

1Q 2016 Results

May 13th, 2016

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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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Highlights

- In 1Q16, the 24 ORE Group achieved **consolidated revenue** of 86.0 million euro, up by 0.9 million euro versus 1Q15 (+1.1%), driven by the growth in digital revenue from information content of the Daily and of vertical dailies of 2,1 million euro (+36.3%), by revenue from Education & Services of 0.6 million euro (+7.3%) and from Culture of 0.3 million euro (+ 4.5%). Advertising revenue fell by 1.1 million euro (-3.3%), but was up by 0.4 million euro (+1.3%) on a like-for-like basis
 - **Digital revenue from information content** outperforms revenue from print content, now accounting for more than 58% of total revenue from content versus 53% in 1Q15
 - **Overall Group digital revenue** amounted to 28.1 million euro, accounting for 32.7% of total revenue (31.6% in 1Q15), increasing by 4.5% versus 2015
 - **Circulation revenue from the Daily** grew (+4.5%) versus 1Q15, moving in the opposite direction of the 7.2% drop of the relevant market in overall copies sold (ADS March 2016). Il Sole 24 ORE retains its leadership position in digital copies (226,158 copies) and second place in terms of print+digital circulation in the general daily newspaper ranking with 382,032 copies (ADS March 2016)
- **Gross operating profit (EBITDA)** came to a positive 0.1 million euro versus 1.8 million euro in 1Q15, a difference explained mainly by the drop in advertising revenue, as well as by lower operating income. EBITDA in the Publishing area came to a positive 1.9 million euro, improving versus the result of 1Q15 (+20.2%), confirming the trend of the previous year linked to the digital innovation strategies and to the rationalization and enhancement of the product portfolio, along with cost containment and process efficiency
- **The Net Financial Position** came to -20.5 million euro versus -26.8 million euro at 31 December 2015, improving by 6.3 million euro, thanks to the early cash-in of the vendor loan of 24.5 million euro. Net working capital absorption reflects the seasonality of cash-ins, payment dynamics at the start of the year, investments and the payment of non-recurring charges. Cash flow from operations improved by 4.8 million euro versus 1Q15, due to lower net working capital absorption

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Consolidated Key Financial Data

(€m - rounded figures)	1Q 2015	1Q 2016	Δ%
Revenue	85,1	86,0	1,1%
Other operating income	3,1	1,2	-59,9%
Personnel expense	(27,7)	(28,0)	-1,1%
Direct & operating costs	(58,2)	(58,3)	-0,1%
Provisions	(0,4)	(0,9)	-95,9%
EBITDA	1,8	0,1	-93,7%
EBITDA Margin %	2,1%	0,1%	
EBIT	(2,0)	(4,1)	-103,6%
EBIT Margin %	-2,3%	-4,7%	
Profit/(Loss) before tax	(2,3)	(5,7)	-148,1%
PBT Margin %	-2,7%	-6,6%	
Net Profit/(Loss) from continuing operations	(3,0)	(5,8)	-95,2%
Minorities	0,2	0,0	n.m.
Net Profit/(Loss) after minorities	(2,8)	(5,9)	-107,7%
Margin %	-3,3%	-6,8%	
Average n. of employees	1.207	1.258	

1Q 2016 HIGHLIGHTS

Group consolidated revenue improved by € 0,9m (+1.1% yoy): increase in newspaper circulation revenue (+4,5% yoy), Education & Services (+7,3% yoy), Culture (+4.5%). Advertising revenue fell by 1.1 million euro (-3.3%), but would be up on a like-for-like basis by 0.4 million euro (+1.3%).

Overall costs in line with 1Q15

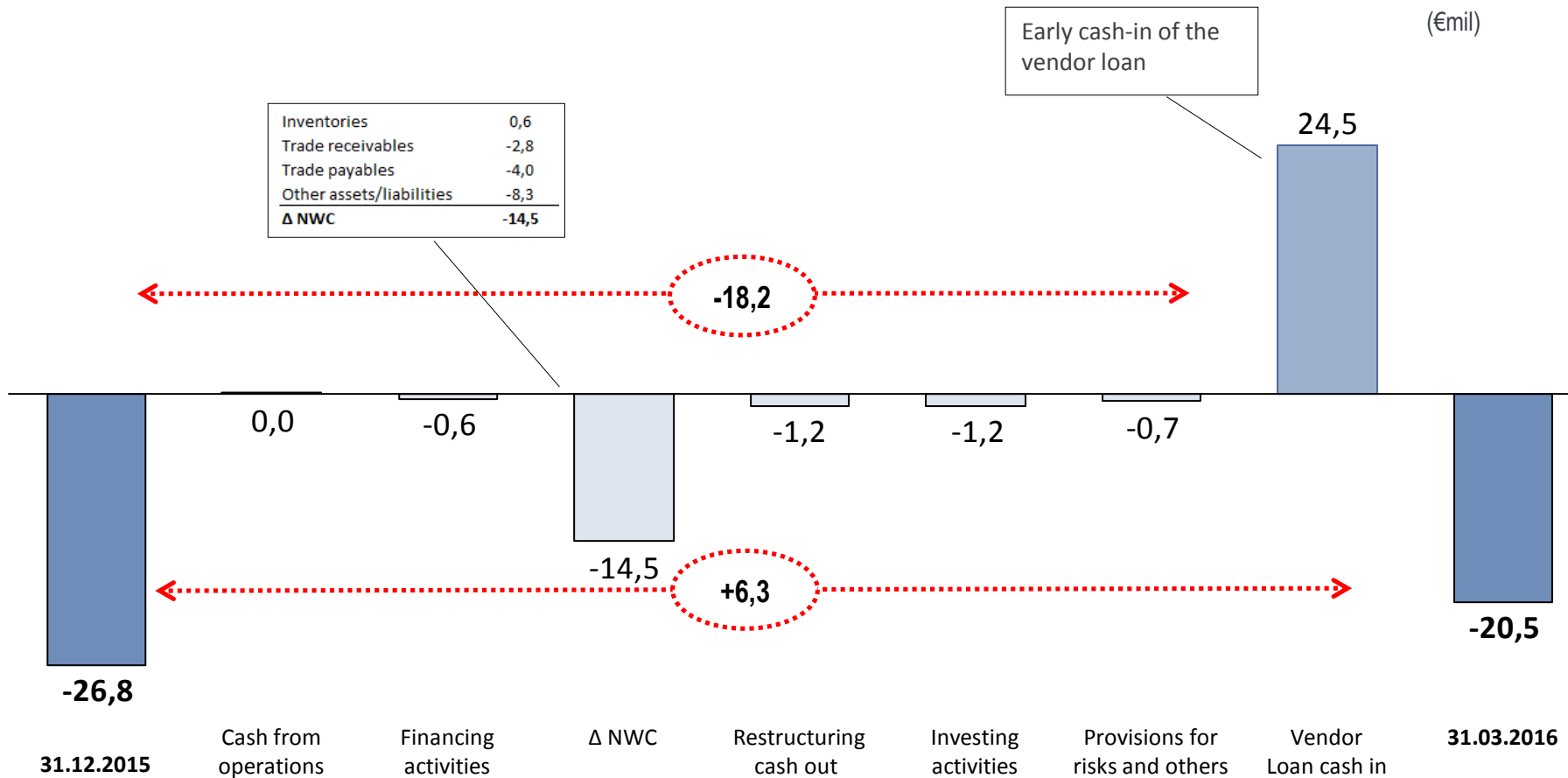
- Decrease in costs for: raw materials and consumables (-€0,4m, -16,9%), distribution costs (-€0,2m, -3,7%), advertising fees to third-party publishers (-€0,5m, -9,5%), promotional and sales costs (-€0,8m, -13,2%)
- Personnel expense up by €0.3m due to the change in the scope of consolidation (Food24) and to the revision of the solidarity contracts with journalists in the first quarter.
- Increase in revenue related costs for sale costs (+€2.2m, +32.3%) according to the increase in revenue from fees relating to the activities developed by TeamSystem

EBITDA came to a positive 0.1 million euro versus 1.8 million euro in 1Q15, a difference explained mainly by the drop in advertising revenue, as well as by lower operating income. EBITDA in the Publishing area came to a positive 1.9 million euro, improving versus the result of 1Q15 (20.2%),

EBIT came to -4.1 million euro versus -2.0 million euro in 2015. Amortization and depreciation amounted to 4.2 million euro versus 3.9 million euro in 1Q15.

Net profit after minorities came to -5.9 million euro versus -2.8 million euro in 2015. The result was affected by financial charges of 1.6 million euro (0.3 million euro in 1Q15), which included the charges of 1.0 million euro from the early cash-in of the vendor loan. 1Q15 had benefited from interest income of 0.5 million euro from the vendor loan.

Net Financial Position walk 1Q 2016



Revenue & EBITDA Breakdown

(€m - rounded figures)		1Q 2015	1Q 2016	Δ%
Publishing	Revenue	58,2	59,7	2,6%
	EBITDA	1,6	1,9	20,2%
	<i>EBITDA margin</i>	2,8%	3,2%	
Advertising (System)	Revenue	33,3	32,2	-3,3%
	EBITDA	1,5	1,0	-30,4%
	<i>EBITDA margin</i>	4,4%	3,2%	
Education & Services	Revenue	8,7	9,4	7,3%
	EBITDA	0,9	1,4	53,6%
	<i>EBITDA margin</i>	10,6%	15,1%	
Culture	Revenue	5,8	6,0	4,5%
	EBITDA	(0,2)	(0,5)	-145,9%
	<i>EBITDA margin</i>	-3,5%	-8,3%	
Corporate, intercompany & Others	Revenue	(20,9)	(21,3)	-1,8%
	EBITDA	(2,0)	(3,8)	-91,4%
24ORE Group	Revenue	85,1	86,0	1,1%
	EBITDA	1,8	0,1	-93,7%
	<i>EBITDA margin</i>	2,1%	0,1%	

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- Publishing
- System (Advertising)
- Education & Services
- 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 vertical newspapers, 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** and **Radiocor Plus** news agency

(€m - rounded figures)	1Q 2015	1Q 2016	Δ%
Circulation/other revenue	37,2	38,5	3,6%
Revenue from advertising	21,0	21,2	0,8%
Total Revenue	58,2	59,7	2,6%
EBITDA	1,6	1,9	20,2%
<i>EBITDA Margin %</i>	<i>2,8%</i>	<i>3,2%</i>	

Highlights

- ✓ Overall revenue area up by 2,6% versus the previous year as result of:
 - **Overall circulation and other revenue up by €1,3m (+3,6%) vs. 1Q15** due to the growth of **digital revenue from information content up by 3,8%** outperforming revenue from print content, now accounting for 57,9% of total revenue from information content (52,8% in 1Q 2015). Digital revenue from information content from the Daily Il Sole 24 Ore and from vertical newspapers grows by 2,1 million, up by 36,3%
 - **Increase in revenue from advertising up by 0,8%** vs. 1Q15 mainly thanks to collection on group websites and on Radio24
- ✓ **Ebitda**, improved by 20,2% yoy, confirm the trend of the previous year linked to the digital innovation strategies and to the rationalization and enhancement of the product portfolio, along with cost containment and process efficiency

Publishing: Newspaper and website

IL SOLE 24 ORE NEWSPAPER

- Circulation revenue from the daily newspaper (print+digital)** grew by 4.5% versus 1Q15 (+0.8 million euro), while the market lost 7.2% in terms of overall copies sold (ADS March 2016), as result of the integrated system solutions (newspaper, vertical newspapers, data base)
- With a digital circulation of over **226k average copies in March 2016 Il Sole 24 ORE ranks first among the national newspapers** and it firmly ranks second in national digital and paper circulation ranking with approx. 382k copies. In addition to print+digital copies, the Sole system is completed by over 37.000 digital subscribers
- In the first quarter of 2016, the daily offer was enriched by several publishing initiatives about social-economic and cultural themes: the ongoing financial education “I tuoi soldi”, the book magazine “English Actually”, the sunday appointment with “*Racconti d'autore*”, “*Le guide*”, “*Focus di Norme e Tributi*”

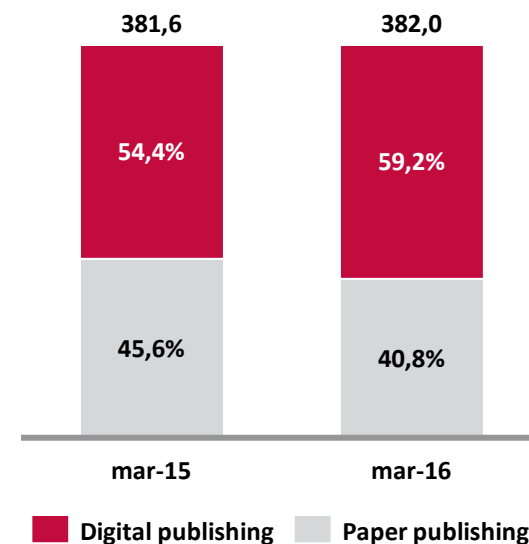
WWW.ILSOLE24ORE.COM WEBSITE

- First fee-based website in Italy, reports in 1Q16 an average of more than 810 thousand unique browsers, up by 5,7%, and an increase in page views by 4,6% versus the average in 1Q15
- Web site mobile version: increase in unique browsers (+56,6% yoy) and in page views (+97,9% yoy)^(**)

(*) Source: ADS Mar 2016 (**) Source: Omniture Sitecatalyst

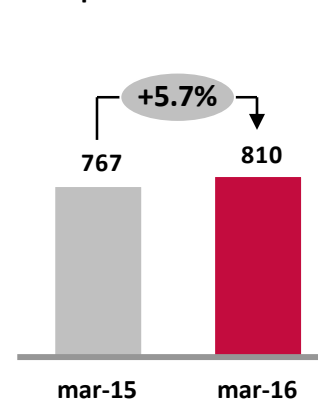
1Q 16 Data (amount in thousand)

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

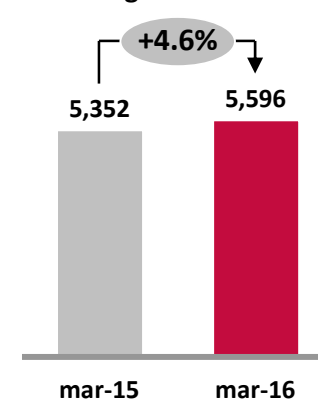


www.ilssole24ore.com: main metrics

Unique browsers^(**)



Page views^(**)



Publishing: Professional Publishing, Radio, Agency

PROFESSIONAL PUBLISHING

- Ongoing development of professional publishing digital products: boost of technological platforms innovation, development processes and products design and usability aimed at enhancing Group's contents
- Overall revenue from specialized magazines and books both paper and digital show an overall decrease of 13.7% compared to the same period of 2015.

RADIO

- Advertising revenue increased by 2.2% yoy versus market up by 1.8%
- Radio 24 ranks 9th among national radios market with approx. 2 millions listeners on average day
- In the last quarter of 2015 (last available data), Monday – Friday listeners increased by +6.5% yoy and Sunday listeners increased by 18% vs. previous quarter (GFK Eurisko; RadioMonitor) as result of changes in the show schedule
- Increase in podcast listening (+24% yoy) with more than 5.4 million downloaded files

AGENCY

- Revenue up by 2.9% vs. 1Q15: focus on integration and content sharing between the agency Radiocor Plus and Il Sole 24 ORE multimedia system with a focus on Financial Services' offer

System (Advertising)

(€m - rounded figures)	1Q 2015	1Q 2016	Δ%
Revenue from Group's products	26,5	26,1	-1,4%
Revenue from 3rd parties' products	6,8	6,0	-10,7%
Total Revenue	33,3	32,2	-3,3%
EBITDA	1,5	1,0	-30,4%
<i>EBITDA Margin %</i>	4,4%	3,2%	

Advertising yoy by Area vs Market*

	Market		G. 24 ORE like for like	G. 24 ORE
• Radio	+1.8%		+ 2.2%	+ 2.2%
• Online	+2.2%	VS.	+9.2%	- 4.1%
• Paper Publishing	- 2.5%		- 1.1%	- 3.3%

(* Source Nielsen Media Research Jan – Feb 2016 for market data)

Highlights

- Decrease in advertising revenue due mainly to the termination of some third-party publisher concessions (as FAZ, LePoint, FD, ElEconomista, Sky, Borsa Italiana). On a like for like basis, **the area revenue was up by 1.3%**. The relevant market dropped by an overall 0.6% (*Nielsen January – February 2016*).
- **Radio24** outperforms its reference market with an increase of 2.2% yoy (vs.+1.8% yoy) thanks to high quality contents, targeted sale policy and special projects development
- Decrease in **Newspaper advertising** collection: the daily Il Sole 24ORE ended the quarter down by 1.3%, dropping more moderately than the daily newspaper market (-1.5%, *Nielsen January-February*).
- **Decrease in advertising collection on internet** (-4,1%) but increase of 9,2% on a like for like basis, versus market at +2,2% (*Fonte: Nielsen – gennaio-febbraio 2016*).

Education & Services

(€m - rounded figures)	1Q 2015	1Q 2016	Δ%
Total Revenue	8,7	9,4	7,3%
EBITDA	0,9	1,4	53,6%
<i>EBITDA Margin %</i>	<i>10,6%</i>	<i>15,1%</i>	

Highlights

- **Increase in revenue** (+7.3% vs. 1Q15) thanks to the good performance of the Business School, driven by the increase in initiatives completed and in attendants, and by the new Next24 product line, launched in 2015, with the support services to businesses in the innovation and digital transformation processes
 - Business School revenue up by 0.7% yoy also as result of increase in *Master Full Time* (+21.3% yoy)
 - Newton Management Innovation for education and Newton Lab for events down by 6.5% yoy
 - Revenue from new Next24 product line amounted to 0.8 milion
- Rise in revenue and cost containment have positively affected overall area profitability: +0.5m vs. 1Q15 (+53.6% yoy)

Culture

(€m - rounded figures)	1Q 2015	1Q 2016	Δ%
Total Revenue	5,8	6,0	4,5%
EBITDA	(0,2)	(0,5)	-145,9%
<i>EBITDA Margin %</i>	-3,5%	-8,3%	

Highlights

- **Revenue** at €6.0m yoy, +4.5% vs. 1Q15
- The first quarter of 2016 saw the opening of the exhibition *Symbolism. Art in Europe from the Belle Époque to the Great War* at Palazzo Reale and, on 24 March, the launch of the 2016-2017 MUDEC season with the exhibition on *Mirò*
- Decrease in **Ebitda** (-€0.3m) is attributable to the fact that in the first quarter of 2015 were held exhibitions dedicated to Chagall and Van Gogh particularly successful with a large number of visitors
- In the first quarter **visitors** to the exhibitions were 389k, of which 150k at MUDEC



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FY 2016 OUTLOOK

Revenue vs. 2015



Single digit

- Focus on digital and content revenues
- Education and digital education revenues

Ebitda vs. 2015



Double digit

- Push on organization optimization
- Efficiencies in productive and distribution processes
- Focus on revenues related costs

NFP vs. 2015



Decrease in net debt

- Software Solution Vendor Loan cash in *(on March, 3rd 2016)*
- Positive cash flow from operations

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Consolidated Balance Sheet

(€m - rounded figures)

	As at 31 Dec 2015	As at 31 Mar 2016
Non-current assets	198.1	169.6
Current assets	164.1	181.3
Total assets	362.2	350.9
Equity attributable to shareholders of parent	86.7	80.8
Equity attributable to non controlling interests	0.5	0.5
Total equity	87.2	81.3
Non-current liabilities	53.6	52.9
Current liabilities	221.4	216.6
Total liabilities	275.0	269.6
Total equity & liabilities	362.2	350.9

Consolidated Cash Flow

(€m - rounded figures)	1Q 2015	1Q 2016
Pre tax Profit/(Loss) attributable to owners of the parent	(2.1)	(5.7)
Adjustments	1.4	4.9
Changes in net working capital	(20.5)	(15.7)
Total net cash generated (absorbed) by operating activities	(21.2)	(16.4)
Total net cash absorbed by investing activities	(1.5)	(1.2)
Free cash flow	(22.7)	(17.6)
Net cash generated (absorbed) by financing activities	2.1	29.6
Net increase (decrease) in cash & cash equivalents	(20.6)	12.0

Consolidated Net Financial Position

(€m - rounded figures)	As at 31 Dec 2015	As at 31 Mar 2016
Cash & cash equivalents	39.1	50.4
Bank overdrafts and loans due within 1 year and other financial debt	(51.0)	(55.9)
Short-term net financial position	(11.8)	(5.5)
Non-current financial liabilities	(15.0)	(15.0)
Fair value of hedging instruments	0.0	0.0
Medium/long-term net financial position	(15.0)	(15.0)
Total net financial position	(26.8)	(20.5)