

Press Release

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

**Il Sole 24 ORE S.p.A.: BoD approves
half-year financial report at 30 June 2014**

Highlights

Figures are analyzed on a like-for-like basis, net of the disposal of the Business Media BU and the Software Area.

- **Group consolidated revenue grows by 6.2 million euro** (+3.9% versus 1H13), driven by the innovation strategy pursued for the products and services offering, specifically in the digital versions. Circulation revenue from the daily rises by 4% (+1.4 million euro), electronic publishing revenue from the Tax&Legal Area climbs by 14.4% (+2.8 million euro), revenue from the Training Area advances by 25.7% (+3.1 million euro) and revenue from the Culture Area moves up by 6.2 million euro.
- **Gross operating profit (EBITDA)** improves significantly by 15.1 million euro (+92.4%), reaching -1.2 million euro (-16.3 million euro in 1H13), thanks to the growth of (mainly digital) revenue, the continuing cost containment measures, the optimization of the organizational, productive and distribution structure, and process efficiency. **Costs fall** by 7.4 million euro, or 4.1%, versus 1H13, despite the increase in revenue.
- **Il Sole 24 ORE** retains its ranking as Italy's leading digital newspaper with over 184 thousand digital copies at May 2014 (+141% versus May 2013) and reaches a substantial breakeven result with the distribution of its print version. Total print + digital circulation in 1H14 exceeds 363 thousand copies (+24.8% versus January-June 2013), bucking the market's -3.3% (*ADS May 2014*) and making Il Sole 24ORE, once again, the third major newspaper in Italy. **Circulation revenue from the daily** grows by 4%, or 1.4 million euro, and the Publishing Area EBITDA returns positive to +0.1 million euro in 1H14, increasing sharply by 8.4 million euro (+101.8% versus -8.2 million euro in 1H13), thanks to the innovation strategy pursued for the offering, the switch to digital operations, and the implementation of cost rationalization measures.
- **System advertising sales**, against the persisting negative backdrop of the advertising market, are in line with 1H13 (relevant market -8.5%), thanks to the positive performance of online sales, up 6.9% (versus the market's -2.1%), of **Radio 24**, up 1.5% (versus the market's overall -0.3%) and of advertising sales on the Group's print media, which outperform the market (-6.7% versus the market's -12.4%). This confirms the ability to showcase the Group's quality and unique features of its editorial offering on the market (*Nielsen – January-May 2014*).
- **www.ilsole24ore.com**, the first fee-based website in Italy, with over 18 thousand users who have purchased a subscription formula at 30 June 2014, reports an average of almost 680 thousand unique browsers, up +5.6%, and a 2.1% increase in page views versus the 1H13 average (*Nielsen Site Census / Omniture Sitecatalyst*). The mobile version of the website in 1H14 sees unique browsers increase by 85.2% on average

day and page views increase by 32.9% (*Nielsen Site Census / Omniture Sitecatalyst*), thanks to the graphical restyling and optimized utilization of contents.

- **Culture Area** revenue increases (+6.2 million euro), spurred by the success of the exhibitions, which confirm the supremacy of 24 ORE Cultura. Profits (EBITDA margin +7.3%) return to positive versus 1H13.
- Revenue (+25.7%) and profits (EBITDA +90.8%) from the **Education and Events Area** are on the rise, thanks to the expansion of the Business School master offering and the increase in events organized by Newton.
- **Operating profit (EBIT)**, improving by 15.5 million versus 1H13 (+64.1%), comes to -8.7 million euro (-24.2 million euro in 2013).
- The net **result attributable to the owners of the parent shows a positive figure** of 8.8 million euro (-21.3 million euro at 30 June 2013), benefitting from the result from discontinued operations amounting to 21.3 million euro from the disposal of the Software Area.
- The **Net Financial Position shows a positive figure** of 21.1 million euro (-48.6 million euro at 31 December 2013), thanks to the inflow of a total of 96.6 million euro from the disposal of the Software Area, partly offset by the payment of non-recurring charges of 17.3 million euro.

Milan, 30 July 2014. 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 half-year financial report at 30 June 2014.

On 28 May 2014, Il Sole 24 Ore finalized the disposal of its 100% interest in 24ORE Software S.p.A. to TeamSystem S.p.A.. The transaction is treated under IFRS 5. The item *Profit (loss) from discontinued operations* comprises gains and losses from the disposed area, including the recognized capital gain, net of disposal costs. The main figures below are those appearing in the half-year interim financial statements, restated following the above mentioned disposal.

MAIN FIGURES OF THE 24 ORE GROUP		
Amounts in € million	1H2014	1H 2013 Restated
Revenues	163.8	168.0
Gross operating profit (EBITDA)	(2.4)	(16.1) (*)
Operating profit (loss) (EBIT)	(9.9)	(24.3)
Pre-tax profit (loss)	(11.1)	(24.9)
Profit (loss) from continuing operations	(12.4)	(20.6)
Profit (loss) from discontinued operations	21.3	(1.1)
Profit (loss) attributable to owners of the parent	8.8	(21.3)
Net financial position	21.1	(48.6) (**)(1)
Equity attributable to owners of the parent	129.5	121.6 (1)
Employees headcount at the end of period	1,231	1,381 (1)

(1) As at 31 december 2013

(*) 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.

On 30 January 2014, Il Sole 24 Ore also finalized the disposal of the Business Media BU to a newly-established company, New Business Media S.r.l., owned by Tecniche Nuove S.p.A.. The disposal changed the Group's scope of consolidation. The result of the disposed BU is shown on a single line, for the purposes of the Directors' Report, named *Profit (loss) from other discontinued operations*. Financial figures - shown and analyzed in the Board of Directors' Report on a consolidated basis and by area - are presented on a like-for-like basis to facilitate their comparison.

MAIN FIGURES OF THE 24 ORE GROUP ON A LIKE - FOR- LIKES BASIS		
Amounts in € million	1H 2014	1H 2013
Revenues	163.1	157.0
Gross operating profit (EBITDA)	(1.2)	(16.3) (*)
Operating profit (loss) (EBIT)	(8.7)	(24.2)
Pre-tax profit (loss)	(9.9)	(24.9)
Net profit (loss) on a like - for - like basis	(11.2)	(20.5)
Profit (loss) from discontinued operations	21.3	(1.1)
Profit (loss) from other discontinued operations	(1.2)	(0.0)
Profit (loss) attributable to owners of the parent	8.8	(21.3)
Net financial position	21.1	(48.6) (**)(1)
Equity attributable to owners of the parent	129.5	121.6 (1)
Employees headcount at the end of period	1,231	1,267 (1)

(1) As at 31 december 2013

Market trend

Market figures for 2014 continue the downward trend reported in 2013 regarding both advertising revenue and newspaper circulation.

In the first five months of 2014, the advertising market as a whole lost 3.9%. Print media, while slightly improving, confirmed the double-digit drop: daily newspapers - 12.8%, and magazines -11.6%. Versus the first two-month period, Internet slowed the downward trend (-2.1%). Radio, after a positive first two months, slumped in April and May; the cumulative result of the first five months sees a slight fall (-0.3%) (*Nielsen – January-May 2014*). The Group's relevant market fell by 8.5%.

Looking at circulation figures in January-May 2014, ADS data show a drop of approximately 13.4% in print circulation for the major national newspapers versus January-May 2013. Print + digital circulation fell by 3.3%.

The current economic crisis continues to adversely affect the final demand coming from the Group's main markets: businesses, households, and professionals. In 2013, Italy's GDP declined by 1.9% versus 2012. Confindustria's Study Centre forecasts a mere +0.2% growth in 2014, revising downwards its December forecast, which indicated +0.7%. Expected GDP growth in 2015 drops from +1.2% to +1%.

The consumer model is shifting towards electronic media, databases, and online products and services.

The combined effects of the crisis and the new ways of using content produces a contraction in expenditure and a difficulty in selling online information at prices comparable to the print versions, especially on the professional market.

Analysis of 1H14 results

In 1H14, the 24ORE Group achieved **consolidated revenue** of 163.1 million euro, up by 6.2 million euro (+3.9%) versus 157.0 million euro in 1H13. The growth in revenue was driven by the innovation strategy pursued for the products and services offering, focusing on client needs and the integration of Group content. Specifically:

- circulation revenue from the daily, up by 4%, or 1.4 million euro, versus 1H13. A result propelled by the increase in digital revenue and the overall growth of print+digital revenue. Il Sole 24 ORE retained its ranking as Italy's leading digital newspaper with over 184 thousand digital copies at May 2014 (+141% versus May 2013) and reached a substantial breakeven result with the distribution of its print version. Total print+digital circulation in 1H14 exceeded 363 thousand copies (+24.8% versus January-June 2013), making Il Sole 24ORE, once again, the third major newspaper in Italy.
- the positive performance of electronic publishing revenue from the Tax&Legal Area, up 14.4%, driven by the measures adopted for the transition from print to online platforms and by the integration process of the Group's content in the Business Classes, tailored to the different relevant targets. This trend produced a sharp rise of the digital component, which accounted for 67% of revenue in 1H14 from 55% in 1H13.
- System's advertising sales, against the relevant market's contracting backdrop (-8.5%: *Nielsen – January-May 2014*), ended 1H14 in line with 1H13, thanks mainly to revenue from Radio24, the online component and the Group's print media, outperforming the market (-6.7% versus the market's -12.4%);
- revenue generated by the Culture Area up by 6.2 million versus 1H13 (+139.9%), thanks mostly to the highly successful exhibitions organized during the period (*Warhol Milano, Pollock, Brain, Kandinskij, Munch, Modigliani Roma, Klimt, Luini, Preraffaelliti, Warhol Roma*);
- revenue generated by the Training Area, up by 25.7%, or 3.1 million euro, sustained by the positive performance of the Business School through the expansion of the offering, the higher number of attendees and increase in the events organized by Newton.

The Group's digital revenue amounted to 48.5 million euro, increasing by 6.1 million euro (+14.4%) versus 1H13.

Overall costs fell by 7.4 million euro, or 4.1%, versus 1H13, despite the increase in revenue.

Personnel expense decreased by 4.7 million euro, or 8.0%. A result attributable mainly to the launch of the new corporate organization, which has streamlined the overall structure, making it more functional to the Group's strategy, which focuses on the

integration of those areas that produce and sell content. Specifically, the change is explained by:

- the reduction of 44 units in the average headcount on a like-for-like basis for an amount equal to 2.2 million euro.
- the application of solidarity contracts, implemented following the agreements signed with the trade unions (an amount equal to 1.5 million euro).

Staff employed at 30 June 2014 came to 1,231 units versus 1,267 units on a like-for-like basis. At 31 December 2013, total staff employed came to 1,817 units, dropping by 586 units, 436 of whom from Software, 114 from Business Media and 36 compared on a like-for-like basis.

Direct and operating costs decreased by 2.5%, thanks to the implementation of the digital strategy and the cost containment policies and measures adopted. Specifically:

- costs for raw materials and consumables decreased by 1.9 million euro (-19.0%);
- distribution costs decreased by 2.9 million euro (-17.5%);
- print costs decreased by 3.2 million euro (-43.5%), attributable mainly to the daily newspaper, as a result of the revision of the production structure, implemented in the second half of 2013 (closure of the Verona and Benevento printing facilities and the new printing contract regarding Bologna).

Mention should be made of the increased costs for advertising dues to third-party publishers (1.2 million euro), costs for meetings and miscellaneous production costs, all directly related to the increase in revenue.

Gross operating profit (EBITDA) came to -1.2 million euro, improving strongly by 15.1 million euro (+92.4%) versus -16.3 million euro in 1H13. A result achieved thanks to Management and all the Company's focus on the implementation of the innovation and digital strategy and integration of the platforms, and on the measures adopted to contain costs in general and achieve process efficiency.

Operating profit (EBIT) came to -8.7 million euro versus -24.2 million euro, improving by 15.5 million versus 1H13 (+64.1%).

The **result from discontinued operations** amounted to 21.3 million euro and includes the gains from the disposal of the Software Area, equal to 24 million euro, net of disposal charges of 1.6 million euro and the net result of the disposed area, which was -1.1 million euro, relating to the period from 1 January 2014 to 28 May 2014, when the disposal was finalized.

The **result from other discontinued operations** came to -1.2 million euro and refers to the reclassification of profit and loss from the Business Media BU, the disposal of which was finalized on 30 January 2014, in accordance with a contractual agreement stipulated on 16 December 2013. In the financial statements for the year ended 31 December 2013, the assets and liabilities subject to disposal were recognized in the statement of financial position as available-for-sale assets and liabilities.

The **result attributable to the owners of the parent** showed a positive figure of 8.8 million euro versus the loss of 21.3 million euro in 1H13.

The **net financial position** showed a positive figure of 21.1 million euro (-48.6 million euro at 31 December 2013), thanks to the inflow of a total of 96.6 million euro from the disposal of the Software Area, partly offset by the payment of non-recurring charges of 17.3 million euro.

Significant events after 30 June 2014

No significant events were reported after the end of the half-year period.

Business outlook for the current year

The recession continued to impact negatively on revenue and margins in the publishing industry in the early months of 2014. In 2013, GDP deteriorated by 1.9%, and forecasts for 2014 point to a moderate growth (+0.2%).

Forecasts on advertising market developments for 2014 remain uncertain, while latest estimates released by the main Media Centres indicate an overall market still shrinking versus 2013.

At its meeting on 11 March 2014, the Board of Directors approved a five-year plan based on market strategy and underpinned by the Group's offering, focused on products with higher added value and on structural cost containment, which will allow the Group to operate efficiently and competitively.

Forecasts for 2014 point to a further, albeit slight, drop in revenue generated by traditional publishing, offset by an increase in digital revenue, driven by the increasing integration of all the Group's solutions targeting the professional world. Advertising revenue is expected to remain stable versus the prior year, thanks also to the new publishing initiatives, and to the growth of the digital business and radio.

The results of the first half of the year confirm budget forecasts. In 2014, the Group will continue to implement measures aimed at strengthening revenue, optimizing processes and reducing costs.

To date and in the absence of unpredictable events at this time, the Group continues to keep a sharp eye on its relevant market, still marked by a high degree of uncertainty, regarding the advertising market trend in particular. Against this backdrop, forecasts for 2014 indicate an improvement in EBITDA versus 2013.

The disposal of the Group's Software Area generated an inflow of 96.6 million euro, which allowed the net financial position to end the first half of the year with a positive figure of 21.1 million euro.

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.

Media contacts:

Press Office Manager Il Sole 24 ORE:

Ginevra Cozzi - Tel. 02/3022.4945 – Mob. 335/1350144

Investor Relations

Ines Di Terlizzi Tel. 02/3022.3728

**Consolidated financial statements of the 24 ORE Group
as at 30 June 2014**

Financial Statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION		
Amounts in € million	30.06.2014	31.12.2013
ASSETS		
Non-current assets		
Property, plant and equipment	47.8	52.2
Goodwill	18.1	75.0
Intangible assets	56.7	82.0
Investments in associates and joint ventures	-	0.9
Available-for-sale financial assets	0.9	1.2
Other non-current assets	25.8	3.8
Deferred tax assets	55.8	70.1
Total	205.3	285.2
Current assets		
Inventories	6.1	6.0
Trade receivables	134.5	139.3
Other receivables	7.4	10.6
Other current assets	6.2	5.7
Cash and cash equivalents	63.2	8.6
Total	217.4	170.2
Assets held for sale	-	1.3
TOTAL ASSETS	422.6	456.7

Unaudited figures

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT.)

Amounts in € million

30.06.2014

31.12.2013

EQUITY AND LIABILITIES

Equity

Equity attributable to owners of the parent

Share capital	35.1	35.1
Equity reserves	98.8	180.3
Hedging and translation reserves	(0.0)	(0.1)
Other reserves	14.8	15.3
Retained earnings	(28.0)	(32.8)
Profit (loss) attributable to owners of the parent	8.8	(76.2)
Total	129.5	121.6

Equity attributable to non-controlling interests

Capital and reserves attributable to non-controlling interests	0.2	0.3
Profit (loss) attributable to non-controlling interests	0.0	0.1
Total	0.3	0.3
Total equity	129.7	121.9

Non-current liabilities

Non-current financial liabilities	0.0	0.4
Employee benefit obligations	26.1	27.8
Deferred tax liabilities	7.6	12.4
Provisions for risks and charges	11.7	11.3
Other non-current liabilities	0.0	0.7
Total	45.5	52.5

Current liabilities

Bank overdrafts and loans - due within one year	42.0	56.7
Financial liabilities held for trading	0.1	0.1
Trade payables	156.0	146.3
Other current liabilities	5.1	10.4
Other payables	44.2	64.5
Total	247.4	278.0

Liabilities held for sale	-	4.2
Total liabilities	292.9	334.7

TOTAL EQUITY AND LIABILITIES	422.6	456.7
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Unaudited figures

CONSOLIDATED INCOME STATEMENT

Amounts in € million	1H 2014	1H 2013 Restated
1) Continuing operations		
Revenue from newspaper, books and magazines	42.2	51.8
Revenue from advertising	60.4	68.1
Other revenue	61.2	48.1
Total revenue	163.8	168.0
Other operating income	7.4	6.0
Personnel expenses	(54.8)	(62.8)
Change in inventories	0.2	(5.0)
Purchase of raw materials and consumables	(8.1)	(4.9)
Services	(91.9)	(97.4)
Use of third party assets	(12.0)	(12.1)
Other operating costs	(4.1)	(4.9)
Provisions	(1.2)	(0.9)
Provisions for bad debts	(1.9)	(2.1)
Gross operating profit (EBITDA)	(2.4)	(16.1)
Amortisation of intangible assets	(3.6)	(3.0)
Depreciation of property, plant and equipment	(3.9)	(5.2)
Capital gain (losses) on disposal of non-current assets	0.0	0.0
Operating profit (EBIT)	(9.9)	(24.3)
Financial income	0.3	0.3
Financial expenses	(1.5)	(1.0)
Total Financial income (expenses)	(1.2)	(0.7)
Other income from investment assests and liabilities	-	(0.0)
Pre-tax profit	(11.1)	(24.9)
Income tax	(1.3)	4.4
Net profit (loss) from continuing operations	(12.4)	(20.6)
2) Discontinued operations	-	-
Profit (loss) from discontinued operations	21.3	(1.1)
Profit (loss) for the period	8.8	(21.7)
Profit (loss) attributable to non-controlling interests	0.0	(0.4)
Profit (loss) attributable to owners of the parent	8.8	(21.3)

Unaudited figures

CONSOLIDATED INCOME STATEMENT ON A LIKE-FOR-LIKE BASIS

Amounts in € million	1H 2014	1H 2013
Revenues from sales and services	163.1	157.0
Other operating income	7.4	5.9
Personnel expenses	(54.3)	(59.0)
Change in inventories	0.2	(4.8)
Purchase of raw materials and consumables	(8.1)	(4.9)
Costs for services	(90.7)	(91.4)
Other operating costs	(16.0)	(16.4)
Provisions and provision for bad debts	(2.9)	(2.6)
Gross operating profit (EBITDA)	(1.2)	(16.3)
Depreciation and amortisation	(7.5)	(7.9)
Gains/(losses) on disposal of non-current assets	0.0	0.0
Operating profit (loss) (EBIT)	(8.7)	(24.2)
Financial income (expenses)	(1.2)	(0.7)
Income (expenses) from investments	0.0	(0.0)
Pre-tax profit (loss)	(9.9)	(24.9)
Income taxes	(1.3)	4.4
Net profit (loss) on a like - for - like basis	(11.2)	(20.5)
Profit (loss) from discontinued operations	21.3	(1.1)
Profit (loss) from other discontinued operations	(1.2)	(0.0)
Profit (loss) attributable to non-controlling interests	0.0	(0.4)
Profit (loss) attributable to owners of the parent	8.8	(21.3)

Unaudited figures

The above consolidated income statement on a like-for-like basis provides for the reclassification of assets disposed of in January 2014 both in the period under review and in the comparative period

CONSOLIDATED STATEMENT OF CASH FLOWS

Amounts in € million	1H 2014	1H 2013 Restated
Pre-tax profit (loss) attributable to owners of the parent [a]	10.1	(25.6)
Adjustments for [b]	(9.4)	9.0
Profit (loss) attributable to non-controlling interests	0.0	(0.4)
Amortization and depreciation	7.5	8.2
(Gains) loss	(0.0)	0.0
Profit (loss) from discontinued operations	(21.3)	1.1
Increase (decrease) in provisions for risks and charges	0.5	(0.3)
Increase (decrease) in employee benefits	1.2	(0.3)
Income tax effects and deferred tax assets/liabilities	1.4	0.1
Financial income (expenses)	1.2	0.7
Other adjustments	-	(0.1)
Changes in net working capital [c]	(17.2)	(22.5)
Increase (decrease) in inventories	(0.1)	5.0
Increase (decrease) in trade receivables	(30.7)	9.0
Increase (decrease) in trade payables	23.5	(22.2)
Income tax paid	(0.2)	(1.0)
Other changes in net working capital	(9.6)	(13.2)
Total cash flow used in operating activities [d=a+b+c]	(16.4)	(39.2)
Cash flow from investing activities [e]	87.8	(3.9)
Investments in intangible assets and property plant and equipment	(4.5)	(4.8)
Purchase of investments in subsidiaries	-	(0.1)
Proceeds from the disposal of intangible assets and property plant and equipment	0.2	0.0
Amounts received from the disposal of subsidiaries	95.0	-
Other changes in investing activities	(2.8)	1.0
Cash flow from financing activities [f]	(4.6)	36.6
Net financial interest received	(1.2)	(0.7)
Repayment of medium/long term bank loans	(0.2)	(1.1)
Changes in short-term bank loans	(2.4)	38.3
Net change in non-current financial assets	(0.1)	(0.1)
Dividends paid	(0.2)	(0.1)
Change in capital and reserves	(0.8)	0.2
Change in equity attributable to non-controlling interests	0.0	0.0
Other changes in financing activities	0.3	-
Cash flow absorbed during the year [g=d+e+f]	66.8	(6.4)
OPENING CASH AND CASH EQUIVALENTS	(14.8)	23.7
CLOSING CASH AND CASH EQUIVALENTS	52.0	17.3
INCREASE (DECREASE) FOR THE PERIOD	66.8	(6.4)

CONSOLIDATED NET FINANCIAL POSITION		
Amounts in € million	30.06.2014	31.12.2013
Cash and cash equivalents	63.2	8.6
Bank overdrafts and loans due within one year	(42.0)	(56.7)
Short-term net financial position	21.2	(48.1)
Non-current financial liabilities	(0.0)	(0.4)
Fair value of hedging instruments	(0.1)	(0.1)
Medium/long-term net financial position	(0.1)	(0.5)
Net financial position	21.1	(48.6)

