**<u>Press Release</u>**

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

# Il Sole 24 ORE S.p.A.: BoD approves financial statements at 31 December 2017 and 2018-2021 Business Plan

## FOLLOWING THE CONCLUSION OF THE CAPITAL AND FINANCIAL PLAN, RESULTS CONTINUE TO IMPROVE VERSUS PRIOR YEAR

## POSITIVE CONSOLIDATED NET RESULT

**Net of non-recurring charges and income versus restated 31 December 2016: (consolidated figures in € millions):**

- **EBITDA improves by € 16.4 million (from € -25.0 million to € -8.6 million)**
- **EBIT improves by € 23.8 million (from € -45.7 million to € -21.9 million)**
- **net result from continuing operations improves by € 27.0 million (from € -52.2 million to € -25.3 million)**
- **direct and operating costs are down by approximately € 42.2 million in 2017 (-22.5%).**

**Positive consolidated net result of € 7.5 million (loss of € 92.6 million in 2016);**
**Positive consolidated Net Financial Position of € 6.6 million (€ -50.7 million at 31 December 2016);**
**Consolidated equity of € 41.6 million (€ -12.4 million at 31 December 2016).**

*Milan, 26 March 2018.* Today, the meeting of the Board of Directors of Il Sole 24 ORE S.p.A., chaired by Giorgio Fossa, approved the consolidated financial statements of the 24 ORE Group, the draft financial statements of the Parent Company and the 2018-2021 Business Plan.

## Premise

On 30 November 2017, the Group completed its Financial Plan on recapitalization and capital strengthening, the guidelines of which had been approved on 5 June 2017 by the Board of Directors of the Parent Company Il Sole 24 ORE S.p.A..
The completion of the Financial Plan has allowed the Group to remedy the negative equity position and ensure business continuity, overcoming the previous situation set out in articles 2446 and 2447 of the Italian Civil Code.
Specifically, the capital scheme regarded:
(i) the execution of the cash Capital Increase for a total of € 50.0 million;
(ii) the conclusion of the transaction involving the Training Area, which generated a capital gain of € 55.6 million following the disposal of 49% in Business School24 S.p.A. and the fair value recognition of the residual interest. The Company cashed in € 36.7 million as the first tranche of the consideration from the disposal of the 49% interest.
Additionally, on completion of the actions set out in the Financial Plan, on 30 November 2017, the Company 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, and repaid the drawdowns and interest accrued up to that date, relating to the syndicated loan and to the bilateral cash credit facilities subject to standstill agreements.
Lastly, on 13 November 2017, the Company and Monterosa SPV, a special purpose vehicle for the securitization of trade receivables set up in 2013, concluded an agreement to extend the maturity of the transaction until December 2020, with a maximum total amount that can be financed of € 50.0 million.

## Market environment

The relevant advertising market ended the year losing 2.5%. Print continued to fall (-7.8%); daily newspapers were severely hit, dipping by 9.2% (net of the local type), while magazines dropped by 6.2%. Internet (+1.7%) and radio (+5.4%) grew. *(Source: Nielsen - January-December 2017).*
ADS figures for January-December 2017 show a drop in print national daily newspaper circulation of 13.7% versus the same period in 2016. Print + digital circulation fell by 12.0%.
The latest audience figures for 2017 indicate that radio listeners totaled 35,464,000 on average day, down slightly by 0.1% (-39,000) versus 2016 (GFK Eurisko, RadioMonitor and TER).
2017 continued to be a challenging year for professional publishing, which has reported an average drop of 4.7% over the last 4 years, with the decline mainly affecting magazines and print books. The Group's market segments of operation showed different trends in 2017: Legal products slowed the downward movement (-3.9% versus -4.7% in 2016); Tax products declined (3% after the steady pace seen in 2016).

The following table shows the key financial figures of the Group at 31 December 2017:

| MAIN FIGURES OF THE 24 ORE GROUP | | | |
|---|---|---|---|
| Amounts in € million | FY2017 | FY 2016 restated | (***) |
| Revenue | 229.9 | 265.8 | |
| Gross operating profit (EBITDA) | (28.6) | (35.2) | (*) |
| ***EBITDA net of non recurring charges*** | ***(8.6)*** | ***(25.0)*** | (*) |
| Operating profit (loss) (EBIT) | (41.9) | (81.9) | |
| ***EBIT net of non recurring charges*** | ***(21.9)*** | ***(45.7)*** | |
| Pre-tax profit (loss) | (46.7) | (87.2) | |
| Profit (loss) from continuing operations | (52.6) | (99.8) | |
| Profit (loss) from assets held for sale | 60.1 | 7.2 | |
| Profit (loss) attributable to owners of the parent | 7.5 | (92.6) | |
| **Profit (loss) net of non recurring charges** | ***(25.3)*** | ***(52.2)*** | |
| | | | |
| Net financial position | 6.6 | (50.7) | (**) |
| Equity attributable to owners of the parent | 41.6 | (12.4) | |

(*) 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 24 ORE 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

(***) 2016 figures have been restated as a result of the reclassification of the Training Area under Assets held for sale.

## Consolidated results at 31 December 2017

In 2017, the 24 ORE Group achieved **consolidated revenue** of € 229.9 million versus a restated € 265.8 million in 2016 (€ -35.8 million, down by -13.5%). The change is attributable specifically to the drop in publishing revenue of € 15.9 million (-13.2%), to the fall in advertising revenue of € 10.3 million (-8.8%), and to the decline in other revenue of € 9.7 million, of which € 3.8 million related to the sales mandate for TSS software products, and to the drop in revenue generated by the Culture area. In 4Q17, in advertising revenue fell by -4.5%, improving the performance versus the drop by 11.5% recorded in 1H17.

Average print circulation in 2017 period amounted to approximately 91 thousand copies (-23.8% versus 2016). Digital circulation amounted to approximately 86 thousand copies (+0.2% versus 2016). Print + digital circulation amounted to a total of 177 thousand average copies (-13.7% versus 2016). In 4Q17, print + digital circulation changed by 11.9% versus the prior year. In 2017, the Daily Newspaper climbed back to its third position from the fourth in the ranking of the most widely circulated national newspapers.

As for average copies sold in 2017, print copies amounted to 79 thousand (-21.5% versus 2016). Print copies sold were less than print copies distributed over the same period, excluding free copies and copies distributed through Osservatorio Giovani Editori. The transaction is attributable to promotional activities, whose booked revenue is not presented, but recognized as a reduction in the corresponding promotional costs. Digital copies totaled 146 thousand (-8.7% versus 2016), higher than the digital copies sold YoY, owing to the integration of approximately 60 thousand multiple digital copies sold to large customers and excluded from ADS's calculation of circulation figures. Total print + digital copies sold in 2017 amounted, therefore, to 225 thousand (-13.6% versus 2016).

Operating margins benefited from the strong decrease by € 42.2 million in **direct and operating costs** (-22.5% versus 2016 restated).

**Personnel expense**, amounting to € 114.3 million, was up by € 9.9 million versus 2016. The increase is attributable specifically to restructuring costs of € 20.6 million. Personnel expense was down by an overall € 7.3 million (-7.2%) versus 2016, net of restructuring costs, as a result mainly of the reduction in average headcount.

On 5 July 2017, the Group signed an agreement with the national trade-union representatives and the unitary company-level union officials on the crisis-related reorganization plan for printers and graphic designers, which envisages the reorganization of the main areas of activity and the rationalization of costs in order to achieve a structural 30% reduction in labour costs by the end of the first half of 2019. Under the agreement, the solidarity procedure resumed as from 15 July 2017.

Voluntary redundancies amounted to 137, of which 62 at end December. Average headcount amounted to 1,073 units versus 1,149 units in 2016 on a like-for-like basis.

**Gross operating profit** (**EBITDA**), net of non-recurring charges and income, came to € -8.6 million, improving by € 16.4 million versus a restated € -25.0 million in 2016. EBITDA in 2017 came to € -28.6 million versus a restated € -35.2 million in 2016.

**EBIT**, net of non-recurring charges and income, amounted to € -21.9 million, improving by € 23.8 million versus a restated € -45.7 million in 2016. EBIT came to € -41.9 million versus a restated € -81.9 million in 2016. EBIT in 2016 had included write-downs of € 18.9 million made as a result of the impairment test.

Amortization and depreciation amounted to € 13.2 million versus a restated € 20.8 million in 2016. The sharp reduction is due mainly to the effects of the write-downs made in the prior year.

The **loss before tax** was € 46.7 million versus a restated loss of € 87.2 million in 2016. The result was affected by net financial charges and income of € -5.4 million (€ -5.1 million in 2016).

**Income taxes** totaled € -5.9 million (€ -12.6 million in 2016). Prepaid taxes were reduced by € 6.4 million to take account of the deconsolidation of the Training and Events BU. The transaction, in fact, results in a lower forecast taxable income. Based on the 2018-2021 Business Plan approved by the Board of Directors on 26 March 2018, residual prepaid taxes are fully recoverable.

**Profit/loss from assets held for sale** amounted to € 60.1 million, which includes € 4.5 million from the result achieved by the Training and Events Area, and € 55.6 million from the gain from the disposal of the 49% interest in Business School24 S.p.A. and to the fair value of the residual interest.

The **net result** of continuing operations, net of non-recurring charges and income, amounted to € -25.3 million (versus a restated € -52.2 million in 2016). The net result came to € +7.5 million versus € -92.6 million in 2016.

The **net financial position** at 31 December 2017 stood at € +6.6 million versus € -50.7 million at 31 December 2016, improving by € 57.3 million, due to the disposal of the 49% interest in Business School24 and the capital increase, which produced a cash in of € 36.7 million and € 50.0 million respectively in November. Capital increase-related costs amounted to € 3.8 million. Net of the above amounts collected, the change in the net financial position came to € -29.4 million, due mainly to the trend of cash flows from operations and cash flows from investing activities.

**Equity** stood at € 41.6 million, up by € 53.9 million versus equity shown in the consolidated financial statements at 31 December 2016 (€ -12.4 million), as a result of the capital increase of € 46.2 million net of related costs, of the increase by € 0.2 million from the actuarial valuation of employee severance indemnity, and of profit for the year of € 7.5 million.

The following is a comparison of the operating and financial results shown in the 2017 financial statements with the forecasts envisaged in the Registration Document disclosed to the market in support of the share capital increase.

| 2017 RESULTS OF 24 ORE GROUP | | |
|---|---|---|
| Amounts in € million | 2017 Reported figures | 2017 Estimates in DDR |
| **Revenue** | 230 | 236 |
| **Ebitda** | (29) | (30) |
| **Ebitda net of non-recurring components** | (9) | (6) |
| **Ebit** | (42) | (44) |
| **Ebit net of non-recurring components** | (22) | (20) |
| **Net profit** | 8 | 2 |
| **Equity** | 42 | 37 |
| **Net financial position** | 7 | (3) |

| 2017 RESULTS OF THE DAILY | | |
|---|---|---|
| Amounts in € million | 2017 Reported figures | 2017 Estimates in DDR |
| **Revenue** | 104 | 104 |
| **Ebitda** | (13) | (20) |
| **Ebit** | (18) | (21) |

## Parent performance at 31 December 2017

Il Sole 24 ORE S.p.A. closed 2017 with a **loss of € 11.5 million**, while **Equity stood at € 41.7 million**, increasing by € 53.4 million versus the figure at 31 December 2016 (€ -11.7 million).
The main difference between the net result of the Parent Company and the consolidated net result lies in the recognition, directly to equity in the Parent's financial statements, of € 18.6 million from the 51% interest in Business School 24.

## Proposal to cover the 2017 loss

Il Sole 24 ORE S.p.A. closed 31 December 2017 with a loss of € 11,517,050.
The Board of Directors decided to submit to the Annual Shareholders' Meeting convened on 27 April 2018, its proposal to cover losses of € 11,517,050, by using the share premium reserve.

## Directors’ assessment on the going concern assumption

As stated in the premise, the completion of the Financial Plan remedied the previous situation set out in articles 2446 and 2447 of the Italian Civil Code.
The Company, in fact, at 31 December 2017 has a share capital of € 570 thousand and equity of € 41.7 million.
Additionally, the Company has total revolving credit facilities currently unused of € 30 million and a securitization line for trade receivables amounting to € 50 million, of which € 34.8 million drawn down at 31 December 2017.
The maturity date of these facilities is 31 December 2020.
Despite the inevitable uncertainties typical of the segment and of any forecasts that could affect actual results, as well as the manners and time of their materialization, the Company believes it has the adequate financial and capital resources for the Directors to prepare the financial statements at 31 December 2017 on a going concern basis.

## Business outlook

The opening months of 2018 saw a downtrend in the advertising and circulation market of the print Newspaper. Radio continued to inch upwards, while professional digital publishing stayed on the course of positive performance.
In the first two months of 2018, Group revenue fell versus the prior year, due mainly to the forecast reduction in circulation revenue and to lower advertising revenue. Advertising revenue was affected by two concurrent negative situations common to the rest of the market: political elections traditionally result in lower national commercial advertising investments, felt even more because of the failed enactment of the decree implementing Law dated 21 June 2017 granting tax breaks to incremental advertising investments in newspapers and magazines.
The reduction in revenue generated by the Culture area is due mainly to the different timing of exhibitions and the lower number of exhibition days versus the same period last year. Mention should be made, however, of the opening of two important exhibitions in February: “Frida Kahlo. Oltre il mito” on 1 February, and "Durer e il Rinascimento” at Palazzo Reale on 21 February; at the date of this document, the turnout at the two events is higher than forecast.
The Group has forecast a reduction in consolidated revenue in 2018 versus the prior year, although it expects to gradually improve in the course of the year.
We believe this delay can be largely recovered during the year, thanks to the steps taken in the last few months, and due also to an expected normalization of the market, following less instability in the economic scenario.
The Group pursues its Publishing Plan to relaunch and focus on its business, by continuing its efforts to increase efficiency and cut costs.
See the key figures of the Group’s 2018 budget in the section “State of implementation of the Business Plan, and disclosure of deviations of actual data from expectations”.

## Other information

Il Sole 24 ORE S.p.A. has accepted the compensatory offer of € 2,961,079.90 from Di Source, which is the exact amount of the pecuniary damage as envisaged in the criminal proceedings pending before the Public Prosecutor's Office of Milan. Without prejudice to any reason and action that Il Sole 24 ORE expressly reserves the right to undertake, in all competent venues, against other parties, whether already or yet to be identified with regard to the entire claim for compensation.

.

# Consolidated financial statements at 31 December 2017
(audit to be completed)

| CONSOLIDATED STATEMENT OF FINANCIAL POSITION | | |
|---|---|---|
| Amounts in € million | 31.03.2018 | 31.12.2017 |
| **ASSETS** | | |
| **Non-current assets** | | |
| Property, plant and equipment | 20.6 | 24.7 |
| Goodwill | 16.0 | 16.0 |
| Intangible assets | 39.7 | 45.7 |
| Investments in associates and joint ventures | 18.9 | 0.6 |
| Available-for-sale financial assets | 0.7 | 0.7 |
| Other non-current assets | 6.1 | 3.4 |
| Deferred tax assets | 26.2 | 34.6 |
| **Total** | **128.2** | **125.7** |
| **Current assets** | | |
| Inventories | 2.3 | 4.5 |
| Trade receivables | 74.2 | 92.6 |
| Altri crediti | 10.1 | 8.3 |
| Other current financial assets | 0.6 | 1.0 |
| Other current assets | 4.8 | 5.1 |
| Cash and cash equivalents | 33.0 | 29.8 |
| **Total** | **125.0** | **141.2** |
| Assets held for sale | - | - |
| **TOTAL ASSETS** | **253.1** | **267.0** |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT.)

| Amounts in € million | 31.12.2017 | 31.12.2016 |
|---|---|---|
| **EQUITY AND LIABILITIES** | | |
| **Equity** | | |
| **Equity attributable to owners of the parent** | | |
| Share capital | 0.6 | 35.1 |
| Equity reserves | 38.3 | 61.7 |
| Legal reserves | - | 7.0 |
| Negative goodwill | - | 11.3 |
| Post-employment benefits Reserve - IAS adjustment | (4.1) | (4.3) |
| Retained earnings | (0.7) | (30.6) |
| Profit (loss) attributable to owners of the parent | 7.5 | (92.6) |
| **Total** | **41.6** | **(12.3)** |
| **Equity attributable to non-controlling interests** | | |
| Capital and reserves attributable to non-controlling interests | (0.0) | 0.0 |
| Profit (loss) attributable to non-controlling interests | 0.0 | (0.0) |
| **Total** | **(0.0)** | **(0.0)** |
| | | |
| **Total equity** | **41.6** | **(12.4)** |
| **Non-current liabilities** | | |
| Non-current financial liabilities | 5.6 | 6.2 |
| Employee benefit obligations | 18.7 | 23.8 |
| Deferred tax liabilities | 5.6 | 5.3 |
| Provisions for risks and charges | 12.7 | 14.0 |
| Other non-current liabilities | 11.8 | 0.0 |
| **Total** | **54.3** | **49.2** |
| **Current liabilities** | | |
| Bank overdrafts and loans - due within one year | 18.2 | 74.1 |
| Other financial liabilietes | 3.2 | 1.3 |
| Trade payables | 105.3 | 125.8 |
| Other current liabilities | 0.0 | 0.1 |
| Other payables | 30.5 | 29.0 |
| **Total** | **157.3** | **230.2** |
| Liabilities held for sale | - | - |
| **Total liabilities** | **211.6** | **279.3** |
| **TOTAL EQUITY AND LIABILITIES** | **253.1** | **267.0** |

GRUPPO 24 ORE

| CONSOLIDATED INCOME STATEMENT | | |
|---|---|---|
| Amounts in € millions | FY2017 | FY 2016 restated |
| **1) Continuing operations** | | |
| **Revenue** | **229.9** | **265.8** |
| Other operating income | 6.1 | 4.5 |
| Personnel expenses | (114.3) | (104.4) |
| Change in inventories | (2.3) | (1.0) |
| Purchase of raw materials and consumables | (5.5) | (11.2) |
| Services | (113.3) | (145.1) |
| Use of third party assets | (19.6) | (22.0) |
| Other operating costs | (4.9) | (8.5) |
| Provisions | (2.8) | (9.5) |
| Provisions for bad debts | (1.9) | (3.7) |
| **Gross operating profit** | **(28.6)** | **(35.2)** |
| Amortisation of intangible assets | (8.3) | (11.9) |
| Depreciation of property, plant and equipment | (5.0) | (8.8) |
| Change in scope of consolidation | - | (2.7) |
| Impairment losses on property, plant and equipment and intangible assets | (0.1) | (21.2) |
| Net gains on disposal of non-current assets | (0.0) | (2.1) |
| **Operating profit** | **(41.9)** | **(81.9)** |
| Financial income | 0.2 | 0.3 |
| Financial expenses | (5.6) | (5.4) |
| **Total Financial income (expenses)** | **(5.4)** | **(5.1)** |
| Other income from investment assests and liabilities | 0.5 | (0.2) |
| Valuation by equity method of the share capital investments | 0.1 | - |
| **Net profit (loss) before tax** | **(46.7)** | **(87.2)** |
| Income tax | (5.9) | (12.6) |
| **Net profit (loss) from continuing operations** | **(52.6)** | **(99.8)** |
| **2) Discontinued operations** | | |
| **Profit (loss) from discontinued operations** | **60.1** | **7.2** |
| **Profit (loss) for the year** | **7.5** | **(92.6)** |
| **Profit (loss) attributable to minorities** | **0.0** | **(0.0)** |
| **Profit (loss) attributable to the shareholders of the parent company** | **7.5** | **(92.6)** |

| CONSOLIDATED STATEMENT OF CASH FLOWS | | |
|---|---|---|
| Amounts in € millions | FY2017 | FY 2016 restated |
| **Items of the statement of cash flows** | | |
| Pre-tax profit (loss) from continuing operations attributable to owners of the parent [a] | (46.4) | (84.0) |
| **Adjustments for [b]** | **32.1** | **63.3** |
| Profit (loss) attributable to non-controlling interests | 0.0 | (0.0) |
| Amortization | 13.2 | 20.8 |
| Write-off | 0.0 | 21.2 |
| (Gains) loss | - | 2.1 |
| Deconsolidation of Newton | - | 2.7 |
| Increase (decrease) in provisions for risks and charges | (1.3) | 7.5 |
| Increase (decrease) in employee benefits | (4.8) | (1.6) |
| Changes in deferred tax assets/liabilities | 2.2 | 0.5 |
| Financial income (expenses) | 5.6 | 6.1 |
| Current value of restructuring costs | 11.8 | - |
| Gain from associates and joint venture | (0.4) | (0.0) |
| Cash flow from discontinued operations | 5.7 | 4.2 |
| **Changes in net working capital [c]** | **(1.8)** | **(5.3)** |
| Increase (decrease) in inventories | 2.3 | 1.1 |
| Increase (decrease) in trade receivables | 23.5 | 4.8 |
| Increase (decrease) in trade payables | (23.5) | (16.2) |
| Income tax paid | (0.0) | (0.4) |
| Other changes in net working capital | (3.6) | 2.5 |
| Cash flow from discontinued operations | (0.4) | 3.0 |
| **Total cash flow used in operating activities [d=a+b+c]** | **(16.1)** | **(26.0)** |
| **Cash flow from investing activities [e]** | **34.1** | **(6.2)** |
| Investments in intangible assets and property plant and equipment | (3.4) | (6.5) |
| Proceeds from the disposal of intangible assets and property plant and equipment | 0.1 | 0.2 |
| Proceeds cashed from sale of investments | 37.2 | - |
| Other changes in investing activities | 0.5 | 0.2 |
| Cash flow from discontinued operations | (0.4) | (0.1) |
| **Cash flow from financing activities [f]** | **40.8** | **23.6** |
| Net financial interest paid | (4.2) | (5.1) |
| Repayment of medium/long term bank loans | (0.6) | (0.5) |
| Changes in short-term bank loans | (0.4) | 8.5 |
| Change in other financial receivables and payables | 1.9 | (3.7) |
| Change in capital | 46.2 | - |
| Other change in reserves | (0.0) | 0.6 |
| Change in equity attributable to non-controlling interests | 0.0 | (0.5) |
| Other changes in financial assets and liabilities | (2.2) | 24.4 |
| **Cash flow absorbed during of the year g=d+e+f]** | **58.7** | **(8.5)** |
| Opening cash and cash equivalents | **(26.2)** | **(17.7)** |
| Closing  cash and cash equivalents | **32.5** | **(26.2)** |
| **Increase(decrease) for the year** | **58.7** | **(8.5)** |

# Parent financial statements at 31 December 2017

(audit to be completed)

| STATEMENT OF FINANCIAL POSITION OF THE PARENT COMPANY | | |
|---|---|---|
| Amounts in € million | 31.12.2017 | 31.12.2016 |
| **ASSETS** | | |
| **Non-current assets** | | |
| Property, plant and equipment | 18.3 | 22.1 |
| Goodwill | 16.0 | 16.0 |
| Intangible assets | 39.6 | 45.4 |
| Investments in associates and joint ventures | 18.8 | 0.6 |
| Available-for-sale financial assets | 0.7 | 0.7 |
| Other non-current assets | 8.6 | 6.6 |
| Deferred tax assets | 25.5 | 33.6 |
| **Total** | **127.6** | **125.1** |
| **Current assets** | | |
| Inventories | 1.9 | 3.8 |
| Trade receivables | 70.2 | 83.1 |
| Altri crediti | 7.0 | 5.4 |
| Other current financial assets | 3.8 | 11.0 |
| Other current assets | 2.3 | 2.2 |
| Cash and cash equivalents | 27.7 | 26.8 |
| **Total** | **112.8** | **132.1** |
| Assets held for sale | - | - |
| **TOTAL ASSETS** | **240.4** | **257.2** |

| STATEMENT OF FINANCIAL POSITIONOF THE PARENT COMPANY (CONT.) | | |
|---|---|---|
| Amounts in € million | 31.12.2017 | 31.12.2016 |
| **EQUITY AND LIABILITIES** | | |
| **Equity** | | |
| Share capital | 0.6 | 35.1 |
| Equity reserves | 38.3 | 61.7 |
| Legal reserves | (0.0) | 7.0 |
| Negative goodwill | - | (12.5) |
| Post-employment benefits Reserve - IAS adjustment | (4.2) | (4.3) |
| Other reserves | - | 1.2 |
| Reserve for changes in fair value of financial assets | 18.6 | - |
| Retained earnings | 0.0 | (10.1) |
| Profit (loss) of the year | (11.5) | (89.8) |
| **Total** | **41.7** | **(11.7)** |
| **Non-current liabilities** | | |
| Non-current financial liabilities | 5.6 | 6.2 |
| Employee benefit obligations | 18.3 | 23.3 |
| Deferred tax liabilities | 5.6 | 5.3 |
| Provisions for risks and charges | 9.6 | 15.0 |
| Other non-current liabilities | 11.8 | - |
| **Total** | **50.9** | **49.7** |
| **Current liabilities** | | |
| Bank overdrafts and loans - due within one year | 18.2 | 74.1 |
| Other financial liabilietes | 4.0 | 2.8 |
| Trade payables | 95.5 | 114.8 |
| Other payables | 30.0 | 27.5 |
| **Total** | **147.7** | **219.2** |
| Liabilities held for sale | | |
| **Total liabilities** | **198.7** | **268.9** |
| **TOTAL EQUITY AND LIABILITIES** | **240.4** | **257.2** |

GRUPPO 24 ORE

## INCOME STATEMENT OF THE PARENT COMPANY

| Amounts in € millions | FY2017 | FY 2016 restated |
|---|---|---|
| **1) Continuing operations** | | |
| **Revenue** | **216.1** | **241.2** |
| Other operating income | 6.4 | 5.8 |
| Personnel expenses | (111.8) | (100.8) |
| Change in inventories | (1.9) | (0.5) |
| Purchase of raw materials and consumables | (4.9) | (9.4) |
| Services | (104.5) | (129.5) |
| Use of third party assets | (18.3) | (21.3) |
| Other operating costs | (3.6) | (6.7) |
| Provisions | (0.9) | (12.1) |
| Provisions for bad debts | (1.8) | (1.8) |
| **Gross operating profit** | **(25.2)** | **(34.9)** |
| Amortisation of intangible assets | (8.2) | (11.9) |
| Depreciation of property, plant and equipment | (4.5) | (8.4) |
| Impairment losses | - | (20.9) |
| Net gains on disposal of non-current assets | (0.0) | (2.1) |
| **Operating profit** | **(38.0)** | **(78.1)** |
| Financial income | 0.7 | 1.1 |
| Financial expenses | (5.6) | (5.4) |
| **Total Financial income (expenses)** | **(4.9)** | **(4.3)** |
| Gains (losses) from investment valuation | (4.7) | (3.0) |
| **Net profit (loss) before tax** | **(47.6)** | **(85.4)** |
| Income tax | (5.8) | (12.0) |
| **Net profit (loss) from continuing operations** | **(53.3)** | **(97.4)** |
| **2) Discontinued operations** | **-** | **-** |
| **Profit (loss) from discontinued operations** | **41.8** | **7.6** |
| **Profit (loss) for the year** | **(11.5)** | **(89.8)** |

| STATEMENT OF CASH FLOWS OF THE PARENT COMPANY | | |
|---|---|---|
| Amounts in € millions | FY2017 | FY 2016 restated |
| **Items of the statement of cash flows** | | |
| Pre-tax profit (loss) from continuing operations [a] | (47.6) | (85.4) |
| **Adjustments for [b]** | **21.6** | **70.3** |
| Amortization | 12.8 | 20.3 |
| Write-off | 0.1 | 20.9 |
| (Gains) loss | (0.0) | 2.1 |
| Effect of investment valuation | 4.7 | 3.0 |
| Dividends received | (0.0) | - |
| Increase (decrease) in provisions for risks and charges | (5.3) | 12.1 |
| Increase (decrease) in employee benefits | 0.3 | (1.6) |
| Changes in deferred tax assets/liabilities | 2.0 | 0.5 |
| Financial income (expenses) | 5.1 | 5.3 |
| Cash flow from discontinued operations | 2.1 | 7.8 |
| **Changes in net working capital [c]** | **(7.3)** | **(9.6)** |
| Increase (decrease) in inventories | 1.9 | 0.5 |
| Increase (decrease) in trade receivables | 14.4 | 9.0 |
| Increase (decrease) in trade payables | (20.2) | (13.5) |
| Use of provision for risks and charges | - | (1.7) |
| Other changes in net working capital | (2.0) | (2.5) |
| Cash flow from discontinued operations | (1.3) | (1.4) |
| **Total cash flow used in operating activities [d=a+b+c]** | **(33.2)** | **(24.7)** |
| **Cash flow from investing activities [e]** | **33.4** | **(6.1)** |
| Investments in intangible assets and property plant and equipment | (3.5) | (6.3) |
| Acquisition of investments in associated companies | (0.5) | - |
| Amounts collected on disposal of equity investments | 37.2 | - |
| Other changes in investing activities | 0.5 | 0.2 |
| Cash flow from discontinued operations | (0.3) | (0.1) |
| **Cash flow from financing activities [f]** | **56.1** | **24.2** |
| Net financial interest paid | (5.1) | (4.3) |
| Repayment of medium/long term bank loans | (0.6) | (0.5) |
| Changes in short-term bank loans | (0.4) | 8.5 |
| Change in other financial receivables and payables | 1.2 | (4.5) |
| Dividends received | 0.0 | 1.8 |
| Change in capital and reserves | 46.2 | 0.0 |
| Other changes in financial assets and liabilities | 14.8 | 23.2 |
| **Cash flow absorbed during of the year g=d+e+f]** | **56.3** | **(6.6)** |
| **Opening cash and cash equivalents** | **(29.2)** | **(22.7)** |
| **Closing cash and cash equivalents** | **27.1** | **(29.2)** |
| **Increase(decrease) for the year** | **56.3** | **(6.6)** |

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

## State of implementation of the Business Plan, and disclosure of deviations of actual data from expectations.

On 26 March 2018, the Board of Directors of the Company approved the 2018-2021 Business Plan, which updates the previous 2017-2020 Plan approved on 4 September 2017.

In the second half of 2017, the Group's performance improved versus the first part of the year (circulation figures helped the Newspaper climb back from fourth to third place in the ranking of the most widely circulated national newspapers; advertising sales in the last quarter fell versus the prior year by 4.5% versus -10.4% in the first nine months of the year).
The trend of the advertising market of nationally distributed newspapers in January 2018 (-10.2%) sees, instead, two concurrent negative situations in the market: political elections traditionally result in lower national commercial advertising investments, felt even more because of the failed enactment of the decree implementing Law dated 21 June 2017 granting tax breaks to incremental advertising investments in newspapers and magazines.
ADS figures for January 2018 show a drop in print national daily newspaper circulation of 10.2% versus the same period in 2017. Print + digital circulation falls by 7.5%.

The guidelines of the Plan confirm the direction of the 2017-2020 Plan.

The 2018 budget basically confirms the profitability figures contained in the 2017-2020 Plan, despite lower revenue, with higher cash used of approximately 9 million, due mainly to the anticipated reduction in headcount, forecasting a negative net financial position at the end of the year.
For this reason, the possibility of resorting to a partial use of the Revolving lines in the course of the year is not ruled out.

The net financial position will return to positive territory in 2020.

The figures forecast in the 2018-2021 Plan confirm compliance with the covenants on the Group's financial debt.

The table below shows the forecast figures of the Group and of the Newspaper during the period of the Plan, compared with the 2017-2020 Plan.

FORECAST DATA 2018 OF 24 ORE GROUP

| Amounts in € millions | 2018-2021 Plan | 2017-2020 Plan |
|---|---|---|
| Revenue | 223 | 232 |
| Ebitda | 10 | 11 |
| Ebit | 0 | (1) |

## FORECAST DATA 2018 OF THE DAILY

Amounts in € millions

| | 2018-2021 Plan | 2017-2020 Plan |
|---|---|---|
| Revenue | 98 | 102 |
| Ebitda | 2 | 3 |
| Ebit | (1) | 1 |

## FORECAST DATA 2019 OF 24 ORE GROUP

Amounts in € millions

| | 2018-2021 Plan | 2017-2020 Plan |
|---|---|---|
| Revenue | 233 | 239 |
| Ebitda | 15 | 22 |
| Ebit | 6 | 12 |

## FORECAST DATA 2019 OF THE DAILY

Amounts in € millions

| | 2018-2021 Plan | 2017-2020 Plan |
|---|---|---|
| Revenue | 102 | 104 |
| Ebitda | 3 | 8 |
| Ebit | 0 | 7 |

## FORECAST DATA 2020 OF 24 ORE GROUP

Amounts in € millions

| | 2018-2021 Plan | 2017-2020 Plan |
|---|---|---|
| Revenue | 242 | 247 |
| Ebitda | 24 | 33 |
| Ebit | 15 | 23 |

## FORECAST DATA 2020 OF THE DAILY

Amounts in € millions

| | 2018-2021 Plan | 2017-2020 Plan |
|---|---|---|
| Revenue | 104 | 106 |
| Ebitda | 7 | 11 |
| Ebit | 4 | 10 |

| FORECAST DATA 2021 OF 24 ORE GROUP | |
|---|---|
| Amounts in € millions | 2018-2021 Plan |
| Revenue | 255 |
| Ebitda | 30 |
| Ebit | 23 |

| FORECAST DATA 2021 OF THE DAILY | |
|---|---|
| Amounts in € millions | 2018-2021 Plan |
| Revenue | 111 |
| Ebitda | 10 |
| Ebit | 8 |

## 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.

On 1 December 2017, all the drawdowns and interest accrued up to that date had been repaid, relating to the syndicated loan and the other bilateral cash credit facilities subject to the standstill extension agreements signed on 21 June 2017.

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-dic-2017 | 30-giu-2018 | 31-dic-2018 | 30-giu-2019 | 31-dic-2019 | 30-giu-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.

At December 31, 2017, while no amounts had been drawn down from the credit facilities, the covenants had been met.

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 31 December 2017, the credit facility for the securitization of trade receivables had been drawn down, with recourse, for the amount of € 17.6 million (total amount of the facility € 20.0 million), and without recourse, for € 17.2 million.

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

At 31 December 2017, no such impediments to the purchase had arisen, and/or significant events as to determine the termination of the agreement.

*****

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

*Media contacts:*

*Investor Relations:*
*Raffaella Romano Tel. 02/3022.3728*

*Press Office Manager 24 ORE Group:*
*Ginevra Cozzi - Tel. 02/3022.4945 – Mob. 335/1350144*