GRUPPO 24 ORE

Press Release

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

Il Sole 24 ORE S.p.A.: Board of Directors re-approves 2019-2022 Plan and approves Interim Management Statement at 31 March 2019

The 2019-2022 Plan, developed by the new Management and previously approved by the Board of Directors on 7 February 2019, basically confirms the strategic guidelines and improvement trends of the financial indicators of the previous 2018-2021 Plan

Net of non-recurring expense and income and the impact of IFRS 16 (consolidated figures at 31 March 2019 in Euro millions):

- **Positive EBITDA of € 0.2 million (€ 0.6 million at 31 March 2018)**
- **Negative EBIT of € 1.8 million (unchanged versus 31 March 2018)**
- **Negative result of € 1.5 million (€ -1.9 million in first quarter 2018)**

Consolidated negative result of € 1.7 million (profit of € 1.3 million at 31 March 2018, which had benefited from non-recurring income from Di Source of € 3.2 million);

Consolidated net financial position € -38.3 million (€ -34.9 million at 1 January 2019, which includes the effects of the first-time adoption of IFRS 16), due also to payment of non-recurring expense from voluntary redundancies incurred in the period;

Consolidated equity of € 36.3 million (€ 38.4 million at 1 January 2019, which includes the effects of the first-time adoption of IFRS 16).

Milan, 15 May 2019 - The Board of Directors of Il Sole 24 ORE S.p.A. met today, chaired by Edoardo Garrone, to re-approve the 2019-2022 Plan and to approve the Interim Management Statement of the 24 ORE Group.

Main strategic guidelines of the 2019-2022 Plan

Today, 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.

The results of first quarter 2019 are in line with the forecasts for the same period of the 2019-2022 Plan approved on 7 February 2019.

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.

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.

Having assessed the forecasts contained in the 2019-2022 Plan, the Company 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 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

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.

The above disclosures were provided also pursuant to art. 114 of Legislative Decree 58/1998.

Financial highlights of the 24 ORE Group

The key financial figures of the Group at 31 March 2019 drawn from the condensed consolidated interim financial statements are shown below:

MAIN CONSOLIDATED FIGURES OF THE 24 ORE GROUP		
Amounts in € million	1Q 2019	1Q 2018
Revenue	50.2	51.0
Gross operating profit (EBITDA)	2.4	3.8
Operating profit (loss) (EBIT)	(1.7)	1.4
Pre-tax profit (loss)	(1.7)	1.5
Profit (loss) from continuing operations	(1.7)	1.3
Profit (loss) of the period	(1.7)	1.3
	31.03.2019	31.12.2018
Non-current assets	145.0	118.2
Current assets	97.8	100.0
Total assets	**242.8**	**218.1**
Equity attributable to owners of the parent	36.3	35.8
Equity attributable to non-controlling interests	-	-
Total equity	**36.3**	**35.8**
Non-current liabilities	64.6	45.7
Current liabilities	142.0	136.6
Total liabilities	**206.5**	**182.3**
Total equity and liabilities	**242.8**	**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 quarter 2019 increased by € 2.2 million versus the recognition method under IAS 17, as a result of:

- Lower operating income of € 0.5 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 € 2.7 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 increased by € 0.1 million, as a result of the above and the recognition of amortization on rights of use which, in first quarter 2019, amounted to € 2.1 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 quarter 2019, amounted to € 0.3 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 quarter 2019 are shown below:

CONSOLIDATED CONDENSED INCOME STATEMENT - IFRS 16 EFFECTS			
Amounts in € millions	1°Q 2019	First adoption IFRS 16	1°Q net of first-time adoption IFRS16
Revenue	50.2	-	50.2
Other operating income	1.4	(0.5)	1.9
Direct and operating costs	(48.6)	2.7	(51.3)
Provisions for bad debts	(0.6)	-	(0.6)
Gross operating profit	**2.4**	**2.2**	**0.2**
Amortisation, depreciation, gains and losses	(4.1)	(2.1)	(2.0)
Operating profit	**(1.7)**	**0.1**	**(1.8)**
Financial (expenses) income	(0.6)	(0.3)	(0.3)
income from investment assests	0.7	-	0.7
Net profit (loss) before tax	**(1.7)**	**(0.2)**	**(1.5)**
Income tax	0.0	0.1	(0.1)
Net profit	**(1.7)**	**(0.1)**	**(1.5)**

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 € 2.4 million as a result of:

- An increase of € 0.8 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 € 3.2 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-March 2019 show a 5.7% 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.

The latest radio audience figures for 2018 indicate a total of 34,703,000 listeners on average day, down by 2.1% versus 2017 (*RadioTER 2017-2018*).

The relevant advertising market closed first quarter 2019 down by 5.6%. A double-digit decline for print (-13.6%), which saw a reduction in both components: newspapers (-14.1% net of local) and magazines (-13.1%). Internet posted a positive performance (+3.0%), while radio was flat versus the same period of the prior year (+0.4%). *(Nielsen - January-March 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 are as follows: turnover down by 1.1% versus 2018 for products in the Legal area, and by 1.9% 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 31 March 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 quarter 2019 with those of the same period of 2018, the analysis made identifies the effects of the first-time adoption of IFRS 16, as explained above, and of the recognition in first quarter 2018 of the non-recurring gain of € 3.2 million from the compensation offer made by Di Source and the cancellation of the payable owed to such company.

The key financial figures (net of the effects of IFRS 16 and non-recurring expense and income) of the Group at 31 March 2019 are shown below:

MAIN CONSOLIDATED FIGURES OF THE 24 ORE GROUP NET OF NON RECURRING CHARGES AND IFRS 16 EFFECTS		
Amounts in € millions	1°Q 2019	1° Q 2018
Revenue	50.2	51.0
EBITDA net of non recurring income and charges and IFRS 16 effects	0.2	0.6
EBIT net of non recurring income and charges and IFRS 16 effects	(1.8)	(1.8)
Pre-tax profit (loss) net of non recurring income and charges and IFRS 16 effects	(1.5)	(1.7)
Net profit (loss) net of non recurring income and charges and IFRS 16 effects	(1.5)	(1.9)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION		
Amounts in € millions	31.03.2019 (*)	01.01.2019 (*)
Equity	36.3	38.4
Net financial position	(38.3)	(34.9)

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

Revenue trend

In first quarter 2019, the 24 ORE Group achieved **consolidated revenue** of € 50.2 million versus € 51.0 million in the same period of 2018 (€ -0.8 million, or -1.6%). The change is attributable in particular to the drop in publishing revenue of € 0.5 million (-1.9% from € 26.6 million to € 26.1 million) and the fall in advertising revenue of € 0.8 million (-4.3% from € 19.3 million to € 18.5 million), partly offset by the growth in other revenue of € 0.5 million (+10.5% from € 5.1 million to € 5.6 million).

More specifically:

- circulation revenue from the Daily (print + digital) amounted to € 12.7 million, up by € 0.3 million (+2.6%) versus first quarter 2018.
- advertising revenue, amounting to € 18.5 million, dropped by € 0.8 million (-4.3%) versus first quarter 2018. Advertising revenue on Group media amounted to € 17.9 million (-2.3% versus the same period of the prior year) and revenue on third-party publishers amounted to € 0.4 million (-54.4%).
- revenue from databases amounted to € 8.4 million, down by 9.2% versus the same period of the prior year.
- revenue from the Culture Area, amounting to € 5.1 million, increased by € 0.9 million (+20.3%) versus first quarter 2018, thanks mainly to Mudec activities.

The circulation (print + digital) of Il Sole 24 ORE for the period January-March 2019 totaled 160,016 average daily copies (-8.0% versus the same period of 2018). Specifically, the average daily print circulation declared to ADS for the period January-March 2019 was 79,875 copies (-10.5% versus January-March 2018). Digital circulation declared to ADS was 80,141 average daily copies (-5.4% versus January-March 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.

Should the ADS Board approve the revised statements sent by the auditor and render a negative opinion on the content of the letter dated 25 February regarding 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 print + digital copies declared to ADS for the period January-March 2019 would amount to 154,497 copies (-3.4% 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 170,338 copies (-2.1% 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-March 2019 totaled 174,940 thousand copies (-7.7% versus the same period of 2018), including all multiple digital copies that cannot be declared for ADS purposes and are therefore not included in the relating declaration.

Margins trend

EBITDA in first quarter 2019 came to a positive € 2.4 million versus a positive € 3.8 million at 31 March 2018, which had benefited from a non-recurring gain of € 3.2 million from the compensation received from Di Source and the cancellation of the trade payable to such company. EBITDA in first quarter 2019 improved by € 2.2 million as a result of the first-time adoption of IFRS 16. In fact, lower operating income of € 0.5 million from the subletting of property was accounted for, and lower rentals and leases of € 2.7 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 quarter 2019 came to a positive € 0.2 million versus €

0.6 million in the same period of 2018, down by € 0.4 million. The change is due mainly to the decrease in revenue of € 0.8 million (-1.6%), partly offset by the reduction in costs.

Personnel expense, amounting to € 21.5 million, decreased by € 0.2 million (-1.1%) versus first quarter 2018. The average headcount, amounting to 932 units, fell by 38 units versus 970 units in first quarter 2018. Based on the union agreements signed, the lower cost resulting from the reduction in average workforce is partly offset by the 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 € 22.3 million, down by € 0.4 million (-2.0%) versus 31 March 2018.

EBIT in first quarter 2019 came to € -1.7 million versus € +1.4 million. Amortization, depreciation and impairment losses amounted to € 4.1 million versus € 2.4 million in first quarter 2018. As a result of the application of IFRS 16, amortization of rights of use in the first quarter amounted to € 2.2 million. EBIT net of non-recurring expense and income and of the first-time adoption of IFRS 16 came to € -1.8 million versus € -1.8 million in first quarter 2018.

The **result before tax** was € -1.7 million versus € +1.5 million in first quarter 2018. Income from investments of € 0.7 million was recorded in the period, for the adjustment at equity of the value of the investment Business School24 S.p.A.. The result was affected by net financial expense and income of € -0.6 million (€ -0.6 million at 31 March 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 interest expense, which amounted to € 0.4 million in first quarter 2019.

The result before tax, net of non-recurring expense and income and the first-time adoption of IFRS 16, came to € -1.5 million versus € -1.7 million in first quarter 2018, improving by € 0.2 million.

The **net result attributable to the owners of the parent** amounted to € -1.7 million versus € +1.3 million in first quarter 2018, which had benefited from non-recurring income of € 3.2 million. 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 € -1.5 million (€ -1.9 million in first quarter 2018).

Statement of Financial Position

The **net financial position** at 31 March 2019 came to € -38.3 million versus € -34.9 million at 1 January 2019 (€ -5.9 million at 31 December 2018), deteriorating by € 3.4 million. The change in the net financial position is attributable mainly to the trend in cash flow from operations, which includes payment of non-recurring expense from voluntary redundancies made in the year.

Equity amounted to € 36.3 million, down by € 2.1 million versus 1 January 2019 (€ 38.4 million), due to the loss for the period (€ -1.7 million) and the actuarial assessment of post-employment benefits (€ 0.4 million).

Business outlook

General uncertainty still looms over the Italian economy. The economic outlook continues to be marked by downward risks. Based on ISTAT preliminary estimates, in first quarter 2019, Italian GDP interrupted the weak decline seen in the second half of 2018, recording an increase of 0.2% (*ISTAT press release 7 May 2019*).

The most recent GDP growth forecasts for 2019 point to a further decline in GDP growth. Incorporating the adverse pace of business recorded in the last quarters of 2018, and economic data for the first months of the current year, all private and institutional forecasts for 2019 have revised their growth projections downwards for Italy. Analysts surveyed by *Consensus Economics*, who had signaled in December a 0.7% increase in GDP this year, indicate in the latest survey a growth of between -0.1% and 0.2% (Bank of Italy-Economic Bulletin no. 2 of 18 April 2019).

However, the renewed top management and the organizational reshaping of the Company, of the sales area in particular, has ushered in new ideas and opportunities that have already been reflected in the 2019-2022 Business Plan. The Group intends to gradually 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 will focus 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.

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Consolidated financial statements at 31 March 2019

CONSOLIDATED STATEMENT OF FINANCIAL POSITION		
Amounts in € millions	31.03.2019	31.12.2018
ASSETS		
Non-current assets		
Property, plant and equipment	39.5	16.7
Goodwill	15.5	15.5
Intangible assets	37.3	38.0
Investments in associates and joint ventures	19.1	18.4
Available-for-sale financial assets	0.7	0.7
Other non-current assets	7.6	3.6
Deferred tax assets	25.3	25.3
Total	**145.0**	**118.2**
Current assets		
Inventories	2.0	2.1
Trade receivables	63.7	63.8
Altri crediti	7.5	5.6
Other current financial assets	1.7	0
Other current assets	7.5	5.9
Cash and cash equivalents	15.3	22.6
Total	**97.8**	**100.0**
Assets held for sale	-	-
TOTAL ASSETS	**242.8**	**218.1**

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT.)		
Amounts in € millions	31.03.2019	31.12.2018
EQUITY AND LIABILITIES		
Equity		
Equity attributable to owners of the parent		
Share capital	0.6	0.6
Equity reserves	26.8	26.8
Post-employment benefits Reserve - IAS adjustment	(4.3)	(3.9)
Retained earnings	15.0	18.5
Profit (loss) attributable to owners of the parent	(1.7)	(6.0)
Total	**36.3**	**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	**36.3**	**35.8**
Non-current liabilities		
Non-current financial liabilities	23.0	5.0
Employee benefit obligations	17.7	18.0
Deferred tax liabilities	6.7	5.6
Provisions for risks and charges	17.1	17.1
Other non-current liabilities	0.0	-
Total	**64.6**	**45.7**
Current liabilities		
Bank overdrafts and loans - due within one year	17.6	18.5
Other financial liabilietes	14.7	5.1
Trade payables	84.6	83.3
Other current liabilities	0.1	0.1
Other payables	24.9	29.7
Total	**142.0**	**136.6**
Liabilities held for sale	-	-
Total liabilities	**206.5**	**182.3**
TOTAL EQUITY AND LIABILITIES	**242.8**	**218.1**

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CONSOLIDATED INCOME STATEMENT		
Amounts in € millions	1°Q 2019	1°Q 2018
1) Continuing operations		
Revenue	**50.2**	**51.0**
Other operating income	1.4	4.8
Personnel expenses	(21.5)	(21.7)
Change in inventories	(0.1)	0.3
Purchase of raw materials and consumables	(1.9)	(2.1)
Services	(22.3)	(22.4)
Use of third party assets	(1.5)	(4.4)
Other operating costs	(1.4)	(1.0)
Provisions	(0.3)	(0.6)
Provisions for bad debts	(0.2)	(0.1)
Gross operating profit	**2.4**	**3.8**
Amortisation of intangible assets	(1.2)	(1.4)
Depreciation of property, plant and equipment	(2.9)	(1.0)
Impairment losses on property, plant and equipment and intangible assets	-	-
Net gains on disposal of non-current assets	(0.0)	0.0
Operating profit	**(1.7)**	**1.4**
Financial income	0.1	0.1
Financial expenses	(0.8)	(0.7)
Total Financial income (expenses)	**(0.6)**	**(0.6)**
Other income from investment assests and liabilities	0.7	0.7
Valuation by equity method of the share capital investments		
Net profit (loss) before tax	**(1.7)**	**1.5**
Income tax	(0.0)	(0.2)
Net profit (loss) from continuing operations	**(1.7)**	**1.3**
2) Discontinued operations		
Profit (loss) from discontinued operations	**-**	**-**
Profit (loss) for the year	**(1.7)**	**1.3**
Profit (loss) attributable to minorities	**-**	**-**
Profit (loss) attributable to the shareholders of the parent company	**(1.7)**	**1.3**

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CONSOLIDATED STATEMENT OF CASH FLOWS

Amounts in € millions	1°Q 2019	1°Q 2018
Items of the statement of cash flows		
Pre-tax profit (loss) from continuing operations attributable to owners of the parent [a]	(1.7)	1.3
Adjustments for [b]	**4.1**	**2.1**
Profit (loss) attributable to non-controlling interests	-	-
Amortization	4.1	2.4
(Gains) loss	(0.0)	-
Effect of investment valuation	(0.7)	(0.7)
Increase (decrease) in provisions for risks and charges	0.0	0.0
Increase (decrease) in employee benefits	0.1	(0.3)
Changes in deferred tax assets/liabilities	(0.1)	-
Financial income (expenses)	0.6	0.6
Change in current value of restructuring costs	-	0.1
Changes in net working capital [c]		
Increase (decrease) in inventories	0.1	(0.3)
Increase (decrease) in trade receivables	0.1	(5.9)
Increase (decrease) in trade payables	4.4	(3.6)
Income tax paid	-	-
Other changes in net working capital	(9.2)	(11.4)
Total cash flow used in operating activities [d=a+b+c]	**(2.1)**	**(17.9)**
Cash flow from investing activities [e]	**(0.1)**	**(0.1)**
Investments in intangible assets and property plant and equipment	(0.9)	(0.1)
Other changes in investing activities	0.9	0.0
Cash flow from investing activities [e]	**(5.1)**	**0.9**
Net financial interest paid	(0.6)	(0.5)
Repayment of medium/long term bank loans	(0.1)	(0.1)
Changes in short-term bank loans	(0.9)	(0.1)
Change in other financial receivables and payables	(0.5)	1.4
Change in receivables and payables form IFRS16	(2.9)	-
Other changes in financial assets and liabilities	(0.0)	0.2
Cash flow absorbed during of the yearg=d+e+f]	**(7.3)**	**(17.1)**
Opening cash and cash equivalents	**22.1**	**32.5**
Closing cash and cash equivalents	**14.8**	**15.4**
Increase(decrease) for the period	**(7.3)**	**(17.1)**

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.

With regard to the last contractual survey performed on 31 December 2018, while no use was made of the above credit facilities, the covenants were met and amount to:

- EBITDA: € 7.0 million (covenant: € 5.0 million);
- Equity: € 35.8 million (covenant: € 23.0 million);
- NFP/EBITDA: 0.84 (covenant: 1.75).

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.

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 March 2019, the credit facility for the securitization of trade receivables had been drawn down, with recourse, for the amount of € 17.0 million (total amount of the facility € 20.0 million), and without recourse, for € 13.5 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 31 March 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 expectations.

For a description of the state of implementation of the 2019-2022 Plan re-approved today by the Company's Board of Directors appointed on 30 April 2019, reference should be made to the above.

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

For further information:

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