
GRUPPO24ORE

1Q 2015 Results

May 13, 2015

GRUPPO24ORE

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STATEMENT

The Manager mandated to draft corporate accounting documents of Il Sole 24 ORE S.p.A. Valentina Montanari, attests – as per art.154-bis comma 2 of the Testo Unico della Finanza (dlgs.58/1998) – that all the accounting information contained in this presentation correspond to the documented results, books and accounting of the Company.

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- **Increase in consolidated revenues** (+€0.5m, +0.6% yoy) continuing the positive trend started in 2014, thanks to the strategy implemented to create a multimedia system with a chain of specialist digital dailies, which increase revenue from highly profitable digital information content, along with the good performance of advertising sales and training
 - **Il Sole 24 ORE retains its first place as national digital newspaper** (>213k copies, +25.4% vs. March 2014) and it firmly ranks second in digital + paper circulation ranking (389k copies at March 2015, +7% yoy) bucking the market's drop of 3.8% (*ADS January-March 2015*). Complementing the Sole system, in addition to the print+digital copies, the over 30,000 active paid subscriptions to *IlSole24ore.com*
 - **Circulation revenues from the daily newspaper grows** (+0.9%) versus 1Q14
 - **Digital revenues from information content increases by €2.2m or 14.8% versus 1Q14**, and **outperforms revenues from print content**, now accounting for more than 50% of total revenue from content versus 41% in 1Q14
 - **Overall Group digital revenues amounts to €26.5m, contributing 31.2% of total revenues (29.1% in 1Q14), up by 7.8% versus 1Q14**
 - **System strongly outperforms** its reference market: **+3.6% vs -5.2% yoy**
 - Rise in revenues from **Training & Events Area (+€1.0m, +13.1%) and Culture (+2.1% yoy)**
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- **Ebitda on the upgrade** (+€0.4m, +28.3% vs. 1Q14) leads by increase in revenues, to the constant focus on cost containment, to the effects of the reorganization of a number of business areas, and to the reduction in operating costs of corporate functions
 - **Net financial position came to -€21.2m versus +€2.2m at 31 December 2014**, mainly due to the trend in net working capital, in relation to payments at the start of the year, by the different seasonal patterns of collections and by net investments

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Consolidated Key Financial Data

Financial data are presented on a like-for-like basis net of Business Media and Software Solutions disposals

(€m - rounded figures)	1Q 2014	1Q 2015	Δ%
Revenues	84.3	84.8	0.6%
Other operating income	3.4	3.4	0.4%
Personnel expense	(27.9)	(27.7)	0.7%
Direct & operating costs	(57.2)	(58.2)	-1.8%
Provisions	(1.2)	(0.4)	63.5%
EBITDA	1.4	1.8	28.3%
EBITDA Margin %	1.7%	2.2%	
EBIT	(2.2)	(2.0)	9.7%
EBIT Margin %	-2.6%	-2.4%	
Profit/(Loss) before tax	(3.0)	(2.3)	23.1%
PBT Margin %	-3.5%	-2.7%	
Net Profit/(Loss) from continuing operations	(3.8)	(3.0)	20.6%
Minorities	(0.1)	(0.2)	n.m.
Net profit/(Loss) from discontinued operations	(0.8)	0.0	n.m.
Net profit/(Loss) from other discontinued operations	(1.2)	0.0	n.m.
Net Profit/(Loss) after minorities	(5.8)	(2.8)	51.7%
Margin %	-6.9%	-3.3%	
Staff headcount (units)	1,228(*)	1,229	1

GR (*) data as at 31.12.2014

1Q 2015 HIGHLIGHTS

Group consolidated revenue **+0.6%**: increase in **newspaper circulation revenues** (+0.9% yoy), **advertising revenues** (+3.6%), **Training & Event** (+13.1% yoy) and **Culture** (+2.1%)

Overall costs in line with 1Q14

- Decrease in costs for: **raw materials and consumables, printing costs and distribution costs** by a total of €2.1m, thanks to the transition to the digital business; **centralized services of corporate function** (-€1.3m yoy)
- Increase in revenues related costs
- Personnel expense in line with 1Q14

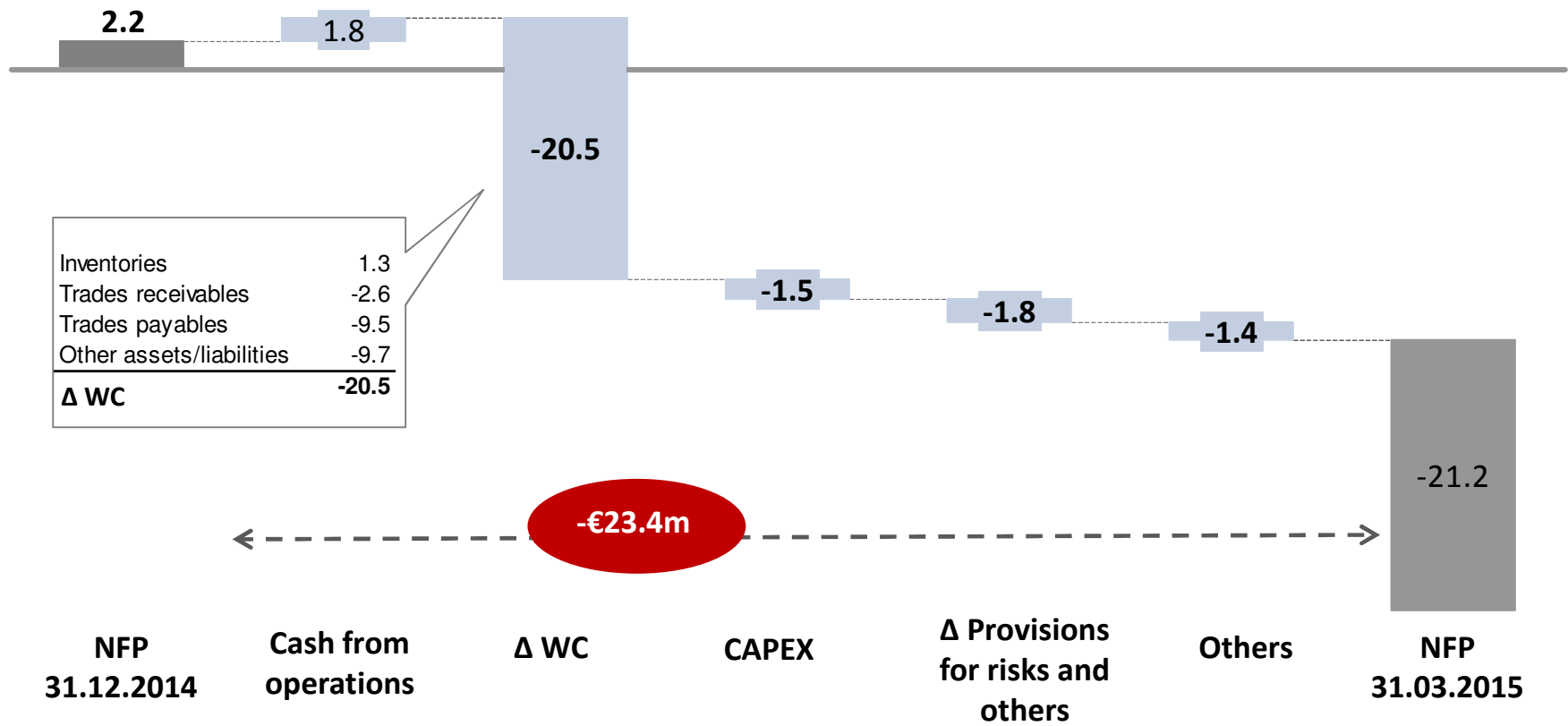
Increase in EBITDA: +€0.4m yoy (+28.3%) as results of increase in revenues, constant focus on cost containment and on organizational, production and distribution structure optimization

EBIT improved by €0.2m yoy due to Ebitda increase

Net profit after minorities on the upgrade (+€3.0m, +51.7%)

Net Financial Position walk

€m – rounded figures



Revenues & EBITDA Breakdown

Financial data are presented on a like-for-like basis net of Business Media and Software Solutions disposals

(€m - rounded figures)		1Q 2014	1Q 2015	Δ%
Publishing	Revenues	60.1	58.2	-3.2%
	EBITDA	3.0	1.6	-45.9%
	<i>EBITDA margin</i>	5.0%	2.8%	
Advertising (System)	Revenues	32.1	33.3	3.6%
	EBITDA	0.8	1.5	93.6%
	<i>EBITDA margin</i>	2.3%	4.4%	
Education & Events	Revenues	7.7	8.7	13.1%
	EBITDA	1.3	1.1	-12.0%
	<i>EBITDA margin</i>	16.8%	13.1%	
Culture	Revenues	5.3	5.5	2.1%
	EBITDA	0.5	(0.2)	-142.8%
	<i>EBITDA margin</i>	8.9%	-3.7%	
Corporate, intercompany & Others	Revenues	(21.0)	(20.9)	0.6%
	EBITDA	(4.1)	(2.2)	46.5%
Il Sole 24 ORE Group	Revenues	84.3	84.8	0.6%
	EBITDA	1.4	1.8	28.3%
	<i>EBITDA margin</i>	1.7%	2.2%	

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- Publishing
- System (Advertising)
- Training & Events
- Culture

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Publishing

The division heads up:

- the daily newspaper *Il Sole 24 ORE* (paper and digital version) and its bundled add-ons and magazines, the new digital products
- *www.ilsole24ore.com* website and the paid online content
- **Professional publishing** include integrated product systems of technical and regulatory content targeting professionals, companies and the Public Administration
- The national “news & talk” radio station **Radio 24**
- **Radiocor** news agency

(€m - rounded figures)	1Q 2014	1Q 2015	Δ%
Circulation/other revenues	39.0	37.2	-4.5%
Revenues from advertising	21.2	21.0	-0.8%
Total Revenues	60.1	58.2	-3.2%
EBITDA	3.0	1.6	-45.9%
<i>EBITDA Margin %</i>	<i>5.0%</i>	<i>2.8%</i>	

Highlights

- ✓ Overall revenues area declined by 3.2% yoy as result of opposite trends:
 - **Decline in paper products revenues** (add-ons, magazines, professional publishing and books)
 - **Digital revenue from information content increased by €2.2m**, or 14.8% versus 1Q14, and outperformed revenue from print content, now accounting for more than 50% of total revenue from content versus 41% in 1Q14
 - **Revenues from advertising in line vs. 1Q14**
- ✓ Positive Ebitda (+€1.6m) as result of digital innovation strategy implemented, cost curbing measures and processes efficiencies put in place

Publishing: Newspaper and website

IL SOLE 24 ORE NEWSPAPER

- Newspaper circulation revenues grows (+0.9% yoy) bucking market trend
- With a digital circulation of approx. 213k copies in March 2015 (+25.4% yoy), Il Sole 24 ORE ranks first among the national newspapers and it firmly ranks second in national digital and paper circulation ranking with approx. 389k copies (+7.4% yoy). In addition to print+digital copies, the Sole system is completed by 30.000 digital subscribers at 31 March 2015(**)
- Vertical newspapers system enriched: development of *Financial Services*, *Consulente Finanziario24* and *Assicurazioni24* and launch of *Quotidiano della Sanità*, a digital newspaper focused on healthcare environment and its regulation
- Positive trend for adverting collection revenues on the international magazine *How to Spend It*, focused on luxury and lifestyle markets

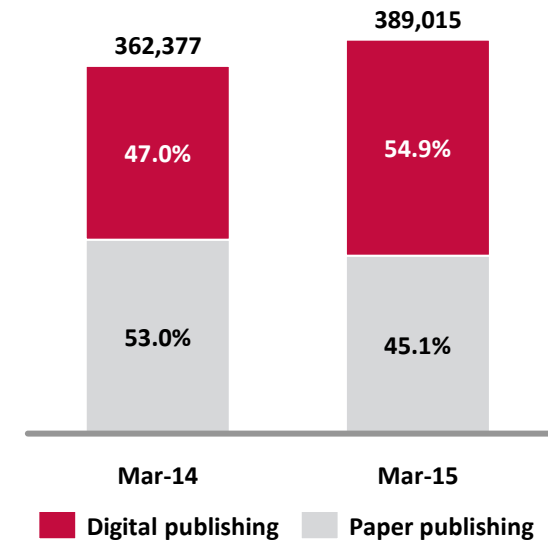
WWW.ILSOLE24ORE.COM WEBSITE

- First fee-based website in Italy, reports in 1Q15 an average of almost 767 thousand unique browsers, up by 8.7%, and an increase in page views by 12.0% versus the average in 1Q14
- Graphical restyling and user experience optimization of mobile version has led to an increase in unique browsers (+196.4% yoy) and in page views (+66.3% yoy)(**)

(*) Source: ADS March 2015 (**) Source: Nielsen Site Census/Omniture Site Catalyst

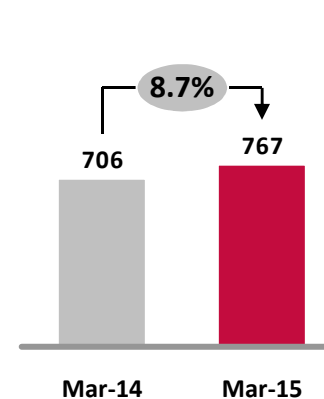
1Q 15 Data

Il Sole 24 ORE: digital and paper circulation(**)

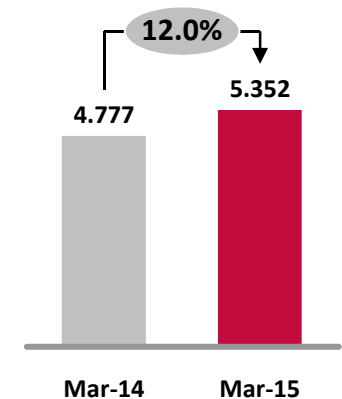


www.ilssole24ore.com: main metrics

Unique browsers(**)



Page views(**)



Publishing: Professional Publishing, Radio & Agency and P.A.

PROFESSIONAL PUBLISHING

- **Positive trend for electronic publishing revenues** mainly due to results achieved by *PlusPlus24 Fisco*, the innovative tax database launched in November 2014, which is the results of technological platforms integration and development process which allowed to bring together contents coming from the Newspaper, specialist magazines, books and the existing databases
- Supported by results gained by *PlusPlus24 Fisco*, in April 2015 has been launched *PlusPlus24 Lavoro*, database focused on labour market
- Launched in March *Norme e Tributi Mese*, a tax research magazines available both in digital and paper version
- Development of new database ***Banca Dati 24***, focused on big clients tailored contents
- Decrease in paper products revenues (magazines and book, -24.9% yoy) due to the turmoil of paper publishing market and paper products portfolio rationalization

RADIO

- Radio 24 steadily ranks 9th among national radios market with approx. 2 millions listeners on average day
- **Advertising sales up to 12.6% vs. 1Q14**, outperforming the national radio market. In terms of space, Radio 24 posts a +9.2% increase versus the same period of 2014 (*Nielsen, analysis by seconds January-March 2015*), with its share of seconds holding ground at 9.4% versus the total radio market

AGENCY & P.A.

- Revenues down by €0.3m vs. 1Q15: focus on integration and content sharing between Agency and Il Sole 24 ORE multimedia system and on costs containment in order to improve results

System (Advertising)

(€m - rounded figures)	1Q 2014	1Q 2015	Δ%
Revenues from Group's products	26.2	26.5	1.2%
Revenues from 3rd parties' products	5.9	6.8	14.1%
Total Revenues	32.1	33.3	3.6%
EBITDA	0.8	1.5	93.6%
<i>EBITDA Margin %</i>	2.3%	4.4%	

Advertising yoy by Area vs Market*

	G. 24 ORE		Market
• Radio	+ 12.6%	✓.	+5.2%
• Online	- 1.0%	✓.	VS. - 5.3%
• Paper Publishing	+ 2.8%	✓.	- 8.0%

(* Source Nielsen Media Research Jan – Feb 2015 for market data)

Highlights

- **System has strongly outperformed its reference market (+3.6% yoy vs. reference market at -5.2%)** as result of its new business policy, based on an increase in sales prices, multimedia projects development and on the engagement of a broader diversified client portfolio
- **Radio24 outperform its reference market** (+12.6% yoy vs. +5.2% yoy) thanks to high quality contents and sale policy, special projects development across the country with customers' sponsored activities
- **Positive trend in revenues on paper products** (+2.8% yoy vs. market at -8.0%) also boosted by advertising collection on HTSI
- Slight decrease in advertising collection on internet -1.0% yoy vs. market at -5.3%
- Cost cutting plan put in place in the second half of 2014 has positively affected profitability : +0.7€m, +93.6% vs. 1Q14

Education & Events

(€m - rounded figures)	1Q 2014	1Q 2015	Δ%
Total Revenues	7.7	8.7	13.1%
EBITDA	1.3	1.1	-12.0%
<i>EBITDA Margin %</i>	16.8%	13.1%	

Highlights

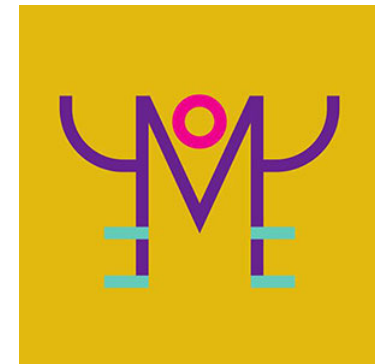
- **Increase in revenues** (+13.1% vs. 1Q14:) driven by:
 - Business school revenues up to 9.0% yoy at €4.3m, thanks to positive trend in Part Time Masters (+28.1% yoy,) with 82 initiatives which had involved more than 1.600 managers and increase in number of Executive Masters in Italian and English
 - Newton Management Innovation and Newton Lab products and services up to 33.5% yoy mainly due to new clients' acquisition and increase in market share
- Less average profitability in events organised in 1Q15 vs. 1Q14 let to a slight decrease in overall area Ebitda

Culture

(€m - rounded figures)	1Q 2014	1Q 2015	Δ%
Total Revenues	5.3	5.5	2.1%
EBITDA	0.5	(0.2)	-142.8%
<i>EBITDA Margin %</i>	<i>8.9%</i>	<i>-3.7%</i>	

Highlights

- **Revenues** at €5.5m yoy, +2.1% vs. vs. 1Q 14
- **Decrease in Ebitda (-€0.7m)** as results of a lower profitability of exhibitions launched in 1Q15 and a delay of two exhibitions openings
- On 26 March 2015, the **Museum of Cultures - MUDEC** opened on the former Ansaldo site, with the start of exhibitions. The Museum is managed on a public-private partnership basis between the Municipality of Milan and 24 ORE Cultura. The Museum of Cultures will host major international exhibitions featuring different artistic languages. The structure will hold a variety of entertainment opportunities, ranging from the bistro to the restaurant, from the design store to the bookshop, from the auditorium to the *Mudec Academy*, including spaces for the education of younger visitors
- Exhibitions ongoing in 1Q15: *Food*, *Medardo Rosso*, *Klimt (Parigi)*, *Mirò (Mantova)*, *Henry Rousseau*, *Tamara De Lempika and Africa e Mondri*



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FY 15 financial goals

	Target	Focus
Revenues vs. 2014	 Single digit	Increase in digital and content revenues in order to offset decrease in paper products revenues
Total costs vs. 2014	 Single digit	<ul style="list-style-type: none"> Continuing cost cutting through efficiencies in productive and distribution processes and organization optimization in all Group's areas Straight focus on increase in revenues related costs
Ebitda vs. 2014	 Double digit	
NFP vs. YE 2014	Negative affected by Capex and restructuring cash out	Positive cash flow from operation

Our strategy

Key pillars	Done so far and keep on doing	
<p>Content integration (Sistema Sole) leveraged by Newspaper leadership</p> <p>Digital innovation of targeted products and services– focus on high-end spending target</p>	<ul style="list-style-type: none"> • Leading national digital newspaper ranking 2th in ADS national digital and paper circulation ranking • Increase in newspaper circulation revenues • Digital revenues outperformed revenues from print contents • Development of verticals enriched by inter-division contents : <i>Plus Plus 24 Fisco, Financial Services, Consulente Finanziario24 and Assicurazioni24, Quotidiano della Sanità</i> • Launch of <i>Banca Dati 24</i> 	
<p>Culture and Education & Events national and international development</p>	<ul style="list-style-type: none"> • Culture area will step up activities, with international events and with the <i>Museo delle Culture</i> opened at end March • Training area will leverage on the opportunities provided by the museum spaces, which will play host to new educational initiatives and events 	
<p>Development of advertising communication integrated projects</p>	<ul style="list-style-type: none"> • Development of multimedia advertising offer targeted to special projects 	
<p>Ongoing organizational, production and process efficiency</p>	<ul style="list-style-type: none"> • Focus on activities aimed at processes optimization and costs reduction 	

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Consolidated Balance Sheet

(€m - rounded figures)	As at 31 Dec 2014	As at 31 Mar 2015
Non-current assets	208.7	206.8
Current assets	168.6	174.2
Total assets	377.3	381.0
Equity attributable to shareholders of parent	109.8	107.0
Equity attributable to non controlling interests	0.8	0.6
Total equity	110.6	107.6
Non-current liabilities	60.5	58.7
Current liabilities	206.3	214.7
Total liabilities	266.8	273.4
Total equity & liabilities	377.3	381.0

Consolidated Cash Flow

(€m - rounded figures)	1Q 2014	1Q 2015
Pre tax Profit/(Loss) attributable to owners of the parent	(5.8)	(2.1)
Adjustments	8.1	1.4
Changes in net working capital	(9.2)	(20.5)
Total net cash generated (absorbed) by operating activities	(6.9)	(21.2)
Total net cash absorbed by investing activities	(1.5)	(1.5)
Free cash flow	(8.4)	(22.7)
Net cash generated (absorbed) by financing activities	10.5	2.1
Net increase (decrease) in cash & cash equivalents	2.1	(20.6)

Consolidated Net Financial Position

(€m - rounded figures)	As at 31 Dec 2014	As at 31 Mar 2015
Cash & cash equivalents	34.5	30.8
Bank overdrafts and loans due within 1 year	(17.2)	(37.0)
Short-term net financial position	17.3	(6.2)
Non-current financial liabilities	(15.0)	(15.0)
Fair value of hedging instruments	(0.0)	(0.0)
Medium/long-term net financial position	(15.1)	(15.1)
Total net financial position	2.2	(21.2)