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 Report at 30 September 2013

- **Il Sole 24 ORE** retains its ranking at September 2013 as Italy's leading digital newspaper with 97,639 digital copies (+109% versus January 2013). Total print + digital circulation (*ADS September 2013*) reaches 292,223 copies and makes Il Sole 24 Ore the third major newspaper in Italy. The benefits from the digital development strategy, which has led to the launch of new products, the streamlining of paper products and of costs particularly in the industrial and administrative areas, have allowed the Group to improve the Publishing Area's profit (15.6 million euro, net of advertising revenue), despite remaining in negative territory.
- **Group digital revenue** rises to 102.5 million euro (36.9% of total in 9M13 versus 30.7% of total in 9M12), driven by the success of the newspaper's new digital offering, by the digital revenue of Tax&Legal and by advertising on digital media. Tax&Legal digital revenue contributes 57.8% of the area's revenue (50.6% in 2012) and allows EBITDA to stay in line with last year's performance. Subscribers specifically to the digital versions of the Group's professional magazines increase by 20%.
- Unique browsers of **www.ilsole24ore.com** increase and in September reach approximately 11 million (*Omniture Site Catalyst*).
- **Radio 24** grows by 1% versus the market's -0.4% (*Eurisko moving average September 2012/2013*), and retains its 9° place in the national radio ranking with over 2 million listeners on average day.
- **Radiocor** revenue is up 9.5%, thanks also to new international agreements.

- **Consolidated revenue** amounts to 277.8 million euro, down 12.1%, due mainly to the lingering crisis in the advertising market. Revenue in 3Q13 falls slightly (-7.5% versus 3Q12) versus the previous quarters (-13.3% in 1Q13 and -14.2% in 2Q13).
- **System advertising sales** drop by 14.8% (versus the market's -14.6% and the reference market's -17.4%: *Nielsen Media Research, January-September 2013*). Internet rises by 5.5%.
- **Costs fall by 35.9 million euro** versus September 2012 (-10.5%), thanks to Management and the entire company's focus on the implementation of its digital strategy and the action plan approved by the Board of Directors. Excluding the increase in costs directly related to the development of the digital business, costs fall by about 12%.
- **Gross operating profit (EBITDA)** improves by 1.2 million euro (+6.0%) versus 9M12, thanks to the cost-curbing measures adopted, to the benefits from the paper + digital integration strategy, to the enhancement of the editorial content, to the increasingly segmented solutions and to the streamlining of the productive and

administrative structure, and comes to -18.8 million euro. Specifically, in 3Q13, EBITDA, despite a loss of 5.1million euro, improves by 68% (10.7 million euro) versus 3Q12 (-15.8million euro).

- The **result attributable to the owners of the Parent** comes to -30.4 million euro, down by 7.7 million euro versus 9M12, due to the lower amount of advance tax.
- The Net Financial Position comes to -48.5 million euro.

Milan, 13 November 2013. Today, the meeting of the Board of Directors of Il Sole 24 ORE S.p.A., chaired by Cav. Lav. Dr. Benito Benedini, approved the Interim Management Report at 30 September 2013.

*MAIN FIGURES OF THE 24 ORE GROUP			
Amounts in € million	9M 2013	9M2012	
Revenues	277.8	315.9	
Gross operating profit (EBITDA)	(18.8)	(20.0)	(*)
Operating profit (loss) (EBIT)	(35.3)	(35.9)	
Pre-tax profit (loss)	(36.8)	(36.1)	
Net profit from continuing operations	(30.8)	(24.2)	
Profit from discontinued operations	-	0.7	
Profit (loss) attributable to owners of the parent	(30.4)	(22.7)	
Net financial position	(48.5)	5.3	(**)(1)
Equity attributable to owners of the parent	169.4	199.4	(1)
Employees headcount at the end of period	1,826	1,868	(1)

(1) As at 31 December 2012

Analysis of 9M13 consolidated results

The macroeconomic environment is still stuck in a deep recession that directly affects the traditional publishing market and advertising investments.

The negative trend extended into the first nine months of 2013, affected by the on-going severe economic crisis and by the contraction in the final demand coming from businesses, public entities and households.

In 9M13, the advertising market as a whole, considering all of its components, including television, lost 14.6% versus 9M12, while the Group's relevant market lost 17.4%.

(*) 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.

Print media advertising sales were badly hit (-22.6%): daily newspapers and magazines contracted by 21.5% and 24.3% respectively. Radio and online investments fell by 12.1% and 2.6% respectively (*Nielsen Media Research, January-September 2013).*

Looking at circulation figures, traditional media fell over the April-September 2013 period versus the same period of 2012. The major national newspapers dropped by approximately 12%, while print + digital circulation reported a more modest decline of 2%.

The current economic crisis continues to adversely affect the final demand coming from the Group's main markets: businesses, families, 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 difficulties of the professional market to sell online information at prices comparable to the print versions.

The Italian IT businesses market experienced a further contraction in total expenditure, continuing the downward trend affecting the market for several years now. *Assinform* forecasts a 4% drop in 2013.

Bankruptcy proceedings are still on the rise (+14.8%), with double-digit rates for all legal forms and across all the macro geographical areas, with peaks in the north-eastern regions (19.5%). Insolvency proceedings other than bankruptcies continued to grow: +31% in 1H13 (*Il Sole 24ORE-Cerved, 14 September 2013*).

Professional firms, a lucrative market for the Group, saw their income drop below the levels of 2007, owing to the decline in the demand of services and, in particular, to delayed payment by the Public Administration and by private clients.

At 30 September 2013, the 24 ORE Group achieved **consolidated revenue** of 277.8 million euro, down by 12.1% versus 315.9 million euro in 2012. A result attributable mainly to:

- Group advertising revenue, which fell by 17.3million euro (-16.1%) versus the reference market's -17.4% (relevant market: total print media, radio and web *(Nielsen Media Research January-September 2013*);
- the decline in revenue from add-ons, different editorial planning and the drop in average sales volumes;
- the streamlining of the books and magazines catalogue, with the transition from print to digital titles.

Digital revenue amounted to102.5 million euro, up by 5.6 million euro (+5.8%) versus September 2012. Digital revenue now contributes 36.9% of total consolidated revenue from the previous 30.7%. This proves the consumer model's shift towards electronic media, databases and online services, and the implementation of the Group's strategy of transition towards digital solutions, accomplished through the ongoing development of its paper + digital integrated offer and transition from print to digital products only.

A point worth mentioning: Group revenue in 3Q13 dropped less than in previous periods (-7.5%), versus -13.3% in 1Q13 and -14.2% in 2Q13, versus the same quarters last year.

Personnel expense decreased by 13.5 million euro, or 11.5%. A result mainly attributable to the combined effects of:

- a decrease in average staff costs, through the application of solidarity contracts implemented following agreements signed with the trade unions;
- a reduction of 45 units in average headcount, which drops from 1,858 units in September 2012 to 1,813 in 2013;
- a reduction of 36 units in the average number of temporary staff, interns and project workers.

Direct and operating costs decreased by 22.3 million euro, thanks to the implementation of the Group's digital strategy and the cost-curbing measures adopted. Specifically:

- costs for raw materials and consumables **decreased** by 5.3 million euro (-26.1%);
- distribution costs **decreased** by 5.2 million euro (-17.7%);
- print costs **decreased** by 6.2million euro (-35.5%);
- commissions and other selling costs **decreased** by 2.7 million euro (-12.9%), as a direct result of the revenue trend and thanks to the streamlining of the sales structures.

Overall costs **decreased** by 35.9 million euro, or 10.5%, versus 9M12. Excluding the increase in costs directly related to the development of the digital business, the decrease would be approximately 12%.

Gross operating profit (EBITDA) improved by 1.2 million euro (+6.0%) versus 9M12, despite remaining in negative territory at 18.8 million euro (-20.0 million euro in 2012). The measures adopted in the previous months, which include the greater push towards the digital business through the enhancement of editorial content and increasingly segmented solutions, the streamlining of the productive and administrative structure, and the cost-cutting policies adopted, defused the effects of the decrease in revenue amounting to approximately 38 million euro, and alleviated the negative trend of results versus 2012. In 3Q13, in fact, EBITDA, despite a loss of 5.1 million euro, improved by 68% (10.7 million euro) versus 3Q12, ending at -15.8 million euro.

Operating profit (EBIT) improved by 0.7 million euro and ended at -35.3 million euro versus -35.9 million euro in 9M12. Amortization, depreciation and impairment losses amounted to 16.5 million euro versus 15.9 million euro in 2012.

The **result attributable to the owners of the Parent** came to -30.4 million euro versus -22.7 million euro in 9M12, due to the lower amount of deferred tax.

The Group's **net financial position** at 30 September 2013 came to -48.5 million euro versus +5.3 million euro at the start of the year.

Business outlook for the current year

The recession continues to impact negatively on revenue and margins in the publishing industry. According to the main economic research institutes, the last quarter of the year will hardly see any meaningful reversal in the economy and in the fall in consumption in our Country.

Against this backdrop, forecasts see no noticeable changes in the current advertising revenue trend, although the decline in advertising may be slower than in previous quarters, while still marked by high volatility. Many of the measures taken, such as the digital development strategy targeting every customer segment, the focus and enhancement of all the Group's editorial content, the cost reductions already underway, the streamlining of the productive and administrative structure, the planning and development of campaigns for major advertising clients, have started to make their benefits felt, alleviating the effects of the drop in advertising revenue; on top of these measures, new efficiency actions are currently being planned.

To date and in the absence of unpredictable events at this time, the Group continues to keep a sharp eye on its relevant markets –still marked by a high degree of uncertainty - and on the situation as it unfolds. Consequently, the current year may presumably end with a drop in revenue versus last year and with an operating loss alleviated by the actions taken regarding the digital development strategy and cost curbing. However, non-recurring charges from the implementation of additional efficiency and streamlining measures may need to be recognized.

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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Bilancio Consolidato del Gruppo 24 ORE al 30 settembre 2013

Prospetticontabili

CONDENSED CONSOLIDATED INCOME STATEMENT		
Amounts in € million	9M 2013	9M 2012
Revenues from sales and services	277.8	315.9
Other operating income	7.2	5.1
Personnel expenses	(104.0)	(117.5)
Increase in fixed assets for internal work	1.3	-
Change in inventories	(7.3)	2.6
Purchase of raw materials and consumables	(7.6)	(22.8)
Costs for services	(151.3)	(164.8)
Other operating costs	(29.4)	(32.8)
Provisions and provision for bad debts	(5.5)	(5.6)
Gross operating profit (EBITDA)	**(18.8)**	**(20.0)**
Depreciation and amortisation	(16.5)	(15.9)
Gains/(losses) on disposal of non-current assets	0.0	0.0
Operating profit (loss) (EBIT)	**(35.3)**	**(35.9)**
Financial income (expenses)	(1.3)	(0.0)
Income (expenses) from investments	(0.2)	(0.2)
Pre-tax profit (loss)	**(36.8)**	**(36.1)**
Income taxes	6.0	11.9
Net profit (loss)	**(30.8)**	**(24.2)**
Discontinued operations	-	0.7
Profit (loss) attributable to non-controlling interests	(0.5)	(0.9)
Profit (loss) attributable to owners of the parent	**(30.4)**	**(22.7)**

CONSOLIDATED BALANCE SHEET AND CASH FLOW STATEMENT

Amounts in € million	30.09.2013	31.12.2012
ASSETS		
Non-current assets		
Property, plant and equipment	69.0	74.0
Goodwill	75.0	75.0
Intangible assets	82.9	82.2
Investments in associates and joint ventures	0.8	0.8
Available-for-sale financial assets	1.2	1.2
Other non-current financial assets	-	0.1
Other non-current assets	3.8	4.0
Deferred tax assets	77.5	69.8
Total	**310.2**	**307.0**
Current assets		
Inventories	9.9	17.3
Trade receivables	130.5	155.1
Other receivables	14.4	10.1
Other current assets	8.9	5.6
Cash and cash equivalents	8.4	12.2
Total	**172.2**	**200.3**
Assets held for sale	-	-
TOTAL ASSETS	**482.4**	**507.3**

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CONSOLIDATED BALANCE SHEET AND CASH FLOW STATEMENT (CONT.)		
Amounts in € million	30.09.2013	31.12.2012
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
Hedging and translation reserves	(0.1)	(0.2)
Other reserves	14.4	22.3
Retained earnings	(30.0)	(12.9)
Profit (loss) attributable to owners of the parent	(30.4)	(45.8)
Total	**169.4**	**199.4**
Equity attributable to non-controlling interests		
Capital and reserves attributable to non-controlling interests	(2.5)	0.2
Profit (loss) attributable to non-controlling interests	(0.5)	(2.7)
Total	**(3.0)**	**(2.5)**
Total equity	**166.4**	**197.0**
Non-current liabilities		
Non-current financial liabilities	2.5	3.7
Employee benefit obligations	31.7	32.7
Deferred tax liabilities	11.8	12.0
Provisions for risks and charges	12.5	13.7
Other non-current liabilities	1.9	3.0
Total	**60.3**	**65.1**
Current liabilities		
Bank overdrafts and loans - due within one year	54.3	3.0
Financial liabilities held for trading	0.1	0.3
Trade payables	149.5	173.4
Other current liabilities	5.7	10.5
Other payables	46.0	58.2
Total	**255.7**	**245.3**
Liabilities held for sale	-	-
Total liabilities	**316.0**	**310.4**
TOTAL EQUITY AND LIABILITIES	**482.4**	**507.3**

CONSOLIDATED STATEMENT OF CASH FLOWS		
(in thousands of euro)	9M 2013	9M 2012
Pre-tax profit (loss) attributable to owners of the parent [a]	(36.4)	(34.6)
Adjustments for [b]	**15.4**	**15.9**
Profit (loss) attributable to non-controlling interests	(0.5)	(0.9)
Amortization and depreciation	16.5	16.1
(Gains) loss	0.2	(0.0)
Increase (decrease) in provisions for risks and charges	(1.3)	(0.5)
Increase (decrease) in employee benefits	(1.0)	1.7
Income tax effects and deferred tax assets/liabilities	0.1	(0.5)
Financial income (expenses)	1.3	0.0
Other adjustments	(0.0)	0.0
Changes in net working capital [c]	**(18.4)**	**17.4**
Increase (decrease) in inventories	7.3	(2.6)
Increase (decrease) in trade receivables	24.7	52.8
Increase (decrease) in trade payables	(23.9)	(11.1)
Income tax paid	(1.0)	(2.7)
Other changes in net working capital	(25.5)	(19.0)
Total cash flow used in operating activities [d=a+b+c]	**(39.4)**	**(1.3)**
Cash flow from investing activities [e]	**(13.4)**	**(11.5)**
Investments in intangible assets and property plant and equipment	(12,3)	(8.8)
Purchase of investments in subsidiaries	(0.1)	(1.3)
Proceeds from the disposal of intangible assets and property plant and equipment	0,1	0.1
Other changes in investing activities	(1.0)	(1.5)
Cash flow from financing activities [f]	**27.3**	**17.3**
Net financial interest paid	(1.3)	(0.0)
Repayment of medium/long term bank loans	(1.2)	(1.1)
Changes in short-term bank loans	29.7	-
Net change in non-current financial assets	(0.0)	19.6
Dividends paid	(0.1)	(0.2)
Change in capital and reserves	0.2	(1.0)
Change in equity attributable to non-controlling interests	0.1	(0.0)
Cash flow absorbed during the year [g=d+e+f]	**(25.5)**	**4.4**
OPENING CASH AND CASH EQUIVALENTS	**9.3**	**28.7**
CLOSING CASH AND CASH EQUIVALENTS	**(16.2)**	**33.1**
INCREASE (DECREASE) FOR THE YEAR	**(25.5)**	**4.4**

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CONSOLIDATED NET FINANCIAL POSITION		
Amounts in € million	30.09.2013	31.12.2012
Cash and cash equivalents	8.4	12.2
Bank overdrafts and loans due within one year	(54.3)	(3.0)
Short-term net financial position	**(45.9)**	**9.3**
Non-current financial liabilities	(2.5)	(3.7)
Fair value of hedging instruments	(0.1)	(0.3)
Medium/long-term net financial position	**(2.6)**	**(4.0)**
Net financial position	**(48.5)**	**5.3**