

Press Release

## 24 ORE Group: BoD approves results for first nine months of 2010

- Consolidated revenues €351.3 million, down 2.6% on like-for-like basis
- System revenues up 2.5% net of free press and funds effects
- EBITDA and EBIT still negative, but improving versus 2009 (by €5.9 million and €7.7 million, respectively, excluding effects from hike in postage rates), thanks to stringent measures on operating costs
- Operating costs down 6% with personnel costs falling by 7.2% (-119 average units)
- Result attributable to the shareholders of the Parent Company -€25 million versus -€22.7 million in first nine months of 2009, spurred, however, by the €3.5 million in higher tax benefits
- Successful start in October of daily's new initiatives: new Monday edition, "7 e 24" daily newsletter, "La Vita Nòva" magazine for iPad
- Chairman Giancarlo Cerutti: "The situation in the publishing industry remains tough, but we have the strength and the projects to maintain our leadership."
- CEO Donatella Treu: "We have started Group turnaround and these figures prove it. We will continue to push hard along this path, with further cost-curbing measures, and step up our efforts in the innovation process underway."

Milan, 11 November 2010. Today, the meeting of the Board of Directors of Il Sole 24 ORE S.p.A., chaired by Cav. Lav. Dr. Giancarlo Cerutti, approved the consolidated results of the first nine months of 2010. Here are the main figures with the comparative figures of the same period last year:

MAIN FIGURES OF THE 24 ORE GROUP			
Amounts in € million	9M 2010	9M 2009	
Revenue	351.3	368.9	
Gross operating profit (EBITDA)	(7.9)	(8.4)	(*)
Operating profit (EBIT)	(29.3)	(31.6)	
Profit (loss) before tax	(28.5)	(29.8)	
Profit for the period	(25.0)	(22.7)	
Profit (loss) attributable to owners of the parent	(24.6)	(22.1)	
Net financial position	88.3	98.8	(**)
Total equity attributable to the shareholders of the parent company	272.0	296.9	(1)
Employees headcount at end of period	2,094	2,202	(1)

(1) As at 31 december 2009

(\*) 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

## Analysis of consolidated results for the first nine months of 2010

In the first nine months of 2010, the Group's core market showed no real improvement, but continued to recover in terms of advertising expenditure.

The advertising market as a whole, taking all media into account, including television, closed the first eight months with a 4.8% increase versus the same period last year (*Nielsen Media Research*, January-August 2010). The result must be read taking also into consideration the first eight critical months of 2009, when figures had sunk by 16.4% versus the same period of 2008.

Print media continued to slide (-3.8%), with dailies basically holding ground (-1%) versus the difficult moment of periodicals (-8.4%). Radio (12.8%) and the Internet (17.7%) both performed well.

As for circulation figures, in 2010 paid dailies, especially the main national dailies, continue their negative trend: due also to the fewer low-profit promotional initiatives, the latest figures for the main national dailies show a drop of 7.8% versus the same period last year (ADS moving average, July 2009-June 2010).

In the same period, Il Sole 24 ORE remained Italy's fourth major national daily with over 271,000 copies, despite the cut in promotional copies started in April 2009. Il Sole 24 ORE saw its average daily readership grow by 5.1% versus the previous survey, reaching 1.1 million (Audipress 2010/II).

Likewise, the professional services market showed greater resilience, but continued to suffer the current economic climate and the tough period of professionals and small and medium enterprises.

In the first nine months of 2010, 24 ORE Group achieved **consolidated revenues** of **€351.3 million**, down 4.8% versus €368.9 million in the same period last year. Taking into account the publications and operations subject to closure or disposal based on the Group's reorganization plan, **the drop would actually be 2.6%**, due primarily to the nosedive of add-ons (-48.7%) and to the decline in periodicals.

Netted against two critical elements of discontinuity (termination of the free press daily *24minuti* at end March 2009, and the impact on financial advertising of Consob Resolution 16840/09, which cancels the obligation of publishing the units of foreign UCITS funds and their disclosures in daily newspapers), **System was up 2.5%** versus

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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.

the same period last year. If such elements were included, **System's performance would still show a positive 0.5%**.

In a particularly hostile market, advertising revenues generated by specialist publishing (Professionals Area) were down €2.6 million. On a like-for-like basis, disregarding titles sold in the meantime, the contraction amounts to €0.7 million.

**Gross operating profit (EBITDA)** came to -€7.9 million, improving however versus the -€8.4 million of the same period last year, despite:

- higher costs in subscription mailing of €5.4 million, as a direct result of the cancellation, from 1 April 2010, of the postage rebates for the publishing sector;
- increase in the bad debts provision of €1.6 million, owing to the longer average terms of payment of trade receivables.

The positive performance was a result of the effects of the reorganization plan and of the operating cost-curbing measures. In particular:

- personnel costs fell by 7.2%, thanks primarily to the decrease in average staff headcount of 119 units;
- consolidated direct and operating costs were down 3.7%, thanks to strong cost-curbing action on consulting, freelance and editorial costs totaling €4.1 million. Netted against the foregoing postage costs, direct and operating costs would have decreased by 6%.

**Operating profit (EBIT)** came to -€29.3 million, but progressed versus -€31.6 million in the first nine months of 2009. EBIT would have improved even more without the postage rate hike. Amortization and depreciation amounted to €22.1 million versus €23.6 million in the same period last year, a drop due mainly to the termination of amortization for a number of software products.

**The result attributable to the shareholders of the Parent Company** came to -€24.6 million versus -€22.1 million in the first nine months of 2009, which was spurred, however, by the higher tax benefits deriving mostly from the positive effects of the realignment of tax figures to the carrying amounts of €3.5 million.

The Group's **net financial position** as at 30 September 2010 showed a positive €88.3 million, against a positive €98.8 million as at 31 December 2009.

**Headcount.** Thanks to the rationalization of products and operations and to the downsizing of structures currently in progress, average staff headcount decreased by 119 units (from 2,239 in January-September 2009 to an average 2,120 over the same period of 2010).

## Performance by business sector

In 2009, the Group reorganized its business areas by reshuffling activities, responsibilities and corporate functions. To compare the figures of the two periods on a like-for-like basis, the results of the first nine months of 2009 have been reclassified based on the 2010 organization.

Looking at **System**, in the first nine months of 2010, display advertising on the daily rose by 2.5%, but failed to offset the 20.2% contraction in absolute terms in the service typology (funds).

During the same period, online media performed strongly (47.2%), especially if compared with the 17.7% performance by the market over the same period (*Nielsen*).

System's overall performance for Radio came to 13.0% versus the same period last year, higher than the market's performance (12.8%, *Nielsen*).

Revenues generated by **Publishing** totaled €152.0 million (-7.5% versus the same period last year), owing to the different results of advertising and circulation. Advertising revenues dropped slightly (-2.3%), as a result in particular of the closure of free press, while the decline in circulation revenues (-11.9%) stems from the further plunge in additions.

A point worth mentioning is the 57.7% rise in revenues generated by the **Online** BU versus the same period last year. A performance achieved thanks to the remarkable pace of advertising revenues, which benefited from: the successful launch on 24 May of the new version of the *ilsole24ore.com* website, sporting a new design and new navigation paths; the launch of *Fondi24*, a new section of the website dedicated to asset management; the positive performance of the main segments already operational in 2009. Unique daily average visitors rose by 8.74% versus the first nine months of 2009, reaching 304,000 (*Nielsen SiteCensus*), despite the start of tests that replaced the former *membership model* for paid website content (Premium package) with the *metered model* (Italy's first ever).

In order to expand the digital business and strengthen the Group's presence on the new e-devices, a new app was successfully launched on 12 July for the reading of *Il Sole 24 ORE* on the *iPad* and *iPhone*. Over 5,000 users downloaded the apps on the launch day, and 76,901 so far (end October).

*Radiocor* rose by 9.5%, thanks chiefly to the Diversified Editorial Services product line.

October marked a new decisive step forward in the future of *Il Sole 24 ORE*, in terms of editorial content, graphical layout and multimedia presence. The major initiatives included: the new Monday edition of the daily, catering more to the needs of small and medium enterprises, a new daily newsletter ("7 e 24") for subscribers and for the website's registered users, the rollout of "*La Vita Nòva*", Italy's most innovative digital magazine for the *iPad*, delving into science, technology and innovation, the revamped design of weekly supplements "*Domenica*", "*Plus24*", "*Nòva 24*" and Wednesday regional sections.

Overall, **Professionals** saw its revenues drop by 5.3% versus the same period last year, due basically to the disposal of low-profit or non-performing operations made as part of the Group's reorganization plan.

On a like-for-like basis, revenues fell by 1.1%, due primarily to the decline in magazine revenues (-11.3%) and in advertising revenues on specialist publishing media (-3.6%). **Netted against the Specialist Publishing BU and on a like-for-like basis, revenues generated by Professionals were in line with the result of the same period last year.**

Digital revenues (software, electronic publishing and IT services), accounting for over 45% of the total revenues of the area, rose by 3.6% on a like-for-like basis. A point worth mentioning is the good performance by electronic publishing revenues (4.0%), driven by the constant and strong commitment in terms of product, editorial and technological innovation, aimed at providing a quick and effective answer to the evolution of target group consumer models, and by the development of system offering.

Revenues generated by the **Software Solutions** BU dropped by 7.8% versus the same period last year. The figure must be read, however, taking into account a different consolidation basis, resulting from the disposal in the second half of 2009 of the printing division of Data Ufficio to the Buffetti Group, and of Cesaco S.r.l. and Mondoesa Milano Nordovest S.r.l. **Netted against these effects, the increase in the BU's revenues would be 2.8%.**

A point worth mentioning is the positive trend of software products branded 24 ORE, whose revenues increased by 2.9% versus the first nine months of 2009, a result achieved thanks to the high loyalty rate of subscribers to Sistema Via Libera, and to the upswing in sales (2%) of the new product Studio24 Commercialisti, launched in 2009, which expands its footprint on the core accountants market.

Positive news also came from products branded Data Ufficio and STR, thanks mainly to the provision of services and custom solutions, and also to the strong increase in service contracts and license sales in the Large Accounts segment.

For Esa Software S.p.A., revenues as at 30 September 2010, on a like-for-like basis, netted against the disposal of the division of the SI5 system, were basically in line with the revenues over the same period last year, thanks to the stronger sales of new licenses versus the opening months of 2010.

Revenues generated by the **Tax & Legal** BU fell by 3.5%, as a result, on the one hand, of the economic climate and, on the other, of the decline in revenues from periodicals (-10.8%) and books (-7.4%), ascribable to the gradual shift towards new - mainly online - information tools, and to the resulting catalogue rationalization aimed at maximizing profits from these two product lines. Profits from periodicals kept up their strong pace, thanks to both cross-selling policies, which increase average spending, and to effective cost-curbing measures. Periodicals confirmed their high subscriber loyalty rate, pushed also by the development of websites designed to meet the growing interest of target groups in digital media and the Internet.

Revenues generated by the **Training** BU increased by 30.2% versus the first nine months of 2009.

**Radio 24** revenues, in the period from January to September 2010, increased by 12.5% versus the same period last year, thanks to the progress in advertising revenues. The new website of Radio 24, launched in January with a new design and structure, performed well over the period.

### **Business outlook**

All economic indicators show feeble growth rates for 2010. Against this backdrop, advertising expenditure is predicted to be moderately on the rise, but only slightly offsetting the slumps witnessed over the previous two years, while circulation figures for paid dailies are expected not to budge from the persisting deadlock seen in recent years.

Netted against the discontinuities and the regulatory impacts, and in a market still hampered by poor visibility, 24 ORE Group advertising revenues should be in line with the figures of 2009.

Regarding the professional sector, excluding specialist publishing, forecasts see a substantially stable trend marked by the on-going shift from paper to electronic platforms.

In 4Q10, the Group will continue its efforts to invest in and develop its editorial products, particularly of the daily, with the aim of harnessing market dynamics and the latest technological advances, and will continue to benefit from the positive effects of the direct and operating cost-curbing measures.

To conclude, the final touches are being placed to the 2011-2013 Business Plan, which will be an important beacon for the Group's growth in the next three years.

Looking at the whole 2010 year, despite the marked increase in costs deriving from the legislative provisions related to postage rates for the publishing industry, reasonable forecasts show results improving versus 2009.

Chairman **Giancarlo Cerutti** comments: *“The situation in the publishing industry remains tough, but we have the strength and the projects to maintain our leadership.”*

CEO **Donatella Treu** explains: *“We have started Group turnaround and these figures prove it. We will continue to push hard along this path, with further cost-curbing measures, and step up our efforts in the innovation process underway.”*

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

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**Interim management report as at 30 September 2010**  
**Accounting schedules**

CONDENSED CONSOLIDATED INCOME STATEMENT		
Amounts in € millions	9M 2010	9M 2009
Revenues from sales and services	351.3	368.9
Other operating income	8.4	8.2
Personnel expenses	(132.5)	(142.7)
Change in inventories	(5.6)	(1.8)
Purchase of raw materials and consumables	(17.0)	(24.7)
Costs for services	(170.5)	(175.5)
Other operating costs	(35.4)	(35.0)
Provisions and provision for bad debts	(6.6)	(5.7)
<b>Gross operating profit (EBITDA)</b>	<b>(7.9)</b>	<b>(8.4)</b>
Amortisation, depreciation and impairment	(22.1)	(23.6)
Gains/losses on disposal of non-current assets	0.6	0.4
<b>Operating profit (EBIT)</b>	<b>(29.3)</b>	<b>(31.6)</b>
Financial income (expenses)	0.7	2.1
Income (expenses) from investments	0.1	(0.2)
<b>Pre-tax profit</b>	<b>(28.5)</b>	<b>(29.8)</b>
Income taxes	3.5	7.1
<b>Net profit (loss)</b>	<b>(25.0)</b>	<b>(22.7)</b>
Profit (loss) attributable to non-controlling interests	(0.3)	(0.6)
<b>Profit (loss) attributable to owners of the parent</b>	<b>(24.6)</b>	<b>(22.1)</b>

CONSOLIDATED BALANCE SHEET AND CASH FLOW STATEMENT		
Amounts in € million	30.09.2010	31.12.2009
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	84.2	90.5
Goodwill	73.1	72.9
Intangible assets	91.6	100.5
Investments in associates and joint ventures	3.1	3.1
Available-for-sale financial assets	3.2	2.9
Other non-current financial assets	19.6	19.2
Other non-current assets	1.2	0.8
Deferred tax assets	34.7	29.6
<b>Total</b>	<b>310.6</b>	<b>319.5</b>
<b>Current assets</b>		
Inventories	10.6	15.4
Trade receivables	164.0	193.5
Other receivables	11.8	12.5
Other current assets	8.6	6.8
Cash and cash equivalents	82.8	95.3
<b>Total</b>	<b>277.7</b>	<b>323.6</b>
Assets held for sale	-	3.0
<b>TOTAL ASSETS</b>	<b>588.3</b>	<b>646.1</b>



**CONSOLIDATED BALANCE SHEET AND CASH FLOW STATEMENT (CONT.)**

Amounts in € million	30.09.2010	31.12.2009
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
<b>Equity attributable to owners of the parent</b>		
Share capital	35.1	35.1
Equity reserves	180.3	180.3
Revaluation reserves	20.6	20.6
Hedging and translation reserves	(0.5)	(0.3)
Other reserves	25.5	35.0
Retained earnings	35.6	78.8
Profit (loss) attributable to owners of the parent	(24.6)	(52.6)
<b>Total</b>	<b>272.0</b>	<b>296.9</b>
<b>Equity attributable to non-controlling interests</b>		
Capital and reserves attributable to non-controlling interests	0.6	1.5
Profit (loss) attributable to non-controlling interests	(0.3)	(0.8)
<b>Total</b>	<b>0.3</b>	<b>0.7</b>
<b>Total equity</b>	<b>272.3</b>	<b>297.6</b>
<b>Non-current liabilities</b>		
Non-current financial liabilities	9.2	10.9
Employee benefit obligations	38.4	38.8
Deferred tax liabilities	18.0	21.0
Provisions for risks and charges	17.6	19.2
Other non-current liabilities	0.1	0.0
<b>Total</b>	<b>83.3</b>	<b>89.9</b>
<b>Current liabilities</b>		
Bank overdrafts and loans due within one year	3.7	3.6
Financial liabilities held for trading	0.6	0.5
Trade payables	145.7	161.1
Other current liabilities	11.3	8.8
Other payables	71.6	84.2
<b>Total</b>	<b>232.8</b>	<b>258.2</b>
Liabilities held for sale	-	0.5
<b>Total liabilities</b>	<b>316.1</b>	<b>348.5</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>588.3</b>	<b>646.1</b>

**CONSOLIDATED CASH FLOW STATEMENT**

Amounts in € million	9M 2010	9M 2009
<b>A) CASH FLOWS FROM ORDINARY ACTIVITIES</b>		
Profit (loss) for period attributable to owners of the parent	(24.6)	(22.1)
Adjustments for:		
Depreciation of property, plant and equipment	8.6	8.6
Amortisation of other intangible assets	13.5	14.8
Impairment of other tangible assets and goodwill	-	0.2
Impairment of non-current assets	0.0	0.2
(Gains) loss from sale of property, plant and equipment	0.1	(0.2)
(Gains) loss of intangible assets	(0.1)	(0.2)
(Gains) loss from branch's transfer	(0.6)	(0.1)
(Gains) loss from investments in subsidiaries	(0.1)	0.0
Increase (decrease) in provisions for risks and charges	(1.6)	(0.0)
Increase (decrease) in employee benefits	0.1	(1.2)
Increase (decrease) in deferred tax assets/liabilities	(8.1)	(9.6)
Changes in consolidated scope of operating provisions	(0.1)	(0.0)
Annual instalment of substitute tax	1.5	4.9
Net financial expenses (income)	(0.8)	(2.1)
<b>Cash flows from operating activities before change in working capital</b>	<b>(12.0)</b>	<b>(6.7)</b>
(Increase) decrease in inventories	4.9	1.6
(Increase) decrease in trade receivables	29.5	28.9
Increase (decrease) in trade payables	(15.5)	(9.7)
Income taxes paid	(2.2)	(8.5)
Increase (decrease) in other assets/liabilities	(9.2)	(18.3)
Changes in consolidation scope	0.1	0.0
<b>Changes in net working capital</b>	<b>7.6</b>	<b>(5.9)</b>
<b>NET CASH USED IN OPERATING ACTIVITIES (A)</b>	<b>(4.5)</b>	<b>(12.6)</b>
<b>B) CASH FLOWS FOR INVESTING ACTIVITIES</b>		
Proceeds from the disposal of subsidiaries	1.2	(0.0)
Proceeds from sales property, plant and equipment	0.0	0.6
Proceeds from sales of intangible assets	0.3	0.2
Proceeds from the sale of branches of business	0.1	0.6
Investments in property, plant and equipment	(2.4)	(5.1)
Investments in intangible assets	(5.0)	(7.1)
Other increases in property, plant and equipment	(0.0)	(0.2)
Other increases in goodwill	(0.2)	-
Purchase of investments in subsidiaries	-	(0.9)
Other decreases (increases) in investments in associates	(0.0)	(0.1)
Other decreases (incr.) of other non-current assets and liabilities	(0.4)	(1.3)
Purchase of financial assets available for sale	(0.3)	(0.0)
<b>NET CASH USED IN INVESTING ACTIVITIES (B)</b>	<b>(6.6)</b>	<b>(13.3)</b>
<b>FREE CASH FLOW (A + B)</b>	<b>(11.1)</b>	<b>(25.9)</b>
<b>C) CASH FLOWS FOR FINANCING ACTIVITIES</b>		
Net financial interest received	0.8	2.1
Other changes in financing activities	(2.6)	(10.8)
<b>NET CASH FROM (USED IN) FINANCING ACTIVITIES (C)</b>	<b>(1.8)</b>	<b>(8.7)</b>
<b>NET INCR. (DECR.) IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>(12.9)</b>	<b>(34.6)</b>
<b>OPENING CASH AND CASH EQUIVALENTS</b>	<b>92.1</b>	<b>145.3</b>
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	<b>79.2</b>	<b>110.7</b>
<b>INCREASE (DECREASE) FOR THE PERIOD</b>	<b>(12.9)</b>	<b>(34.6)</b>

NET FINANCIAL POSITION		
Amounts in € million	30.09.2010	31.12.2009
Cash and cash equivalents	82.8	95.3
Bank overdrafts and loans due within one year	(3.7)	(3.6)
<b>Short-term net financial position</b>	<b>79.2</b>	<b>91.6</b>
Non-current financial liabilities	(9.2)	(10.9)
Non-current financial assets and fair value of hedging instruments	18.3	18.1
<b>Medium/long-term net financial position</b>	<b>9.1</b>	<b>7.2</b>
<b>Net financial position</b>	<b>88.3</b>	<b>98.8</b>