
GRUPPO24ORE

FY 2013 Results

March 19, 2014

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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Highlights (1/2)

- **Il Sole 24 ORE** retains its ranking in December 2013 as Italy's leading digital newspaper with 149,000 copies. Total print + digital circulation (*ADS December 2013*) reaches 343,566 copies and makes Il Sole 24 ORE the third major newspaper in Italy. The benefits from the digital development strategy, namely the strong growth of digital circulation, the launch of new products and the streamlining of paper products, along with the cost-cutting measures particularly in the industrial area, have allowed the Group to improve the Publishing Area's EBITDA by 5.5 million euro net of non-recurring charges, and by 24.5 million euro net of the drop in advertising revenue, despite remaining in negative territory
- **Group digital revenue** rises to 141.8 million euro (36.8% of total in 2013 versus 31.1% in 2012), lifted by the success of the newspaper's new digital offering, by the digital revenue of Tax&Legal and by digital media advertising. Tax&Legal digital revenue now contributes 59.8% of the area's revenue (52.5% in 2012) and allows EBITDA margin to stay in line with last year's result. Subscribers specifically to the digital versions of the Group's professional magazines increase by 23.8%
- **www.ilsole24ore.com** is the only website in Italy to have adopted the fee-based (metered) system, with over 15,000 subscriptions as of 31 December. At the same date, unique browsers of the website on average day increase by +17.2% versus 2012. Unique users and page views on mobile platforms also report a sharp rise, increasing by +10.6% and +11.8% respectively versus 2012 (*Omniture Site Catalyst / Nielsen SiteCensus*)
- **Radio 24 listeners** grow by 9.6% against the market's 1.3% (*Gfk Eurisko 2013*), and retains its 9th position in the national radio ranking with over 2 million listeners on average day
- **Radiocor** revenue is up 2.3%, thanks also to the new international agreements

Highlights (2/2)

- **Consolidated revenue** amounts to 385.5 million euro, down 10.5%, due mainly to the lingering crisis in the advertising market. In 4Q13 revenue showed a more modest drop (-6.3% versus 4Q12) versus the previous quarters (-13.3% in 1Q13,-14.2% in 2Q13, and -7.5% in 3Q13)
- **System advertising** sales drop by 8.8% (against the market's -12.3% and the reference market's -15.8%). Good performance by online advertising sales, which rise by 9.5% outperforming the market's -1.8% (Nielsen Media Research, January-December 2013)
- **Costs fall by 53.7million euro (-11.6%)** versus 2012, net of non-recurring charges and digital development costs, thanks to Management and the entire company's focus on the implementation of the digital strategy and the action plan approved by the Board of Directors. The overall drop in costs is greater than the decline in revenue. Overall costs of non-recurring charges decrease by 40.1 million euro versus 2012
- **Gross Operating Profit (EBITDA) net of non-recurring charges amounts to -16.5 million euro and improves by 30.3% versus 2012**, thanks to the cost-curbing measures adopted, to the benefits from the paper + digital integration strategy, to the acceleration in product innovation, especially digital products, to the increasingly segmented solutions and to the streamlining of the productive structure. In 2H13, these measures allowed the Group to improve comparable EBITDA by 16.8 million euro versus 2H12, while 4Q13 sees comparable EBITDA back to black at 2.3million euro. Overall EBITDA amounts to -42.7 million euro versus -41.7 million euro in 2012
- **Operating Profit (EBIT)** net of non-recurring charges comes to -38.2 million euro versus -45.5 million euro in 2012, improving by 16%
- **The result attributable to the owners of the Parent net of non-recurring charges** comes to -39.3 million euro, increasing by 21.7 million euro versus 2012. Net consolidated profit, inclusive of non-recurring charges of 36.9 million euro, comes to -76.2 million euro (-45.8 million euro in 2012 inclusive of non-recurring charges of 28.5 million euro and a positive amount for advance tax of 27.9 million euro)
- **The Net Financial Position** is unchanged versus September 2013 and comes to -48.6 million euro

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Key Financial Data (1/2)

(€m - rounded figures)	Q4 2012	Q4 2013	Δ%	FY2012	FY2013	Δ%
Revenues	115.0	107.7	-6.3%	430.9	385.5	-10.5%
Other operating income	2.5	2.7	8.8%	7.6	9.9	30.2%
Increase in fixed assets for internal work	0.0	0.7	<i>n.m.</i>	0.0	2.0	<i>n.m.</i>
Personnel expense	(44.8)	(50.3)	-12.1%	(162.4)	(154.3)	5.0%
Direct & operating costs	(88.9)	(81.5)	8.4%	(306.8)	(277.0)	9.7%
Provisions	(5.4)	(3.2)	40.7%	(11.0)	(8.7)	20.7%
EBITDA	(21.7)	(23.8)	10.0%	(41.7)	(42.7)	-2.3%
<i>EBITDA Margin %</i>	<i>-18.8%</i>	<i>-22.1%</i>		<i>-9.7%</i>	<i>-11.1%</i>	
EBIT	(37.7)	(39.8)	5.5%	(73.7)	(75.1)	-1.9%
<i>EBIT Margin %</i>	<i>-32.8%</i>	<i>-37.0%</i>		<i>-17.1%</i>	<i>-19.5%</i>	
Profit/(Loss) before tax	(37.6)	(38.7)	2.9%	(73.8)	(75.6)	-2.4%
<i>PBT Margin %</i>	<i>-32.7%</i>	<i>-35.9%</i>		<i>-17.1%</i>	<i>-19.6%</i>	
Net Profit/(Loss)	(24.2)	(45.3)	<i>n.m.</i>	(48.4)	(76.1)	<i>n.m.</i>
Net Profit/(Loss) after minorities	(23.1)	(45.9)	<i>n.m.</i>	(45.8)	(76.2)	<i>n.m.</i>
Average staff headcount (units)				1,855	1,812	-43

Key Financial Data (2/2)

(€m - rounded figures)	FY2012	one-offs	FY2012 net of one-offs	FY2013	one-offs	FY2013 net of one-offs	Δ%	Δ% net of one-offs
Revenues	430.9		430.9	385.5		385.5	-10.5%	-10.5%
EBITDA	(41.7)	(18.0)	(23.7)	(42.7)	(26.2)	(16.5)	-2.4%	30.3%
<i>EBITDA Margin %</i>	-9.7%		-5.5%	-11.1%		-4.3%		
EBIT	(73.7)	(28.1)	(45.5)	(75.1)	(36.9)	(38.2)	-2.0%	16.0%
<i>EBIT Margin %</i>	-17.1%		-10.6%	-19.5%		-9.9%		
Profit/(Loss) before tax	(73.8)	(28.1)	(45.7)	(75.6)	(36.9)	(38.7)	-2.5%	15.2%
<i>PBT Margin %</i>	-17.1%		-10.6%	-19.6%		-10.0%		
Net Profit/(Loss)	(48.4)	(28.1)	(20.3)	(76.1)	(36.9)	(39.3)	<i>n.m.</i>	<i>n.m.</i>
Net Profit/(Loss) after minorities	(45.8)	(28.1)	(17.6)	(76.2)	(36.9)	(39.3)	<i>n.m.</i>	<i>n.m.</i>

Revenues & EBITDA Breakdown

(€m - rounded figures)		Q4 2012	Q4 2013	Δ%	FY2012	FY2013	Δ%
Publishing	Revenues	48.7	44.7	-8.2%	200.9	170.5	-15.2%
	EBITDA	(10.7)	(11.6)	-8.9%	(37.6)	(40.0)	-6.2%
	<i>EBITDA margin</i>	-21.9%	-26.0%		-18.7%	-23.4%	
Advertising (System)	Revenues	31.8	34.4	8.2%	125.2	113.9	-9.0%
	EBITDA	(0.8)	(0.9)	24.5%	(4.2)	(3.7)	12.4%
	<i>EBITDA margin</i>	-2.4%	-2.7%		-3.4%	-3.2%	
Professional Publishing	Revenues	44.8	40.8	-8.9%	164.7	151.6	-8.0%
	EBITDA	7.5	8.0	6.7%	29.3	28.9	-1.5%
	<i>EBITDA margin</i>	16.8%	19.7%		17.8%	19.0%	
Radio	Revenues	3.8	4.5	18.1%	14.0	13.8	-1.4%
	EBITDA	0.1	0.1	38.8%	(0.2)	(0.3)	-41.1%
	<i>EBITDA margin</i>	2.2%	2.6%		-1.7%	-2.5%	
Culture	Revenues	7.9	4.6	-41.4%	17.2	10.8	-37.2%
	EBITDA	(3.3)	(0.5)	<i>n.m.</i>	(7.2)	(3.0)	58.1%
	<i>EBITDA margin</i>	-41.6%	-10.6%		-42.0%	-28.0%	
Corporate, intercompany & Others (*)	Revenues	(22.0)	(21.3)	3.2%	(91.1)	(75.1)	17.6%
	EBITDA	(14.5)	(18.9)	<i>n.m.</i>	(21.7)	(24.5)	<i>n.m.</i>
Il Sole 24 ORE Group	Revenues	115.0	107.7	-6.3%	430.9	385.5	-10.5%
	EBITDA	(21.6)	(23.8)	10.1%	(41.7)	(42.7)	-2.4%
	<i>EBITDA margin</i>	-18.8%	-22.1%		-9.7%	-11.1%	

(*) Others include Fabbrica24 and E-commerce

Starting from January 2013, the Group reorganized its business areas by reshaping products and activities:

- the business unit **Publishing and Digital** has been established within the wider Publishing area to complete the integration between paper and digital. The division now includes the publishing division, the digital edition of the newspaper, the new digital products and the web site www.ilsole24ore.com.
- a new area **Fabbrica24 and E-Commerce** has been established with the aim to join competences for the development of the new e-commerce and core business related start-ups

To compare the figures of the two periods on a like-for-like basis, the results of FY2012 have been reclassified according to the 2013 organisation

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 - Software Solutions
 - Training & Events
- Radio
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Publishing

- Starting from January 2013, the business unit Publishing and Digital has been set up to complete the integration between paper and digital. The division now includes the publishing division, the digital edition of the newspaper, the new digital products and the web site *www.ilsole24ore.com*
- Il Sole 24 ORE* is the first national digital newspaper with **149.000 average digital copies** and it ranks third in ADS national digital and paper circulation with **>343.000 average copies***
- www.ilsole24ore.com**: FY13 average daily unique users **+17.2% yoy**. *Mobile unique users +10.6% yoy and page views +11.8% yoy(**)*

(€m - rounded figures)	Q4 2012	Q4 2013	Δ%	FY 2012	FY 2013	Δ%
Circulation/other revenues	26.3	24.3	-7.4%	107.0	95.6	-10.7%
Revenues from advertising	22.4	20.4	-9.0%	93.9	74.9	-20.3%
Total Revenues	48.7	44.7	-8.2%	200.9	170.5	-15.2%
EBITDA	(10.7)	(11.6)	-8.9%	(37.6)	(40.0)	-6.2%
<i>EBITDA Margin %</i>	<i>-21.9%</i>	<i>-26.0%</i>		<i>-18.7%</i>	<i>-23.4%</i>	

Highlights

- ✓ Going on in the strengthening of print and paper integration and launch of new paid products aimed at increasing Group's offer:
 - *January*: launch of the **paid version of the web site *www.ilsole24ore.com* and of new paper subscription offers**. As of December 31th 2013, website subscribers were approximately **15.000**
 - *Summer*: following the successful launch in April of the wider products and services multiplatform system "**Business Class**", "**Business Class Chartered Accountant**", the platform that collects Group's products for taxation professionals (spanning from newspaper to magazines and data bases) has been launched. In September it has been enriched by *Quotidiano del fisco*, the new digital product which gathers all Group's renown tax sources
 - *Q4 13*: launch of three digital thematic newspapers targeted to finance professionals (**Finanza24**), legal professionals (**Legal Newspaper**) and real estate professionals (**Business Class House&Land**) also included in the multiplatform system "Business Class"
- ✓ Decrease in revenues for magazines (-35.8% yoy) due to reference market contraction and portfolio rationalization
- ✓ Agency and Public Administration business unit revenues up 2.3% vs. FY12 thanks to increase in press products' revenues (newsletters both in Italian and in English) and the partnership with LSE Group/Borsa Italiana, Bloomberg, VWD, Dow-Jones Factiva and Microsoft-MSN

(*) Source: ADS Dec. 2013

(**) Source: Omniture Site Catalyst/Nielsen Site Census

System (Advertising)

(€m - rounded figures)	Q4 2012	Q4 2013	Δ%	FY2012	FY2013	Δ%
Revenues from Group's products	25.9	26.1	0.7%	109.4	90.6	-17.1%
Revenues from 3rd parties' products	5.9	8.3	41.5%	15.8	23.3	47.5%
Total Revenues	31.8	34.4	8.2%	125.2	113.9	-9.0%
EBITDA	(0.8)	(0.9)	24.5%	(4.2)	(3.7)	12.4%
<i>EBITDA Margin %</i>	<i>-2.4%</i>	<i>-2.7%</i>		<i>-3.4%</i>	<i>-3.2%</i>	

Advertising yoy by Area vs Market*

	G. 24 ORE	VS.	Market
• Online	+ 9.5%	✓.	- 1.8%
• Newspaper	- 23.7%		- 19.5%
• Radio	- 2.5%	✓.	- 9.3%

(*) Source: Nielsen Jan.– Dec. 2013 for market data

Highlights

- ✓ Despite the negative trend in revenues (-9.0%), System still outperforms the reference market (-15.8%) thanks to actions put in place to enrich offer through third parties licensed media acquisitions both in domestic and international markets
- ✓ Improving trend for paper products advertising collection (-15.1% vs. FY12 compared to 9M13 at -20.9% vs. 9M12) mainly due international media licensed
- ✓ Radio24 outperforms the reference market (-2.5% vs. -9.3%) thanks to the strength of its unique publishing offer, commercial policy and special projects development
- ✓ Positive trend in revenues from internet advertising collection: +9.5% vs. market (-1.8%)

Professional Publishing: Breakdown

(€m - rounded figures)	Q4 2012	Q4 2013	Δ	FY 2012	FY 2013	Δ
Professional Publishing						
Revenues	44.8	40.8	(4.0)	164.7	151.6	(13.1)
EBITDA	7.5	8.0	0.5	29.3	28.9	(0.4)
<i>EBITDA margin</i>	16.8%	19.7%		17.8%	19.0%	
Tax & Legal						
Revenues	20.1	15.9	(4.2)	78.0	65.6	(12.4)
EBITDA	4.8	3.5	(1.3)	21.5	17.9	(3.6)
<i>EBITDA margin</i>	23.8%	21.8%		27.6%	27.2%	
Software Solutions						
Revenues	17.2	16.6	(0.6)	63.3	61.2	(2.0)
EBITDA	1.3	2.6	1.2	5.0	7.5	2.5
<i>EBITDA margin</i>	7.8%	15.5%		7.9%	12.3%	
Traning & Events						
Revenues	7.6	8.4	0.8	23.7	25.1	1.4
EBITDA	1.4	2.0	0.6	2.8	3.5	0.7
<i>EBITDA margin</i>	18.5%	24.2%		11.8%	14.0%	

Professional Publishing: Tax & Legal

(€m - rounded figures)	Q4 2012	Q4 2013	Δ%	FY 2012	FY 2013	Δ%
Circulation/other revenues	19.9	15.8	-20.9%	77.4	65.1	-15.9%
Revenues from advertising	0.2	0.1	-32.0%	0.6	0.5	-18.0%
Total Revenues	20.1	15.9	-21.0%	78.0	65.6	-15.9%
EBITDA	4.8	3.5	-27.8%	21.5	17.9	-17.0%
<i>EBITDA Margin %</i>	23.8%	21.8%		27.6%	27.2%	

Highlights

- ✓ Decrease in revenues (-15.9% vs. FY12) due to:
 - The ongoing decline in sales of paper products (-38.8% books, -27.5% magazines yoy)
 - Books publishing plan and magazines portfolio rationalization with the switch of some products to the sole digital version
- ✓ **Digital revenues on total business unit revenues shift from 52.5% in FY12 to 59.8% in FY13.** Subscribers to the sole digital versions of professional magazines increased by 23.8%
- ✓ Online offer enrichment and digitalization of paper products' portfolio positively contributed to business unit digital revenues growth also supported by contents integration in multiplatform system "*Business Class*"
- ✓ The different revenues mix has allowed to keep steady profitability (27.0% Ebitda margin)

Professional Publishing: Software Solutions

(€m - rounded figures)	Q4 2012	Q4 2013	Δ%	FY 2012	FY 2013	Δ%
Total Revenues	17.2	16.6	-3.5%	63.3	61.2	-3.2%
EBITDA	1.3	2.6	<i>n.m.</i>	5.0	7.5	50.2%
<i>EBITDA Margin %</i>	7.8%	15.5%		7.9%	12.3%	

Highlights

- ✓ Economic turmoil still strongly hits Italian companies and their expenditure levels, thus also affecting the overall division performance (-3.2% in revenues vs. FY12), particularly damaged by the crisis which involves the construction and SME IT markets
- ✓ Strong increase in profitability (+50.2% yoy) despite negative trend in revenues
- ✓ In June **24ORE Cloud**, the professional marketplace which collects apps and softwares for micro & small enterprises, has been launched
- ✓ Since early September, *EasyLex Cloud* (high-end legal market cloud solution) and *Via Libera Condominio Cloud* (software targeted to building administrators) are available for sale

Professional Publishing: Training & Events

(€m - rounded figures)	Q4 2012	Q4 2013	Δ%	FY 2012	FY 2013	Δ%
Total Revenues	7.6	8.4	10.7%	23.7	25.1	5.9%
EBITDA	1.4	2.0	44.4%	2.8	3.5	25.7%
<i>EBITDA Margin %</i>	18.5%	24.2%		11.8%	14.0%	

Highlights

- ✓ Increase in revenues (+5.9%yoy) due to:
 - Positive performance of Business School revenues (+11.2% yoy) boosted by the strong performance of Full Time Masters (+20.0% yoy) and increase in Part Time Masters (+2.6%yoy)
 - Increase in revenues for Newton Management Innovation and Newton Lab (+11.1% yoy) as the result of new clients' acquisition

Radio

(€m - rounded figures)	Q4 2012	Q4 2013	Δ%	FY2012	FY2013	Δ%
Revenues from advertising	3.7	4.3	17.5%	13.4	13.3	-1.1%
Circulation/other revenues	0.1	0.2	35.8%	0.6	0.5	-9.5%
Total Revenues	3.8	4.5	18.1%	14.0	13.8	-1.4%
EBITDA	0.1	0.1	38.8%	(0.2)	(0.3)	-41.1%
<i>EBITDA Margin %</i>	2.2%	2.6%		-1.7%	-2.5%	

Highlights

- ✓ Radio 24 listeners grow at 9.6% yoy vs. market at +1.3% yoy^(*) positioning 9th in the national radio ranking with over 2 million listeners on average day
- ✓ Decrease in revenues (-1.4% vs. FY12) but steady market share in seconds at 9.0%
- ✓ Radio24 website launched in February 2014 has experienced +63.0% yoy in monthly average unique users and +11.0% in monthly average page views^(**)
- ✓ Focus on digital development by the strengthening of highway broadcasting plants

(*) Source: GFK Eurisko FY 2013

(**) Source: Nielsen Site Census, Omniture Site Catalyst

Culture

(€m - rounded figures)	Q4 2012	Q4 2013	Δ%	FY 2012	FY 2013	Δ%
Total Revenues	7.9	4.6	-41.4%	17.2	10.8	-37.2%
EBITDA	(3.3)	(0.5)	n.m.	(7.2)	(3.0)	58.1%
<i>EBITDA Margin %</i>	-41.6%	-10.6%		-42.0%	-28.0%	

Highlights

- ✓ Revenues down by 37.2% yoy at €10.8m, due to the closure of Alinari 24ORE and to a different mix between directly management and co-produced exhibitions
- ✓ Profitability has strongly improved (+58.1% vs. FY12). Ebitda net of non recurring charges improves by €2.6m mainly due to the closure of Alinari 24ORE
- ✓ Art Exhibitions launched in FY13:
 - *Modigliani, Soutine e gli artisti maledetti*
 - *Warhol*
 - *The Desire for freedom. Arte in Europa dal 1948*
 - *Brain*
 - *Manet*
 - *Kandinsky*
 - *Homo Sapiens*
 - *Munch*
 - *Pollock e gli Irascibili*

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Consolidated Balance Sheet

(€m - rounded figures)	As at 31 Dec 2012	As at 31 Dec 2013
Non-current assets	307.0	285.2
Current assets	200.3	170.2
Assets available for sale	-	1.3
Total assets	507.3	456.7
Equity attributable to shareholders of parent	199.4	121.6
Equity attributable to minority interests	(2.5)	0.3
Total equity	197.0	121.9
Non-current liabilities	65.1	52.5
Current liabilities	245.3	278.0
Liabilities available for sale	-	4.2
Total liabilities	310.4	334.7
Total equity & liabilities	507.3	456.7

Consolidated Cash Flow

(€m - rounded figures)	Q4 2012	Q4 2013	FY2012	FY2013
Pre tax Profit/(Loss) attributable to owners of the parent	(36.5)	(39.3)	(71.1)	(75.7)
Adjustments	11.2	16.5	27.1	31.9
Changes in net working capital	15.4	21.4	32.7	2.9
Total net cash generated (absorbed) by operating activities	(10.0)	(1.4)	(11.3)	(40.8)
Total net cash absorbed by investing activities	(11.7)	1.0	(23.2)	(12.3)
Free cash flow	(21.6)	(0.4)	(34.5)	(53.1)
Net cash generated (absorbed) by financing activities	(2.2)	1.8	15.1	29.1
Net increase (decrease) in cash & cash equivalents	(23.8)	1.4)	(19.4)	(24.0)

Consolidated Net Financial Position

(€m - rounded figures)	As at 31 Dec 2012	As at 31 Dec 2014
Cash & cash equivalents	12.2	8.6
Bank overdrafts and loans due within 1 year	(3.0)	(56.7)
Short-term net financial position	9.3	(48.1)
Non-current financial liabilities	(3.7)	(0.4)
Fair value of hedging instruments	(0.3)	(0.1)
Medium/long-term net financial position	(4.0)	(0.5)
Total net financial position	5.3	(48.6)