

**Press Release**

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

**Il Sole 24 ORE S.p.A.: BoD approves Directors' Explanatory Report at 30 September 2016 of Il Sole 24 Ore S.p.A., pursuant to art. 2446 of the Italian Civil Code**

*Milan, 30 November 2016.* Today, the meeting of the Board of Directors of Il Sole 24 ORE S.p.A., chaired by Dr. Giorgio Fossa, approved the Directors' Explanatory Report, prepared pursuant to art. 2446, par. 1, of the Italian Civil Code, to art. 74 of Consob Regulation no. 11971 of 14 May 1999, and in accordance with Annex 3A, Schedule no. 5 of the Regulation.

The Directors' Explanatory Report includes the Interim Financial Statements at 30 September 2016 of Il Sole 24 ORE S.p.A., which show a loss of €57,400,000, equity of €18,153,000, and a share capital of €35,124,000, below the limit set by art. 2446 of the Italian Civil Code.

The Directors have prepared the condensed Interim Financial Statements at 30 September 2016 on a going concern basis, as they believe that the Company will have adequate financial resources to continue to operate in the future as a going concern. The condensed Interim Financial Statements at 30 September 2016 were audited on a voluntary limited scope basis by EY S.p.A. on the request of the current Board of Directors.

The Board of Directors proposes to the Shareholders' Meeting previously called on 22 December 2016 to:

- approve the Explanatory Report and the condensed Interim Financial Statements at 30 September 2016, which show a loss of €57,400,000;
- carry forward the loss at 30 September 2016 and adopt the appropriate measures under art. 2446 of the Italian Civil Code, no later than on the basis of the draft financial statements for the year ending 31 December 2016.

The Directors will monitor the amount of the share capital and will promptly call a new Board Meeting to assess the Company's financial position, and propose the Shareholders to cover the loss and assess the share capital adjustment, in order to provide the Company with the adequate financial resources to meet the needs which may also result from the revisited 2016-2020 Business Plan, to be shortly drawn up by the Board of Directors.

The report on the Company's financial position, approved by the Board of Directors, will be published together with the Board of Statutory Auditors' remarks in the manner and time limits of law.

Under art. 2446 of the Italian Civil Code, at the Shareholders' Meeting, the Directors will illustrate the significant events that have taken place after the preparation of the above report.

The Board of Directors reminds the Shareholders that, pursuant to art. 2446 of the Italian Civil Code, if the loss is not reduced to less than a third within the following year, the ordinary Shareholders' Meeting approving the financial statements of that specific year must reduce the share capital in proportion to the assessed losses.

## **Business outlook**

The economy is slowly improving, with expected growth in 2016 recently revised downwards from beginning-of-year forecasts. This estimate is lower than the forecast at end 2015, which had pointed to a 1.4% increase in GDP (*Confindustria Study Centre*).

Looking at the advertising market, the summer period continued the drop witnessed in 2015 by advertising sales on newspapers and magazines. Forecasts for 2016 remain rather uncertain to date, and confirm a further decline in advertising sales on newspapers and magazines, and a slight growth by Radio. Internet is expected to grow, driven by the Over the Top, Google and Facebook in particular, which account for about two thirds of the market, while Internet advertising sales regarding publishers is expected to slightly fall.

In the current year, the Company will continue to focus more on developing digital products, driven by the increasing integration of all the professional content from Il Sole 24 Ore, in order to alleviate the drop in traditional print publishing.

The Company continues to keep a sharp eye on its relevant market, still marked by a high degree of uncertainty, regarding the advertising market in particular. The actual figures of Il Sole 24 Ore S.p.A. at 31 October 2016 show a loss and equity in line with 30 September 2016. The net debt increases from -€35.1 million at 30 September 2016 to -€50.4 million at 31 October 2016, due to the seasonal trend in net working capital attributable to the business dynamics of the summer period. The net debt at 31 December 2016 is expected to improve, however, versus the situation at end October.

The Group's consolidated operating results at 31 October 2016 show no significant deviation from those at 30 September 2016.

The following table presents the key figures at 31 October 2016:

MAIN FIGURES OF IL SOLE 24 ORE S.p.A.		
in million of euro	10M 2016	10M 2015 Restated
Revenue	215.4	231.3
Gross operating profit (EBITDA)	(21.4)	(7.8)
Operating profit (loss) (EBIT)	(41.2)	(20.8)
Pre-tax profit (loss)	(46.8)	(22.3)
Net profit (loss)	(57.5)	(21.5)
Equity	18.0	76.5 (1)
Net financial position	(50.4)	(28.9) (1)

(1) As at 31 December 2015

The latest full-year forecasts, to date and in the absence of unpredictable events at this time, suggest that the last quarter of the year may end with a loss, albeit lower than the prior quarter.

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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 24 ORE Group:*

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

*Investor Relations*

*Raffaella Romano Tel. 02/3022.3728*

CONDENSED INTERIM FINANCIAL STATEMENTS AT 30 SEPTEMBER 2016

**Financial Statements - Il Sole 24 ORE S.p.A.**

STATEMENT OF FINANCIAL POSITION			
in thousand of euro	30.09.2016	31.12.2015 Restated	1.1.2015 Restated
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	38,472	45,389	52,058
Goodwill	15,982	15,982	15,982
Intangible assets	53,834	59,306	59,376
Investments in associates and joint ventures	580	-	-
Available-for-sale financial assets	733	948	909
Other non-current assets	4,630	32,447	32,252
Deferred tax assets	35,631	46,511	56,752
<b>Total</b>	<b>149,862</b>	<b>200,583</b>	<b>217,329</b>
<b>Current assets</b>			
Inventories	3,302	4,291	5,859
Trade receivables	76,487	89,811	98,000
Other receivables	8,366	6,416	8,111
Other current financial assets	13,894	17,262	3,543
Other current assets	4,311	3,610	4,233
Cash and cash equivalents	33,402	33,299	31,528
<b>Total</b>	<b>139,762</b>	<b>154,689</b>	<b>151,274</b>
Assets held for sale			
<b>TOTAL ASSETS</b>	<b>289,624</b>	<b>355,272</b>	<b>368,603</b>

**STATEMENT OF FINANCIAL POSITION (CONT.)**

in thousand of euro	30.09.2016	31.12.2015 Restated	1.1.2015 Restated
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	35,124	35,124	35,124
Equity reserves	61,728	82,981	98,814
Legal reserves	7,025	7,025	7,025
Negative goodwill	(12,487)	(12,487)	(12,487)
Post-employment benefits Reserve - IAS adjustment	(4,635)	(3,651)	(4,634)
Other reserves	1,165	1,165	1,152
Retained earnings	(12,367)	(6,829)	(6,836)
Profit (loss) for the period	(57,400)	(26,791)	(15,833)
<b>Total equity</b>	<b>18,153</b>	<b>76,538</b>	<b>102,324</b>
<b>Non-current liabilities</b>			
Non-current financial liabilities	6,296	6,687	22,653
Employee benefit obligations	23,900	24,057	26,752
Deferred tax liabilities	5,216	5,216	6,692
Provisions for risks and charges	6,531	9,632	8,197
<b>Total</b>	<b>41,944</b>	<b>45,592</b>	<b>64,293</b>
<b>Current liabilities</b>			
Bank overdrafts and loans - due within one year	70,303	65,466	16,633
Other financial liabilities	5,779	7,324	1,889
Trade payables	121,065	127,496	145,728
Other payables	32,380	32,857	37,717
<b>Total</b>	<b>229,527</b>	<b>233,143</b>	<b>201,985</b>
Liabilities held for sale	-	-	-
<b>Total liabilities</b>	<b>271,471</b>	<b>278,735</b>	<b>266,278</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>289,624</b>	<b>355,272</b>	<b>368,603</b>

INCOME STATEMENT		
in thousand of euro	9M 2016	9M 2015 Restated
<b>1) Continuing operations</b>		
<b>Revenue</b>	<b>190,131</b>	<b>201,135</b>
Other operating income	3,852	9,072
Personnel expenses	(81,425)	(74,508)
Change in inventories	(989)	(1,424)
Purchase of raw materials and consumables	(6,622)	(7,085)
Services	(103,318)	(115,049)
Use of third party assets	(15,887)	(16,277)
Other operating costs	(6,306)	(4,269)
Provisions	(893)	(455)
Provisions for bad debts	(1,922)	(1,271)
<b>Gross operating profit (EBITDA)</b>	<b>(23,379)</b>	<b>(10,132)</b>
Amortisation of intangible assets	(9,159)	(6,407)
Depreciation of property, plant and equipment	(6,045)	(6,307)
Impairment losses on property, plant and equipment and intangible assets	(854)	-
Net gains on disposal of non-current assets	(2,071)	1,117
<b>Operating profit (EBIT)</b>	<b>(41,509)</b>	<b>(21,728)</b>
Financial income	848	1,656
Financial expenses	(4,120)	(2,882)
<b>Financial income (expenses)</b>	<b>(3,272)</b>	<b>(1,226)</b>
Gains (losses) from measurement of investments	(3,681)	-
Income from investments	1,800	63
<b>Net profit (loss) before tax</b>	<b>(46,662)</b>	<b>(22,891)</b>
Income tax	(10,739)	718
<b>Net profit (loss) from continuing operations</b>	<b>(57,400)</b>	<b>(22,173)</b>
<b>2) Discontinued operations</b>	-	-
Profit (loss) from discontinued operations	-	-
<b>Profit (loss)</b>	<b>(57,400)</b>	<b>(22,173)</b>

**STATEMENT OF CASH FLOWS**

in thousand of euro	9M 2016	9M 2015 Restated
Pre-tax profit (loss) attributable to owners of the parent [a]	(46,662)	(22,891)
<b>Adjustments for [b]</b>	<b>16,816</b>	<b>8,370</b>
Amortization	15,204	12,713
Write-off	854	-
(Gains) loss	2,071	(1,117)
Dividends received	(1,800)	(63)
Increase (decrease) in provisions for risks and charges	(3,101)	(3,530)
Increase (decrease) in employee benefits	(157)	(1,393)
Changes in deferred tax assets/liabilities	473	230
Financial income (expenses)	3,272	1,531
<b>Changes in net working capital [c]</b>	<b>4,424</b>	<b>(8,631)</b>
Increase (decrease) in inventories	989	1,424
Increase (decrease) in trade receivables	13,324	18,478
Increase (decrease) in trade payables	(6,431)	(23,812)
Income tax paid	-	-
Other changes in net working capital	(3,458)	(4,720)
<b>Total cash flow used in operating activities [d=a+b+c]</b>	<b>(25,422)</b>	<b>(23,151)</b>
<b>Cash flow from investing activities [e]</b>	<b>(6,321)</b>	<b>(4,619)</b>
Investments in intangible assets and property plant and equipment	(5,923)	(5,746)
Proceeds from the disposal of intangible assets and property plant and equipment	8	1,127
Other changes in investing activities	(405)	-
<b>Cash flow from financing activities [f]</b>	<b>31,848</b>	<b>(2,568)</b>
Net financial interest paid	(3,272)	(2,591)
Repayment of medium/long term bank loans	(391)	-
Changes in short-term bank loans	4,839	4,703
Net change in non-current financial assets	(1,545)	2,792
Dividends received	1,800	63
Change in capital and reserves	(984)	606
Other changes financing activities	31,401	(8,141)
<b>Cash flow absorbed during of the period[g=d+e+f]</b>	<b>105</b>	<b>(30,339)</b>
<b>OPENING CASH AND CASH EQUIVALENTS</b>	<b>(22,653)</b>	<b>22,445</b>
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	<b>(22,548)</b>	<b>(7,893)</b>
<b>INCREASE (DECREASE) FOR THE PERIOD</b>	<b>105</b>	<b>(30,339)</b>

**NET FINANCIAL POSITION**

in thousands of euro	30.09.2016	31.12.2015 Restated
A. Cash in hand	20	51
B. Other cash and cash equivalents (bank and post office accounts)	33,382	33,248
C. Securities held for trading	-	-
<b>D. Liquidity (A) + (B) + (C)</b>	<b>33,402</b>	<b>33,299</b>
<b>E. Current loan assets</b>	<b>13,894</b>	<b>17,262</b>
F. Current portion of amounts due to banks	(19,268)	(14,486)
G. Current portion of non-current loans	(51,035)	(50,980)
H. Other current loans and borrowings	(5,780)	(7,324)
<b>I. Current debt (F)+(G)+(H)</b>	<b>(76,083)</b>	<b>(72,790)</b>
<b>J. Net current debt (I) – (E) – (D)</b>	<b>(28,787)</b>	<b>(22,229)</b>
K. Non-current bank loans and borrowings	(6,296)	(6,687)
L. Bonds issued	-	-
M Other non-current borrowings	-	-
<b>N. Non-current debt (K) + (L) + (M)</b>	<b>(6,296)</b>	<b>(6,687)</b>
<b>O. Net debt (J) + (N)</b>	<b>(35,083)</b>	<b>(28,916)</b>