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 2013

- **Il Sole 24 ORE** ranks as Italy's leading digital newspaper with 75,900 average digital copies. Total print + digital circulation (ADS figures May 2013) reaches 300,100 average copies and strengthens Il Sole 24 Ore's position as the third most widely-read newspaper in Italy, gaining 14.2% versus May 2012. The strategic decision to focus on the digital business (fee-based website, Il Sole 24 Ore is the only national daily newspaper to have adopted the metered system, with 8,000 subscriptions as of 30 June, circulation of the digital newspaper, business class offering, new products), together with the measures taken to streamline costs, products and the production structure (which is expected to come into full effect in the second half of the year), allows the Group to significantly improve (6 million euro) the Publishing Area's margin, net of advertising revenue.
- **Group digital revenue** grows to 71.6 million euro (36.2% of total in 1H13 versus 30% of total in 1H12), driven by revenue from electronic publishing and IT services, by advertising on digital media and by the success of the newspaper's new digital offering. Tax & Legal digital revenue grows (+1.5%) and contributes 55% of the area's revenue (47% in 1H12), with the value on EBITDA in line with 1H12. Subscribers specifically to the digital versions of the Group's professional magazines increase by 27%.
- Unique browsers of **www.ilsole24ore.com** in 1H13 increase by 16.8%.
- **System advertising sales** drop by 17.1% but do better than the target market (-18.2%). Internet outperforms the market (-0.3%) gaining 5.3% (*Nielsen Media Research* January-May 2013).
- **Costs fall by 21.4 million euro versus 1H12**, thanks to Management and the whole Company's efforts focused on implementing the plan of action approved by the Board of Directors.
- **Radio 24** moves up one notch from 10° to 9° place in the national radio station ranking with 2,134,000 listeners on average day, gaining a position versus the 2012 total figure (+14.3% or 267,000 new listeners).

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MAIN FIGURES OF THE 24 ORE GROUP			
Amounts in € million	1H 2013	1H 2012	
Revenues	197.9	229.6	
Gross operating profit (EBITDA)	(13.8)	(4.2)	(*)
Operating profit (loss) (EBIT)	(24.9)	(13.7)	
Pre-tax profit (loss)	(25.8)	(14.0)	
Profit (loss) for the period	(21.7)	(8.9)	
Profit (loss) attributable to owners of the parent	(21.3)	(8.4)	
Net financial position	(37.4)	5.3	(**)(1)
Equity attributable to owners of the parent	178.4	199.4	(1)
Employees headcount at the end of period	1,833	1,868	(1)

(1) As at 31 december 2012

- **Consolidated revenue** amounts to 197.9 million euro, down 13.8%, due mainly to the advertising market trend and, specifically, to the enduring crisis of financial advertising on Il Sole 24 Ore.
- **Gross Operating Profit (EBITDA)** comes to 13.8 million euro, down 9.6 million euro versus 1H12, as a result of the drop in consolidated revenue of 31.6 million euro and of the improvement in costs and in other income items for a total of 22 million euro.
- **Result attributable to the owners of the Parent** comes to -21.3 million euro, down by 12.8 million euro versus 1H12.
- **Net financial position** -37.4 million euro at 30 June 2013. Compared to the first quarter, Group cash and cash equivalents almost double, while working capital absorption reverses the trend.

Milan, 31 July 2013 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 2013.

Analysis of 1H13 consolidated results

The macroeconomic environment is still stuck in a deep recession that directly affects the print media marketing and advertising investments.

The negative trend continued into the first half of 2013, affected by the on-going severe economic crisis and by the contraction in the final demand by businesses, public entities and households.

(*) 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.

Professional firms, a lucrative market for the Group, saw their income drop below the levels of 2007, owing to the decline in the demand of services and, in particular, to delayed payment by the Public Administration and by private clients.

Meanwhile, the northern part of our Country is witnessing a surge in the number of bankruptcies. In the first quarter alone, defaults in Emilia Romagna, Lombardy and Veneto increased by over 20% (*Il Sole 24 Ore* – 30 May 2013).

The advertising market as a whole, considering all of its components, including television, lost 17.2% versus 2012. System's target market (print, web and radio) fell by 18.2%. Print media advertising sales were severely hit (-23.7%): daily newspapers and magazines contracted by 23.3% and 24.4% respectively. Radio investments fell (-14.6%), and the online business showed a negative performance for the first time ever (-0.3%) (*Nielsen Media Research* – January-May 2013).

In 1H13, the 24 ORE Group achieved **consolidated revenue** of 197.9 million euro, down -13.8% versus 229.6 million euro in 1H12, as a result of the drop in advertising.

Digital revenue amounted to 71.6 million euro, increasing by 2.7 million euro, or 3.8%, versus 1H12. Digital revenue now contributes 36.2% of total consolidated revenue from the previous 30.0%.

Personnel expense decreased by 6.6 million euro, or 8.0%.

Other costs decreased by 16.2 million euro versus 1H12, specifically:

- costs for raw materials and consumables decreased by 4.0 million euro;
- distribution costs decreased by 3.2 million euro (-15.8%);
- production costs decreased by 6.7 million euro (-19.8%);
- commissions and other selling costs decreased by 1.9 million euro, as a direct result of the revenue trend and thanks to the rationalization of the sales structures.

Gross operating profit (Ebitda) came to -13.8 million euro (-4.2 million euro in 2012), dropping by 9.6 million euro versus 1H12.

Operating profit (Ebit) came to -24.9 million euro versus -13.7 million euro in 1H12. Amortization, depreciation and impairment losses amounted to 11.1 million euro versus 10.5 million euro in 2012.

The **result attributable to the owners of the Parent** came to -21.3 million euro versus -8.4 million euro in 1H12.

The **Group's net financial position** -37.4 million euro at 30 June 2013. Compared to the first quarter, Group cash and cash equivalents almost double, while working capital absorption reverses the trend.

Significant events after 30 June 2013

No significant events were reported after the period under review.

Business outlook for the current year

The recession continues to impact negatively on revenue and margins in the publishing industry. According to the main economic research institutes, the second half of the year will hardly see any meaningful reversal in the economy and in the fall in consumption in our Country. Against this backdrop, while forecasts show no noticeable changes in the current advertising revenue trend, a point worth emphasizing is that many of the measures taken (digital development strategy addressing every customer segment, cost reductions already implemented, major streamlining of the production structure, multimedia projects targeted to large advertising clients) will show their effects mainly in the second half of the year, easing at least in part the effects of the crisis.

Under paragraph 2, article 154-bis of the Consolidated Finance Law (TUF), Massimo Luca ARIOLI, 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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Consolidated financial statements of 24 ORE Group as at 30 June 2013

Accounting schedules

CONSOLIDATED INCOME STATEMENT		
Amounts in € millions	1H 2013	1H 2012
1) Continuing operations		
Revenue from newspaper, books and magazines	51.8	66.8
Revenue from advertising	68.1	83.1
Other revenue	78.1	79.7
Total revenue	**197.9**	**229.6**
Other operating income	3.8	4.0
Personnel expenses	(75.7)	(82.3)
Increase in fixed assets for internal work	0.9	-
Change in inventories	(5.0)	0.4
Purchase of raw materials and consumables	(6.0)	(15.3)
Services	(105.7)	(115.0)
Use of third party assets	(14.8)	(16.2)
Other operating costs	(5.2)	(6.1)
Provisions	(0.9)	(0.9)
Provisions for bad debts	(3.0)	(2.5)
Gross operating profit (EBITDA)	**(13.8)**	**(4.2)**
Amortisation of intangible assets	(5.8)	(5.3)
Depreciation of property, plant and equipment	(5.3)	(5.2)
Capital gain (losses) on disposal of non-current assets	0.0	1.0
Operating profit (EBIT)	**(24.9)**	**(13.7)**
Financial income	0.1	0.3
Financial expenses	(1.0)	(0.3)
Total Financial income (expenses)	**(0.9)**	**(0.1)**
Other income from investment assests and liabilities	(0.0)	(0.0)
Gains (losses) from equity-accounted investees	(0.0)	(0.2)
Pre-tax profit	**(25.8)**	**(14.0)**
Income tax	4.1	5.1
Net profit (loss) from continuing operations	**(21.7)**	**(8.9)**
2) Discontinued operations		
Profit (loss) from discontinued operations	**-**	**-**
Profit (loss) for the year	**(21.7)**	**(8.9)**
Profit (loss) attributable to minorities	**(0.4)**	**(0.5)**
Profit (loss) attributable to the shareholders of the parent company	**(21.3)**	**(8.4)**

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CONSOLIDATED BALANCE SHEET AND CASH FLOW STATEMENT

Amounts in € million	30.06.2013	31.12.2012
ASSETS		
Non-current assets		
Property, plant and equipment	70.1	74.0
Goodwill	75.0	75.0
Intangible assets	81.9	82.2
Investments in associates and joint ventures	0.8	0.8
Available-for-sale financial assets	1.2	1.2
Other non-current financial assets	-	0.1
Other non-current assets	3.9	4.0
Deferred tax assets	75.3	69.8
Total	**308.2**	**307.0**
Current assets		
Inventories	12.3	17.3
Trade receivables	148.6	155.1
Other receivables	10.7	10.1
Other current assets	11.5	5.6
Cash and cash equivalents	15.1	12.2
Total	**198.2**	**200.3**
Assets held for sale	-	-
TOTAL ASSETS	**506.4**	**507.3**

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CONSOLIDATED BALANCE SHEET AND CASH FLOW STATEMENT (CONT.)		
Amounts in € million	30.06.2013	31.12.2012
EQUITY AND LIABILITIES		
Equity		
Equity attributable to owners of the parent		
Share capital	35.1	35.1
Equity reserves	180.3	180.3
Revaluation reserves	-	20.6
Hedging and translation reserves	(0.1)	(0.2)
Other reserves	14.4	22.3
Retained earnings	(30.0)	(12.9)
Profit (loss) attributable to owners of the parent	(21.3)	(45.8)
Total	**178.4**	**199.4**
Equity attributable to non-controlling interests		
Capital and reserves attributable to non-controlling interests	(2.6)	0.2
Profit (loss) attributable to non-controlling interests	(0.4)	(2.7)
Total	**(3.0)**	**(2.5)**
Total equity	**175.5**	**197.0**
Non-current liabilities		
Non-current financial liabilities	2.5	3.7
Employee benefit obligations	32.3	32.7
Deferred tax liabilities	11.9	12.0
Provisions for risks and charges	13.4	13.7
Other non-current liabilities	3.0	3.0
Total	**63.1**	**65.1**
Current liabilities		
Bank overdrafts and loans - due within one year	49.9	3.0
Financial liabilities held for trading	0.2	0.3
Trade payables	157.9	173.4
Other current liabilities	7.3	10.5
Other payables	52.6	58.2
Total	**267.9**	**245.3**
Liabilities held for sale	-	-
Total liabilities	**330.9**	**310.4**
TOTAL EQUITY AND LIABILITIES	**506.4**	**507.3**

CONSOLIDATED STATEMENT OF CASH FLOWS		
(in thousands of euro)	1H 2013	1H 2012
Pre-tax profit (loss) attributable to owners of the parent [a]	(25.3)	(13.5)
Adjustments for [b]	**10.9**	**10.1**
Profit (loss) attributable to non-controlling interests	(0.4)	(0.5)
Amortization and depreciation	11.1	10.7
(Gains) loss	0.0	(1.0)
Increase (decrease) in provisions for risks and charges	(0.3)	(0.2)
Increase (decrease) in employee benefits	(0.4)	1.8
Income tax effects and deferred tax assets/liabilities	0.1	(0.8)
Financial income (expenses)	0.8	0.1
Changes in net working capital [c]	**(20.9)**	**9.9**
Increase (decrease) in inventories	5.0	(0.4)
Increase (decrease) in trade receivables	6.6	16.1
Increase (decrease) in trade payables	(15.6)	9.3
Income tax paid	(1.0)	(2.7)
Other changes in net working capital	(15.8)	(12.5)
Total cash flow used in operating activities [d=a+b+c]	**(35.3)**	**6.5**
Cash flow from investing activities [e]	**(6.8)**	**(5.9)**
Investments in intangible assets and property plant and equipment	(6.9)	(5.4)
Purchase of investments in subsidiaries	(0.1)	(0.0)
Proceeds from the disposal of business branches	-	1.0
Other changes in investing activities	0.1	(1.5)
Cash flow from financing activities [f]	**36.3**	**16.9**
Net financial interest received	(0.8)	(0.1)
Repayment of medium/long term bank loans	(1.2)	(1.2)
Changes in short-term bank loans	38.3	-
Net change in non-current financial assets	(0.0)	19.6
Dividends paid	(0.1)	(0.2)
Change in capital and reserves	0.2	(1.2)
Cash flow absorbed during the year [g=d+e+f]	**(5.8)**	**17.5**
OPENING CASH AND CASH EQUIVALENTS	**9.3**	**28.7**
CLOSING CASH AND CASH EQUIVALENTS	**3.5**	**46.2**
INCREASE (DECREASE) FOR THE YEAR	**(5.8)**	**17.5**

CONSOLIDATED NET FINANCIAL POSITION		
Amounts in € million	30.06.2013	31.12.2012
Cash and cash equivalents	15.1	12.2
Bank overdrafts and loans due within one year	(49.9)	(3.0)
Short-term net financial position	**(34.8)**	**9.3**
Non-current financial liabilities	(2.5)	(3.7)
Fair value of hedging instruments	(0.2)	(0.3)
Medium/long-term net financial position	**(2.6)**	**(4.0)**
Net financial position	**(37.4)**	**5.3**