

Press Release

2020-2023 Business Plan approved

2020-2023 Plan prepared in keeping with the previous 2019-2022 Plan, taking account of market developments and changes in the relevant context

Revenue and profitability gradually improve thanks to the development and innovation of the range of content and services offered by the Il Sole 24 Ore system and to the ongoing focus on operating efficiency

Approval of the amendment by the lenders that redefines the value of the EBITDA financial covenant

Milan, 12 March 2020 – Today the Board of Directors of the Company approved the 2020-2023 Business Plan, which confirms the strategic course of the previous 2019-2022 Plan approved on 15 May 2019, with updates and developments thereto.

The forward-looking data appearing in the 2020-2023 Plan represent strategic targets set in the frame of corporate planning.

The period that has just ended was impacted by a rather challenging market scenario, marked in particular by an overall weakness that affected the performance of all industry players, and by a worse-than-forecast trend, especially in terms of advertising sales. External, as well as internal developments in the Company have led to a review of some of the initiatives contained in the 2019-2022 Plan and, in some cases, to a rescheduling of their launch time, as well as the development of new projects in certain areas of the Group.

In keeping with the previous Plan, the following strategic guidelines have been outlined for the 2020-2023 Plan:

- ✓ Strengthen the **value of content** in the **integrated** Il Sole 24 Ore **system** by focusing on products and services with high margins and a high rate of **innovation in both the print and digital range offered**
- ✓ Accelerate **multi-channel sales performance** by boosting **upselling** and enhancing the customer base
- ✓ Expand **territorial coverage** in order to increase the involvement of users of products and services of the Il Sole 24 Ore system and enhance the relevance of the brand
- ✓ Transform operations as a whole in order to improve the efficiency of **editing, production and distribution costs**

The 2020-2023 Plan also incorporates the effects of the measures taken by Management on the review of its operating cost structure, including the forthcoming relocation of the Company's headquarters and offices in Milan, and the labour cost measures, including the early retirement

of printers and graphic designers for those who accrue the requirements in the first four months of 2020, in accordance with the provisions of Budget Law no. 160/2019.

The 2020-2023 Plan does not take into consideration the possible impacts of the COVID-19-related emergency and the extraordinary containment measures taken, the extent of which is difficult to predict at this time both in terms of duration and impact on business.

The projections contained in the 2020-2023 Plan reaffirm, albeit with a delay on the 2019-2022 Plan, given the indications above, the long-term profitability targets, and show an improvement in operating margins, guaranteeing the Company the investments needed to develop revenue and achieve greater operating efficiency, which benefits, among other things, from some of the actions already implemented in 2019.

Specifically, investments are expected to accelerate, which will enable the Company to fit itself with a technologically advanced structure, consistent with the new organizational requirements and the digital evolution path undertaken, and in line with the policy of greater efficiency in operating costs adopted for some time now.

The 2020-2023 Plan reaffirms the growth of profitability over time across all business areas. The net financial position is expected to deteriorate in 2020, due to the acceleration of investments and the outlays from early staff departures, and then improve in the following years over the period of the Plan.

The Company additionally announces that it has received, on today's date, the amendment from the lenders that redefines the value of the EBITDA financial covenant rolling 12 months used in the recognition of the covenant at 30 June 2020 (date of the last interim recognition before expiry of the loan), from € 16.5 million to € 13.0 million. The approved 2020 Budget meets the new EBITDA covenant.

The estimates contained in the 2020-2023 Plan have been reviewed to reflect the updated forecasts on market trends, as well as the different developments of certain initiatives planned for 2019, and to incorporate the contribution of new initiatives already launched and/or in the pipeline, with a time delay in achieving the targets set out in the 2019-2022 Plan as can be seen in the tables below.

The main financial indicators forecast in the 2020-2023 Plan are shown below:

2020-2023 PLAN		
€ millions	2020 Plan	2023 Plan
Revenue	210	238
EBITDA	23	41
EBIT	4	25

The main financial indicators forecast in the previous 2019-2022 Plan are shown below:

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

On approval of the draft financial statements by the Board of Directors, scheduled for 26 March, further details will be given on the 2020-2023 Plan in accordance with the *Additional information required by CONSOB pursuant to art. 114 of Legislative Decree no. 58/1998*.

In the meantime, the Group continues to stay alert on both the developments of the COVID-19-related emergency, and on the performance of the relevant markets vis-à-vis the assumptions underlying the Plan, assessing the actual possibility of rescheduling the planned initiatives and paying proactive and constant attention to cost containment and identifying initiatives that can alleviate the risks associated with forecast revenue and operating results, all this notwithstanding the possible repercussions of the COVID-19-related emergency and any extraordinary measures that may be adopted to aid businesses.

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