

Press Release

Il Sole 24 ORE S.p.A: Shareholders' Meeting

Milan, 22 December 2016 – Today, the Shareholders' Meeting of Il Sole 24 ORE S.p.A., chaired by Dr. Giorgio Fossa, met to discuss and resolve on the following items on the agenda:

1. Situation pursuant to art. 2446 of the Italian Civil Code
2. Appointment of a Director, related and consequent resolutions

Situation pursuant to art. 2446 of the Italian Civil Code

The Directors' Explanatory Report of Il Sole 24 Ore S.p.A. at 30 September 2016, prepared pursuant to art. 2446 of the Italian Civil Code, shows a loss of €57.4 million and **equity** of €18.2 million, down by €58.4 million versus a restated equity of €76.5 million at 31 December 2015.

The **net financial position** amounts to -€35.1 million, down by €6.2 million versus a restated -€28.9 million at 31 December 2015.

In 9M16, **Il Sole 24 Ore S.p.A.** achieved **revenue** of €190.1 million, falling by €11.0 million versus a restated €201.2 million in 9M15. The **gross operating loss** amounts to -€23.4 million versus a restated -€10.1 million in 9M15. The **operating loss** amounts to -€41.5 million versus a restated -€21.7 million in 9M15. **The net loss** amounts to -€57.4 million versus a restated -€22.2 million in 2015.

The Shareholders' Meeting resolved to 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.

Appointment of a Director

The Shareholders' Meeting appointed Franco Moschetti as Director, who had been co-opted by the meeting of the Board of Directors of Il Sole 24 ORE S.p.A. on 15 November 2016.

Request for disclosure of information pursuant to art. 114, par. 5, of Legislative Decree no. 58/98, issued by CONSOB Prot. 0110027/16 of 14 December 2016

CONSOB has invited the Company, pursuant to art. 114, par. 5, of the Italian Consolidated Finance Act, to disclose the following information to its shareholders and to the public at the Shareholders' Meeting called on 22 December 2016:

A. with regard to the further review and audit in progress on the figures disclosed every month to ADS:

i. outline of the above review performed by an independent expert, and of the results, if any, including preliminary results, of the audits;

With regard to the request for an outline of the review performed by an independent expert, and of the results, if any, including preliminary results, of the audits on the figures submitted to ADS, mention should be made that:

- Il Sole 24 Ore has requested Protiviti to re-calculate circulation figures for 2015 by adopting the following rules laid down by Il Sole 24 Ore:
 - a. rules under the Regulations on the performance of ADS assessments on Print and Digital editions (the "Regulations") and, regarding Digital editions in particular, those set out in the ADS minutes of 06/04/2016;
 - b. with regard to Print copies, additional rules on copies sold to intermediaries other than the Sole National Distributor.

Specifically, Protiviti has:

- performed the recalculation procedures under the Agreed-Upon Procedures to determine the circulation figure in accordance with the rules laid down by Il Sole 24 Ore;
- compared the recalculated figure with the circulation figures submitted by the Client in the ADS monthly modules for both estimate figures (DMS module) and accounting figures (DMC module);
- analyzed the differences resulting between the submitted figures and the recalculated figures by performing the Agreed-Upon Procedures;
- performed the "further audits" under the Agreed-Upon Procedures.

The audit was performed on the basis of these assumptions and on information available to date.

The differences found in **Print copies** refer to the copies associated with promotional (Co-Marketing) activities conducted through intermediaries, for an average daily amount of 17,979 copies, split up into the following sub-items:

- Co-Marketing - Door-to-Door (DtD) Cut Price (Edifreepress and Johnsons Group activities), which contributes an average daily amount of 7,317 copies to the calculation of the ADS "Sales Channels under Legal Provisions (standard format)" item;

- Promotional Direct Sales (Johnsons Group activities), which contributes an average daily amount of 10,662 copies to the calculation of the ADS “Other Sales” item.

These copies have not been considered, in accordance with Client Rules, as they were sold on a Co-Marketing basis, and due to the fact that the Company was unable to obtain proof of the actual delivery of these copies to end users.

Additionally, further minor differences were reported below 100 average daily copies, referring to rounding and/or typing errors.

The differences found in Digital copies refer to the copies associated with the above categories, for an average daily amount of 109,587 copies:

- Co-Marketing: copies from promotional (Co-Marketing) activities;
- Copies with no mention in the invoice: copies sold to customers on a bundle basis (i.e., the digital copy of the Daily is offered/sold together with other digital products/services), not considered due to the fact that there is no mention of a subscription in the invoice, for an average daily amount of 31,998 copies;
- Unactivated multiple copies: multiple copies not considered as they refer to non-active users, in accordance with Client Rules and, specifically, with the principle of consistency set out in the ADS Regulations, for an average daily amount of 43,818 copies.

Additionally, for the further differences reported, equal to an average daily amount of 1,516 copies, there was no way of tracing the source of the figures for the purposes of recalculating the amounts.

ii. where available, including in a preliminary form, measurement of the impact on the average circulation figure presented in the financial reports of the Company in 2015 and in the 1st half of 2016, based on the audits performed by the independent expert;

The 2015 Annual Report presented an average circulation figure (print + digital) of approximately 375 thousand copies.

Protiviti, the independent expert, analyzed circulation in the ADS certification months of April, September and November. Based on their audits, the circulation figure is about 34% lower, reaching approximately 248 thousand copies. The expert’s audit regards 2015 only.

It should be noted that the 14% figure (referring to both print and digital Co-Marketing) is to be considered final.

The additional copies, with no mention of price in the invoice, which account for 8%, represent a situation that was solved in 2016.

Lastly, 12% refers to multiple copies on which the Company has applied a narrower interpretation than the ADS Regulation, yet to be clarified.

B. as for so-called digital and print “support” copies:

i. outline of any policies adopted by the Company to support the circulation of the Daily Newspaper, considering that “Support to circulation could generate additional costs, which may not be recovered through higher advertising revenue” (see 2015 Half-Year Financial Report, page 30). Indications should also be given on whether such policies were approved by the Board of Directors of the Company;

There is no general policy on circulation support, submitted to the approval of the Board of Directors.

ii. outline of the initiatives undertaken, including through third-party intermediaries, indicating their mutual contractual obligations;

Di Source: activities involved promotional and marketing campaigns conducted on their proprietary database, which contained about 60,000 email addresses of individuals residing abroad, with the aim of circulating and allowing the use of our Daily Newspaper.

The service offered by Di Source was, therefore, promotional. The company purchased digital subscriptions.

Johnsons: activities involved the sale of copies intended for hotels, airlines, and railway companies.

Il Sole 24 Ore, therefore, sold copies of the Daily to Johnsons, who conducted promotional activities on behalf of the company.

Edifreepress: activities involved the purchase of copies, intended for door-to-door delivery in Rome and Milan; through this service, they offered their clients the home delivery of newspapers and magazines with the option of combining groceries.

Il Sole 24 Ore, therefore, sold copies of the Daily to Edifreepress, who conducted promotional activities on behalf of the company.

iii. outline of the contractual arrangements set forth and the oversight activities put in place by the Company to exclude corporate links and/or relationships with such intermediaries and to verify their performing of services;

In the contract signed with DiSource on 21/12/2012, running from 01/01/2013 to 31/12/2015, Art. 3 - Obligations of DiSource Ltd, section 6) reads as follows: “At any time during the term of this contract, DiSource Ltd will be available to provide full evidence of the absence of any corporate link between DiSource Ltd and the 24 ORE Group”.

In the contract signed on 21/12/2015, running from 01/01/2016 to 31/12/2016, Art. 3 - Obligations of DiSource Ltd, section 6) reads as follows: At any time during the term of this contract, DiSource Ltd will be available to provide full evidence of the absence of

any corporate link between DiSource Ltd and the 24 ORE Group and of the consistency between the object of the contract and the intention of the Parties”.

Through resolution of the Board of Directors of 11 November 2010, Il Sole 24 Ore has set up a procedure to govern related-party transactions; no statements of relationship with Di Source, Johnsons Group and Edifreepress have ever been received.

iv. indication of the average number of daily support copies, both digital and print, of the amount of revenue and costs and the impact on margins at 31 December 2015, 30 June 2016 and 30 September 2016 related to these intermediaries and their impact on the Company’s consolidated figures;

With regard to Di Source, the average number of digital copies amounted to 31,300 in 2015, 18,200 in the first half of 2016, and an average 12,100 in 9M16. Revenue in the respective periods amounted to €5,536 thousand, and to €1,601 thousand in both June and September 2016. Costs in the respective periods amounted to €6,540 thousand, €2,061 thousand in June and €1,931 thousand in September 2016.

With regard to Edifreepress, the average number of print and digital copies amounted to 4,000 in 2015, 14,200 in the first half of 2016, and an average 11,600 in 9M16. Revenue in the respective periods amounted to €366 thousand, €988 thousand and €1,212 thousand.

Costs in the respective periods amounted to €371 thousand, €1,043 thousand and €1,287 thousand.

With regard to the Johnsons Group, the average number of print and digital copies amounted to 19,300 in 2015, 17,800 in the first half of 2016, and an average 14,000 in 9M16.

Revenue in the respective periods amounted to €1,411 thousand, €650 thousand and €782 thousand. Costs in the respective periods amounted to €1,932 thousand, €939 thousand and €1,115 thousand.

The overall impact on consolidated margins, also considering the costs deriving from these promotional activities and not directly incurred with the former intermediaries and calculated using cost accounting standards based on copies, amounts to €3 million for 2015, €1,575 thousand in June 2016 and €1,731 thousand in September 2016.

C. with regard to the circulation figures presented in the published financial reports, the Directors’ observations on risk exposure and on the outlook, considering that “Advertising revenue and revenue from newsstand and subscription sales depend basically on circulation and readership levels” (see 2015 financial statements, page 19).

With regard to advertising revenue, the relationship between the performance of copies and the performance of advertising sales of the Daily Newspaper is not directly proportional in the specific case of Il Sole 24 Ore, being as it is a specialist newspaper whose value lies in its target users, reached through a wide range of products and channels.

With regard to newsstand and subscription sales, the drop in circulation figures is partly offset by lower costs resulting from the termination of marketing activities in support of circulation.

i. terms and conditions of the agreement, if any, defined with the former CEO Gabriele Del Torchio on his termination of office, and indications on the decisions taken in its definition and on the timing;

An agreement on the termination of office has yet to be defined.

On 30 November 2016, the Board of Directors authorized the current CEO to define the best agreement, to be submitted to the approval of the Board of Directors.

ii. remuneration established for the current CEO, Franco Moschetti, in all its components, and - where not in line with the remuneration policy contained in the 2015 Remuneration Report approved by the Shareholders' Meeting of 29 April 2016 - indications on the procedure adopted in its determination.

On 15 November 2016, the Board of Directors decided to defer the decision on the determination of the remuneration of the CEO to a subsequent meeting of the Board of Directors, in order for the Appointments and Remuneration Committee to provide an opinion in advance.

The proposed compensation, as per the minutes of the Meeting of the Board of Directors of 15 November 2016, amounts to €500,000 per year.

A further one-off yearly compensation of up to a maximum of 20% of the fixed part has also been recognized, subject to the meeting of budget targets approved by the Board of Directors.

On 6 December 2016, the Appointments and Remuneration Committee acknowledged the proposal, pointing out that the agreement on the one-off remuneration would need to be elucidated in the remuneration policy, set out at page 9 of the 2016 Remuneration Policy.

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