (+213% versus 2010 and +38.5% versus 2Q11).**
- **Advertising sales fall (-4.6%), due primarily to the decline in local advertising and Group magazines. System outperforms market (*Nielsen*) in daily newspapers (-5.1% versus -5.6% of market), radio (+11.3% versus -5.5% of market), and the Internet with Sole24ore.com (+16.2% versus +13.5% of market).**
- **Radio 24 grows and increases revenues (+8% versus 2010). Radiocor also improves (+2.3% versus 2010).**
- **Positive performance of Digital Area, with revenues up +6% versus 2010. Group digital revenues now account for 24% of consolidated revenues (23% in 2010).**
- **Professionals Area improves versus first nine months of 2010 (revenues +1%), mainly in Training BU (+30%).**
- **Culture Area revenues climb 11% versus 2010.**
- **Positive net financial position of €54 million (€84 million as at 31 December 2010).**

"The strong and sustained refocusing of the 24 ORE Group's editorial assets on its traditional strengths, starting with the Daily Newspaper, combined with the growth in the radio, digital, training and culture businesses, all this, together with the drastic cost containment measures, has boosted our recovery and propelled our business results", says Chairman Giancarlo Cerutti.

In July 2011, the real-time financial information division was disposed of. The disposal is considered a discontinued operation, hence results are shown separately in the income statement. In the following analysis, income statement figures are reported net of the disposal.

Milan, 14 November 2011. Today, the meeting of the Board of Directors of Il Sole 24 ORE S.p.A, chaired by Cav. Lav. Dr. Giancarlo Cerutti, approved the Interim Management Report as at 30 September 2011.

MAIN FIGURES OF THE 24 ORE GROUP			
Amounts in €million	9M 2011	9M 2010	
Revenues	338.5	344.4	
Gross operating profit (EBITDA)	5.6	(8.4)	*
Operating profit (loss) (EBIT)	(14.5)	(29.5)	*
Pre-tax profit (loss)	(13.4)	(28.6)	
Profit (loss) for the period	(13.8)	(25.0)	
Profit (loss) attributable to owners of the parent	(12.5)	(24.6)	
			**
Net financial position	54.0	84.1	(1)
Equity attributable to owners of the parent	244.9	257.2	(1)
Employees haedcount at the end of period	1,942	2,092	(1)
(1) As at 31 december 2010			

Net of the variations arising from the disposals made in 2010, which changed the Group's scope of consolidation, the consolidated income statement indicators are as follows:

MAIN FIGURES OF THE 24 ORE GROUP			
Amounts in €million	9M 2011	9M 2010	
Revenues	338.5	342.3	
Gross operating profit (EBITDA)	5.6	(7.5)	*
Operating profit (loss) (EBIT)	(14.5)	(28.9)	*
Pre-tax profit (loss)	(13.4)	(28.0)	
Profit (loss) for the period	(13.8)	(24.4)	
Profit (loss) attributable to owners of the parent	(12.5)	(24.6)	
(1) As at 31 december 2010			

* 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.

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Analysis of consolidated results in the first nine months of 2011

The Group's area of reference remained challenging. The first nine months of 2011 saw a further retreat and contraction of business across the entire print media market.

The Group's structural optimization and streamlining strategy pursued by Management, starting as early as last year, produced, as scheduled, a sharp reduction in costs in the first nine months of 2011.

The improvement is a result of the reorganization plan and operating cost-curbing measures established following approval of the 2011-2013 Business Plan. Specifically:

- **personnel costs fell by 4.2%** thanks to the reduction in average staff headcount of 134 units;
- **Group direct and operating costs fell by 5.7%** as a result of strong measures adopted in particular at the production, editorial and commercial level, **with benefits totaling €12.6 million**.

In the first nine months of 2011, the 24 ORE Group achieved **consolidated revenues** of €338.5 million, down 1.1%. A result achieved thanks to the higher revenues generated by the Digital Area (6.0%), Culture (+11.2%), Training (+30.2%) and Radio (+7.8%). The improvement allowed the Group to partly offset the contraction in print media circulation and advertising figures, which continued the structural slide of the past few years.

Ebitda rose sharply, reaching a positive €5.6 million versus a negative €7.5 million in the same period last year. Despite the decline in revenues, in fact, direct and operating costs fell by 5.7% and personnel costs by 4.2%, thanks to the reorganization and centralization measures underway, and to the rationalization and standardization of the product range.

Ebit showed a loss of -€14.5 million, but improved versus the loss of the first nine months of 2010 (-€28.9 million).

The **result attributable to the shareholders of the Parent Company** as at 30 September 2011 came to -€12.5 million, up however by 49.2% versus the same period last year.

The Group's **net financial position** as at 30 September 2011 showed a positive figure of €54.0 million versus the €84.1 million recorded at the beginning of the year.

Headcount. Thanks to the rationalization of products and operations and to the downsizing of structures currently underway, average staff headcount fell by 134 units (from 2,120 of the first nine months of 2010 to 1,986 of the first nine months of 2011).

Operating segment performance

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, the paid online contents, the Shopping24 e-commerce channel, and the Group's business that targets consumers on devices such as tablets and smartphones; the Publishing and System Areas brought together under a single organizational unit; the Sector-specific Publishing BU, previously part of the Professionals Area, absorbed by the Daily Newspaper, System, Business Media, Finance and Agency Area.
In order to render the amounts of the two years comparable on a like-for-like basis, the results of the first nine months of 2010 have been reclassified based on the organizational structure of 2011.

Revenues generated by the **Publishing Area** totaled €155.9 million (-4.1% versus the same period last year), mainly as a result of the contraction in advertising revenues. The result can be broken down into three different periods: 1Q11 with revenues falling by 10.9%, 2Q11 down just 4.6%, and 3Q11 up 5.7%.
3Q11 saw a **positive performance of revenues from newsstand sales of the daily newspaper** (+15% in values and +17% in volumes versus 2Q11). Specifically, Il Sole 24 Ore reported a **3% increase in ADS circulation in September 2011** versus September 2010, despite the 50 cent increase in the cost of the daily for four days of the week.
A point also worth mentioning was the growing number of subscriptions to the daily's electronic formats, *Pdf* and *iPad* (+213% versus 2010) and of add-ons, with revenues gaining 47.1% versus the same period last year, outperforming the market.
Radiocor Agency revenues also improved, growing by 2.3% versus the first nine months of 2010.

Advertising revenues generated by **System** closed the first nine months of 2011 with an overall decline of -4.6%.

In the first eight months of 2011, the advertising market suffered a general decline, except for the Internet component. The overall negative figure as at 30 June 2011 (-2.8%) showed a further contraction as at 31 August 2011 and now stands at -4%. (*Nielsen Media Research January-August*).

System shows different performance patterns for each media. ***Radio*** surged (+11.3%); ***Online***, taking into account the Group and other websites, increased revenues by 16.3% (excluding from funds); print media showed a softer performance, with advertising sales in particular from the ***Daily Newspaper*** and its add-ons shedding 5.1% in the first nine months versus the same period last year. A result attributable not only to the contraction in the target industries, but also to the difficulty in keeping sale prices high and to the lower investments by the traditional top spenders.

In the first nine months of 2011, revenues generated by **Professionals** were up 0.9% overall versus the same period last year, thanks to the results of the Training BU, whose revenues rose by 30.2%, offsetting the decline in traditional publishing products.

The *Tax & Legal* BU suffered the declining demand of books (-11.2%) and magazines (-8.5%), to the benefit of electronic media (+3.8%). The shift towards online tools of information led to the **rise in digital revenues**, which now

account for 42.3% from 38.9% of the total revenues generated by the *Tax & Legal* BU, thanks also to the launch of new products (*Riviste24*, *TG Frizzera*, *Diritto24*). Revenues generated by the *Software solutions* BU were in line with the first nine months of 2010. A noteworthy point was the 4.8% increase in revenues from the software products branded Il Sole 24 ORE.
Revenues generated by the *Training* BU **were up 30.2%** versus the first nine months of 2010. Special mention must be made of the remarkable performance of the *Full Time Masters* (+13.6) and the spectacular result of the *Part Time Masters*, up 30.4% versus the previous year.

Radio 24 closed the first nine months of 2011 with a **much brighter performance than the general radio advertising market**, with revenues rising by 7.8% versus the same period last year. Advertising revenues progressed by 10.1% versus the 5.5% market contraction (*Nielsen Site Census*). The rise in revenues, plus the watchful eye on costs, allowed **Radio** to hit Ebitda breakeven.

In 3Q11, revenues generated by the **Digital Area** were up 6.0% versus 3Q10. The main engines of growth were the good performance of advertising revenues and the positive trend in the sale of digital subscriptions.

The other figures that marked the first nine months of 2011 were: the increase in unique visitors of the website, with a daily average of approximately 358,000, up +17.9% on the previous year's average (*Nielsen Site Census*); average daily page views up +20.8% versus the same period last year (*Nielsen Site Census*), with a record **646,403** unique visitors reached on 6 October.

In the first nine months of 2011, the website's mobile version saw unique visitors shoot up by 75.7% on average day, while page views surged by 139.3%. In detail, 3Q11 posted a +127.0% increase in average daily unique visitors and a +275.2% increase in average daily page views (*Nielsen Site Census*). In the first nine months, revenues generated by Shopping24, the e-commerce channel, were up 23% versus the same period last year, with a 27% rise in the amount of orders managed. As at 30 September, total downloads of Group apps reached 333,000.

The market segments headed by **Culture** produced mixed results. While the exhibitions and museums segment enjoyed a constantly growing trend, particularly at the two major venues - Scuderie del Quirinale in Rome and Palazzo Reale in Milan - the traditional publishing products, instead, continued their downward slide, with the bookshop channel suffering the most. Despite the general negative drift, the Culture Area saw a rebound in the photography rights market, also in the wake of the celebrations of the 150th anniversary of the Unification of Italy and as a result of international expansion. The Digital Area got off to a promising start, although significant results are expected only in the final part of the year.

Revenues generated by Culture showed a positive performance (+11.2%), thanks mainly to the good 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 the introduction of subscriptions associated with various exhibitions.

Significant events after 30 September 2011

Significant events after the first nine months of 2011 included the following:

- On 1 October, "La Vita Nòva", the digital magazine of Il Sole 24 ORE, conceived and designed specifically for the iPad, won the "Prix Möbius for multimedia publishing as the best magazine in Italian on tablet", conferred in Lugano during the 15° edition of the Möbius Multimedia Lugano Award, organized by the Municipality of Lugano and the Swiss TV and Broadcasting Corporation, under the patronage of Prix Möbius International.
- On 18 October, the shareholders' meeting of Innovare24 S.p.A. approved the plan for the merger by incorporation of Softlab S.r.l., on the basis of their respective assets as at 30 June 2011. For accounting and fiscal purposes, the merger will take effect as from 1 January 2012.
- Il Sole 24 ORE, as per announcement dated 10 September 2008, and following exercise of the put option by the minority shareholder, completed the acquisition of 29.96% of ESA Software S.p.A., specialized in software solutions for businesses and professionals.

Business outlook for the year

The macroeconomic indicators of 2011 are in line with the expectations of an economic upturn, which remains feeble at this time.
Looking at the 24 ORE Group's area of reference, the advertising segment remains hampered by poor visibility and by highly diversified performance patterns for each of the media, while the circulation figures of subscription newspapers continue their customary, though slower, downward trend.
In order to endure the current market dynamics, following approval of the 2011-2013 Business Plan, the 24 ORE Group has defined and has started implementing a series of actions on its product range, on product features and on structural cost components, which have already brought significant benefits to overall margins in 1H11.
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 positive trend in newspaper sales, to the evolution and revision of existing products and to the launch of new initiatives, including 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 a further drastic deterioration in the advertising market, a sharp increase in Ebitda throughout 2011 versus 2010.

Under paragraph 2, article 154-bis of the Consolidated Finance Law (TUF), Massimo Arioli, 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.

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Interim Consolidated Financial Statements of the “Il Sole 24 ORE” Group as at 30 September 2011

Financial statements

CONSOLIDATED BALANCE SHEET AND CASH FLOW STATEMENT		
Amounts in €million	30.09.2011	31.12.2010
ASSETS		
Non-current assets		
Property, plant and equipment	78.5	84.8
Goodwill	73.1	73.1
Intangible assets	82.1	90.0
Investments in associates and joint ventures	2.5	3.1
Available-for-sale financial assets	1.2	1.2
Other non-current financial assets	20.3	19.8
Other non-current assets	0.9	1.2
Deferred tax assets	43.3	41.3
Total	**301.9**	**314.4**
Current assets		
Inventories	12.0	10.0
Trade receivables	176.7	178.7
Other receivables	12.9	13.1
Other current assets	8.1	6.2
Cash and cash equivalents	44.2	76.7
Total	**253.9**	**284.7**
Assets held for sale	-	-
TOTAL ASSETS	**555.9**	**599.1**

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CONSOLIDATED BALANCE SHEET AND CASH FLOW STATEMENT (CONT.)

Amounts in €million	30.09.2011	31.12.2010
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)	(0.3)
Other reserves	26.1	26.0
Retained earnings	(4.5)	35.6
Profit (loss) attributable to owners of the parent	(12.5)	(40.1)
Total	**244.9**	**257.2**
Equity attributable to non-controlling interests		
Capital and reserves attributable to non-controlling interests	0.3	0.6
Profit (loss) attributable to non-controlling interests	(0.1)	(0.3)
Total	**0.3**	**0.3**
Total equity	**245.2**	**257.5**
Non-current liabilities		
Non-current financial liabilities	7.0	8.1
Employee benefit obligations	31.8	37.1
Deferred tax liabilities	18.2	19.0
Provisions for risks and charges	14.6	16.8
Other non-current liabilities	0.0	0.1
Total	**71.5**	**81.1**
Current liabilities		
Bank overdrafts and loans - due within one year	2.4	3.1
Financial liabilities held for trading	0.3	0.5
Trade payables	153.6	162.6
Other current liabilities	12.0	9.7
Other payables	70.8	84.7
Total	**239.1**	**260.6**
Liabilities held for sale	-	-
Total liabilities	**310.7**	**341.7**
TOTAL EQUITY AND LIABILITIES	**555.9**	**599.1**

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CONDENSED CONSOLIDATED INCOME STATEMENT		
Amounts in €million	9M 2011	9M 2010
Revenues from sales and services	338.5	344.4
Other operating income	5.6	6.8
Personnel expenses	(123.5)	(129.9)
Change in inventories	2.0	(5.6)
Purchase of raw materials and consumables	(21.4)	(16.7)
Costs for services	(159.2)	(165.8)
Other operating costs	(29.6)	(35.0)
Provisions and provision for bad debts	(7.0)	(6.6)
Gross operating profit (EBITDA)	**5.6**	**(8.4)**
Depreciation and amortisation	(20.4)	(21.7)
Gains/(losses) on disposal of non-current assets	0.3	0.6
Operating profit (loss) (EBIT)	**(14.5)**	**(29.5)**
Financial income (expenses)	1.1	0.7
Income (expenses) from investments	(0.1)	0.1
Pre-tax profit (loss)	**(13.4)**	**(28.6)**
Income taxes	(0.4)	3.6
Net profit (loss)	**(13.8)**	**(25.0)**
Discontinued operations	1.2	0.0
Profit (loss) attributable to non-controlling interests	(0.1)	(0.3)
Profit (loss) attributable to owners of the parent	**(12.5)**	**(24.6)**

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CONSOLIDATED CASH FLOW STATEMENT		
Amounts in €million	9M 2011	9M 2010
A) CASH FLOWS FROM ORDINARY ACTIVITIES		
Profit (loss) attributable to owners of the parent	(12.5)	(24.6)
Adjustments for:		
Depreciation of property, plant and equipment	8.2	8.6
Amortisation of other intangible assets	12.5	13.5
Impairment of other tangible assets and goodwill	(0.1)	-
(Gain) loss on sale of property, plant and equipment	(0.3)	0.1
(Gain) loss on sale of intangible assets	(0.0)	(0.1)
(Gain) loss on sale of business units	(1.7)	(0.6)
(Gain) loss on sale of investiments in subsidiaries	-	(0.1)
(Gain) loss on sale of investiments in associates	0.2	-
Increase (decrease) in provisions for risks and charges	(2.2)	(1.6)
Increase (decrease) in employee benefits	(4.6)	0.1
Increase (decrease) in deferred tax assets/liabilities	(3.3)	(8.1)
Changes in scope of operating provisions	-	(0.1)
Annual instalment of substitute tax	0.1	1.5
Net financial expenses (income)	(1.1)	(0.8)
Cash flows used in operating activities before change in working capital	**(4.8)**	**(12.0)**
(Increase) decrease in inventories	(2.0)	4.9
(Increase) decrease in trade receivables	2.1	29.5
Increase (decrease) in trade payables	(9.0)	(15.5)
Income taxes paid	(0.9)	(2.2)
(Increase) decrease in other assets/liabilities	(12.5)	(9.2)
Change in consolidation scope of working capital	0.0	0.1
Changes in net working capital	**(22.4)**	**7.6**
NET CASH USED IN OPERATING ACTIVITIES (A)	**(27.2)**	**(4.5)**
B) CASH FLOWS FOR INVESTING ACTIVITIES		
Proceeds on sale of subsidiaries	-	1.2
Proceeds on sale of property, plant and equipment	0.4	0.0
Proceeds on sale of intangible assets	0.0	0.3
Proceeds on sale of branches of business	2.2	0.1
Proceeds on sale of available-for-sale financial assets	0.1	-
Investments in property, plant and equipment	(2.5)	(2.4)
Investments in intangible assets	(4.2)	(5.0)
Other increases in goodwill	-	(0.2)
Purchase of investments in subsidiaries	(0.5)	-
Other decreases (increases) in investments in associates	0.1	(0.0)
Other decreases (incr.) in other non-current assets and liabilities	0.2	(0.4)
Purchase of available-for-sale financial assets	-	(0.3)
NET CASH USED IN INVESTING ACTIVITIES (B)	**(4.2)**	**(6.6)**
FREE CASH FLOW (A + B)	**(31.4)**	**(11.1)**
C) CASH FLOWS FOR FINANCING ACTIVITIES		
Net financial interest received	1.1	0.8
Other changes in financing activities	(1.5)	(2.6)
NET CASH FROM (USED IN) FINANCING ACTIVITIES (C)	**(0.4)**	**(1.8)**
NET INCR. (DECR.) IN CASH AND CASH EQUIVALENTS (A+B+C)	**(31.8)**	**(12.9)**
OPENING CASH AND CASH EQUIVALENTS	**73.6**	**92.1**
CLOSING CASH AND CASH EQUIVALENTS	**41.8**	**79.2**
INCREASE (DECREASE) FOR THE PERIOD	**(31.8)**	**(12.9)**

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CONSOLIDATED NET FINANCIAL POSITION		
Amounts in €million	30.09.2011	31.12.2010
Cash and cash equivalents	44.2	76.7
Bank overdrafts and loans due within one year	(2.4)	(3.1)
Short-term net financial position	**41.8**	**73.6**
Non-current financial liabilities	(7.0)	(8.1)
Non-current financial assets and fair value of hedging instruments	19.2	18.6
Medium/long-term net financial position	**12.2**	**10.5**
Net financial position	**54.0**	**84.1**