
GRUPPO24ORE

FY 2014 Results

March 20, 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.

Agenda

Highlights

Key Financial Data

Financial data by segments

Outlook

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Highlights

- **Il Sole 24 ORE** retains its first place as national digital newspaper (>201k copies, +34.7% vs. December 2013) and, since September 2014, it firmly ranks second in digital + paper circulation ranking (382k copies at December 2014)
- **System outperforms** its reference market: +0.2% vs -5.2% yoy
- Rise in revenue from **Culture Area (+€6.5m, +60.3%)** and **Training & Events Area (+€3.5m, +14%)**
- **Increase in consolidated revenues (+€5.8m, +1.9% yoy)** thanks to the strategic decision to create a multimedia system (which also saw the organizational integration of the Daily and professional publishing area), where all of the content is integrated and organized in a chain of vertical digital newspapers, and with the full-circle integration of the information content of professional databases with the content from Il Sole 24 ORE and the vertical newspapers, through highly innovative digital products
- **Group's consolidated digital revenues increased by +12.2% yoy**, at €94.6m (30.5% of total consolidated revenues, 27.7% in FY13); Digital revenues at **45%** of total content revenues (36% in 2013)
- **Ebitda on the upgrade (-€10.7m, +74.9% vs. FY13)** leads by increase in revenues, by the ongoing attention to cost containment, optimization of the organizational, productive and distribution structure, and process efficiency
- **Net financial position shows a positive figure of €2.2m, +€50.8m vs. 31.12.2013**

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FY 14 financial goals achieved

	Target	Focus	Status
Revenues vs. 2013	 Single digit	Increase in digital and content revenues in order to offset decrease in advertising revenues	
Total costs vs. 2013	 Single digit	Continuing cost cutting through efficiencies in productive and distribution processes and organization optimization	
Ebitda^(*) vs. 2013	 Double digit but still negative		
NFP vs. YE 2013	Strong improvement	Benefit from Software division disposal and further cash improvement by operating activities	

(*) Excluding non recurring items

Consolidated Key Financial Data (1/2)

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

(€m - rounded figures)	4Q 2013	4Q 2014	Δ%	FY2013	FY2014	Δ%	FY 2014 HIGHLIGHTS
Revenues	85.7	89.7	4.7%	304.2	310.0	1.9%	<p>Group consolidated revenue +1.9%: increase in newspaper's circulation revenues (+2.0% yoy), professional electronic publishing revenues (+13.8% yoy), Culture (+60.3% yoy) and Training & Event (+14% yoy)</p> <hr/> <p>Total costs fall by €24.5m, (6.8% vs. FY13): - Personnel expense down by €21.4m yoy (2013 included non recurring costs at €14.8m) as result of integration between content production and distribution areas and continuing headcount optimization - Direct & operating costs down by €1.8m yoy (2013 included non recurring costs at €2.9m) due to raw material, print and distribution costs containment Strong increase in EBITDA: +€14.2m yoy (net of 2013 non recurring costs amounted to €17.7m)</p> <hr/> <p>EBIT improved by €39.8m vs. FY13 (+60.7% yoy) due to Ebitda increase and decrease in D&A. FY 2013 Ebit included non recurring costs amounted to €25.4m</p> <hr/> <p>Net profit after minorities also benefits from the result of discontinued operations (€20.2m from the disposal of the Software Area)</p>
Other operating income	3.9	6.0	54.9%	14.0	15.5	10.8%	
Personnel expense	(42.1)	(23.2)	44.8%	(123.1)	(101.7)	17.4%	
Direct & operating costs	(63.5)	(65.5)	-3.1%	(231.4)	(229.6)	0.8%	
Provisions	(2.4)	(1.3)	47.4%	(6.2)	(4.8)	21.7%	
EBITDA	(18.4)	5.8	n.m.	(42.5)	(10.7)	74.9%	
EBITDA Margin %	-21.4%	6.5%		-14.0%	-3.4%		
EBIT	(29.8)	2.0	n.m.	(65.6)	(25.8)	60.7%	
EBIT Margin %	-34.8%	2.2%		-21.6%	-8.3%		
Profit/(Loss) before tax	(30.4)	1.5	n.m.	(67.5)	(27.0)	60.0%	
PBT Margin %	-35.5%	1.7%		-22.2%	-8.7%		
Net Profit/(Loss)	(36.8)	4.4	n.m.	(67.0)	(25.5)	61.9%	
Minorities	0.5	0.4	n.m.	0.1	0.5	n.m.	
Net profit/(Loss) from discontinued operations	2.5	(0.3)	n.m.	1.8	20.2	n.m.	
Net profit/(Loss) from other discontinued operations	(11.0)	(2.8)	n.m.	(11.0)	(4.0)	n.m.	
Net Profit/(Loss) after minorities	(44.8)	0.8	n.m.	(76.2)	(9.8)	87.1%	
Margin %	-52.3%	0.9%		-25.1%	-3.2%		
Staff headcount (units)				1,267	1,228	-39	

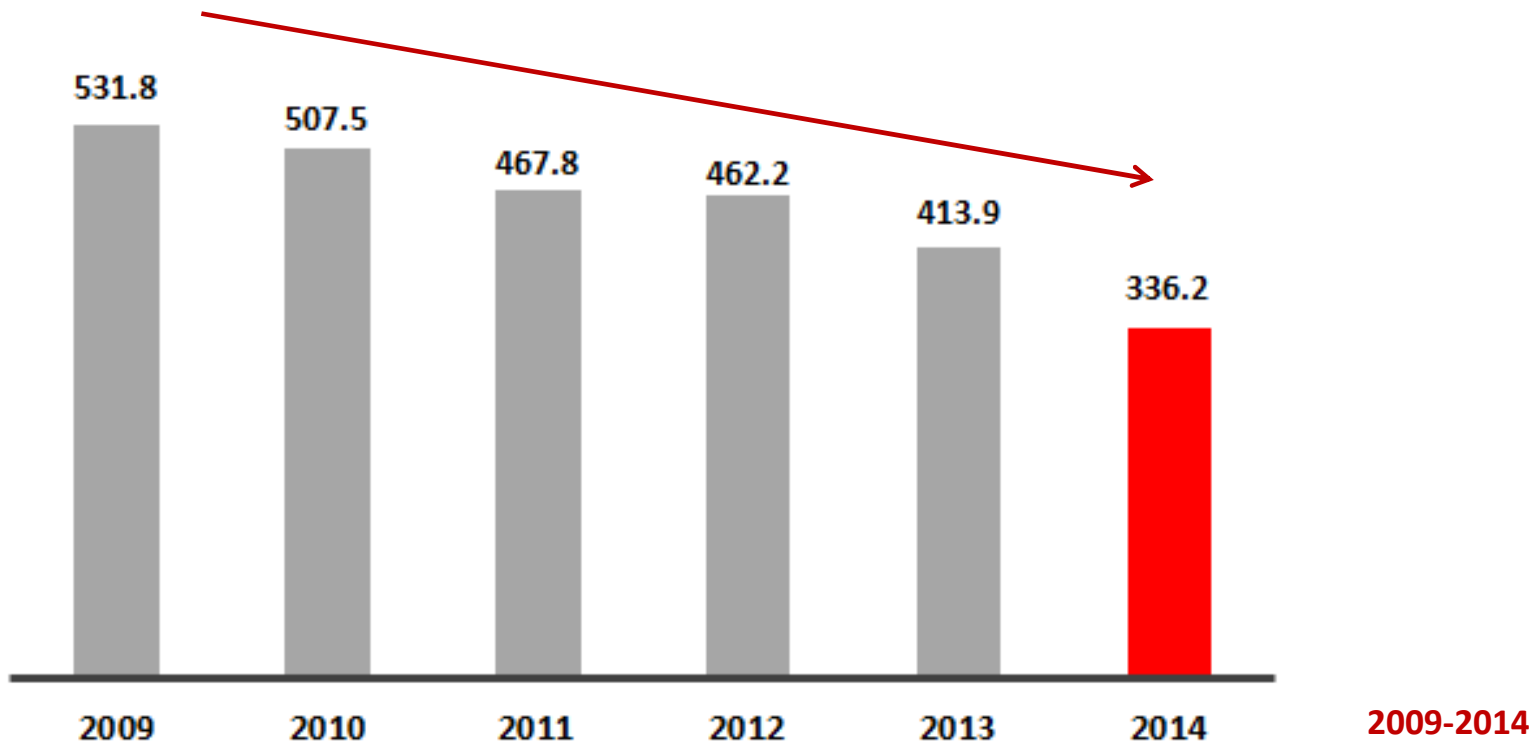
Consolidated Key Financial Data (2/2)

(€m - rounded figures)	FY2013	one-offs	FY2013 net of one-offs	FY2014	Δ%	Δ% net of one-offs
Revenues	304.2		304.2	310.0	1.9%	1.9%
EBITDA	(42.5)	(17.7)	(24.8)	(10.7)	74.9%	57.1%
<i>EBITDA Margin %</i>	-14.0%		-8.2%	-3.4%		
EBIT	(65.6)	(25.4)	(40.2)	(25.8)	60.7%	35.7%
<i>EBIT Margin %</i>	-21.6%		-13.2%	-8.3%		
Profit/(Loss) before tax	(67.5)	(25.4)	(42.0)	(27.0)	60.0%	35.7%
Net Profit/(Loss)	(67.0)	(25.4)	(41.5)	(25.5)	61.9%	38.5%
Net Profit/(Loss) after minorities	(76.2)	(36.9)	(39.3)	(9.8)	87.1%	75.1%

Total Cost evolution^(*)

€m – rounded figures

Continuous organization optimization and processes efficiencies are improving our costs base

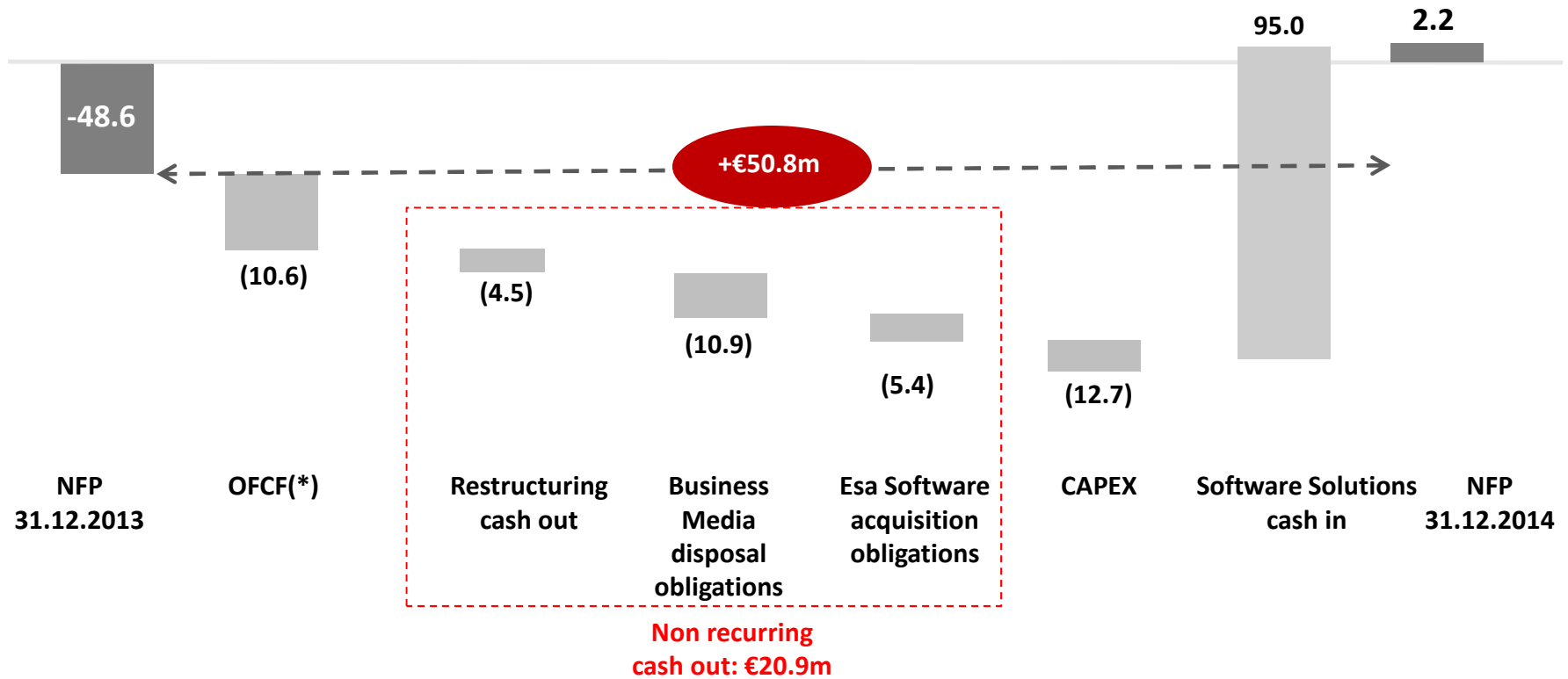


Δ	(24.2)	(39.8)	(5.7)	(48.2)	(77.7)	(195.6)
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(*) Excluding non recurring items

Net Financial Position walk

€m – rounded figures



(*) Excluding the Software sale gain (€23.5m), OCF would be +€12.9m

Revenues & EBITDA Breakdown

(€m - rounded figures)		4Q 2013	4Q 2014	Δ%	FY2013	FY2014	Δ%
Publishing	Revenues	59.4	62.4	5.0%	229.1	222.4	-2.9%
	EBITDA	0.6	5.5	<i>n.m.</i>	(10.9)	(3.1)	71.9%
	<i>EBITDA margin</i>	1.0%	8.9%		-4.8%	-1.4%	
Advertising (System)	Revenues	34.4	36.5	5.9%	113.9	114.1	0.2%
	EBITDA	(0.9)	1.5	<i>n.m.</i>	(3.7)	1.3	<i>n.m.</i>
	<i>EBITDA margin</i>	-2.7%	4.0%		-3.2%	1.2%	
Education & Events	Revenues	8.4	9.3	10.4%	25.1	28.6	14.0%
	EBITDA	2.0	2.3	11.4%	3.5	3.9	12.1%
	<i>EBITDA margin</i>	24.2%	24.4%		14.0%	13.8%	
Culture	Revenues	4.6	5.0	7.7%	10.8	17.3	60.3%
	EBITDA	(0.5)	0.6	<i>n.m.</i>	(3.0)	0.4	<i>n.m.</i>
	<i>EBITDA margin</i>	-10.6%	12.0%		-28.0%	2.5%	
Corporate, intercompany & Others	Revenues	(21.2)	(23.4)	-10.4%	(74.6)	(72.3)	3.1%
	EBITDA	(19.6)	(4.1)	<i>n.m.</i>	(28.4)	(13.3)	<i>n.m.</i>
Il Sole 24 ORE Group	Revenues	85.7	89.7	4.7%	304.2	310.0	1.9%
	EBITDA	(18.4)	5.8	<i>n.m.</i>	(42.5)	(10.7)	74.9%
	<i>EBITDA margin</i>	-21.4%	6.5%		-14.0%	-3.4%	

At the end of 2013, the Group reorganized its business areas consistently to the Group's innovation model focus on reader/customer and his key role in the core business and on digital development.

The new organization led to a unique editorial and publishing supervision and to the gathering of **newspaper (paper + digital), web site, professionals publications, radio and press agency activities within the Publishing area.**

During the FY14 the disposal of Business Media and 24ORE Software have changed the scope of consolidation.

Figures of the two periods are presented on a like-for-like basis.

Financial data are presented on a like-for-like basis net of Business Media and Software Solutions disposals
4Q 13 includes non recurring items

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Key Financial Data

Financial data by segments

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

Outlook

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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)	4Q 2013	4Q 2014	Δ%	FY 2013	FY 2014	Δ%
Circulation/other revenues	38.6	39.2	1.5%	154.8	149.9	-3.2%
Revenues from advertising	20.8	23.2	11.3%	74.3	72.5	-2.4%
Total Revenues	59.4	62.4	5.0%	229.1	222.4	-2.9%
EBITDA	0.6	5.5	<i>n.m.</i>	(10.9)	(3.1)	71.9%
<i>EBITDA Margin %</i>	<i>1.0%</i>	<i>8.9%</i>		<i>-4.8%</i>	<i>-1.4%</i>	

Highlights

- ✓ Overall revenues area declined by 2.9% yoy as result of opposite trends:
 - decline in paper products revenues (add-ons, magazines, professional publishing and books), Agency ‘s revenues and revenues from advertising collection
 - increase in overall newspaper circulation revenues (+2% yoy, paper+digital)
- ✓ Increase in profitability (+71.9% yoy) confirms the trend of the year linked to the increase in revenue from newsstand sales, to the digital innovation strategies and to the rationalization and enhancement of the product portfolio, along with cost containment and process efficiency (the area EBITDA in 2014 would be to +0.8 million euro, since charges on internal services include a portion of investments to develop products, amounting to 3.9 million euro, of which the Daily, Professional Publishing and Radio +3.6 million euro)

Publishing: Newspaper and website

IL SOLE 24 ORE NEWSPAPER

- Positive trend for **newspaper circulation revenues (+2.0% yoy, paper+digital)**: digital copies revenues **up by 45.5% yoy** as results of digital strategy enforced and the switch to higher-margin digital subscriptions of newsstand domiciled subscriptions
- Digital revenues at **45%** of total content revenues (36% in 2013)
- With a **digital circulation of approx. 201k copies (+34.7% yoy)**, Il Sole 24 ORE ranks **first** among the national newspapers and, since September 2014, it firmly ranks **second** in **national digital and paper circulation** ranking with approx. 382k copies
- During 2014, following the launch of Business Class in 2013, the Group has launched the **vertical newspapers (tax, law, job and PA newspapers, Consulente Finanziario24, Assicurazioni24)**: among them, **Italy24**, the digital daily in English targeted to the international financial community with the aim to share the domestic view on our country
- In September, the **Italian edition** of the international magazine **How to Spend it** has been launched: it is focused on luxury sector and it offers both content translated from the English version and original content produced by Il Sole 24 ORE for the Italian public

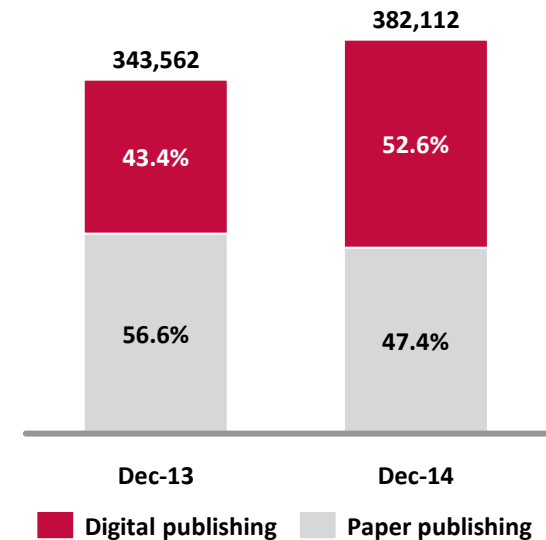
WWW.ILSOLE24ORE.COM WEBSITE

- First Italian fee based website** with >28.000 digital subscribers at 31 December 2014 (**)
- Mobile version: unique browsers (+124.7% yoy) and in page views (+42.2% vs. FY13)(**)

(*) Source: ADS Dec. 2014 (**) Source: Nielsen Site Census/Omniture Site Catalyst

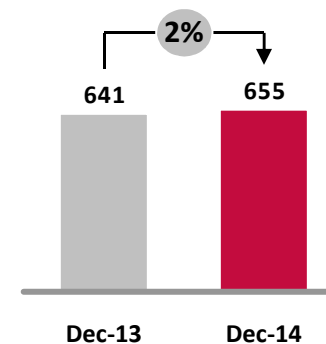
FY 14 Data

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

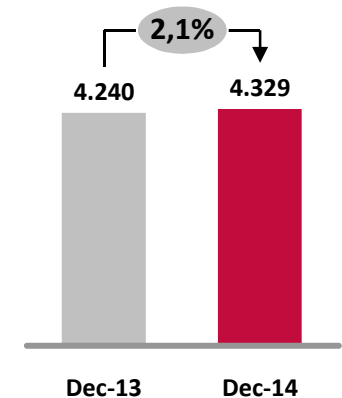


www.ilssole24ore.com: main metrics

Unique browsers(**)



Page views(**)



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

PROFESSIONAL PUBLISHING

- **Positive trend for electronic publishing revenues (+13.8% yoy vs. market at -4.8%)** as results of the shift to digital model based on integration process of Group's contents into Business Classes targeted to different customer clusters which allowed the launch of innovative offerings on the market, built around the various target customers in the markets of Law, Employment and Public Administration
- In November, *Plus Plus 24 Fisco* has been launched: it is a new and comprehensive tax database which brings together all of the content coming from the Newspaper, the specialist magazines, the Frizzera-branded resources and the existing databases, organized and indexed in a unique way and created with the support of new search criteria
- **Decrease in magazines and books revenues (-27.9% yoy)** due to the turmoil of paper publishing market and paper products portfolio rationalization as result of shifting to the sole digital version for some products

RADIO

- **Radio 24** steadily ranks 9th among national radios market with approx. 2 millions listeners on average day
- **Revenues up by 4.5% vs. FY13:** of which, advertising revenues increased by **5.8% yoy vs. market at -1.8%**. This outcome was reached thanks to the quality of editorial publishing products, to the marketing strategy with increase of average price aimed at the maximization of the widest range of audience

AGENCY & P.A.

- **Decrease in revenues : -€1.8m vs. FY13** mainly due to decrease in advertising revenue

System (Advertising)

(€m - rounded figures)	4Q 2013	4Q 2014	Δ%	FY2013	FY2014	Δ%
Revenues from Group's products	26.1	28.9	10.6%	90.6	90.0	-0.7%
Revenues from 3rd parties' products	8.3	7.6	-9.0%	23.3	24.1	3.7%
Total Revenues	34.4	36.5	5.9%	113.9	114.1	0.2%
EBITDA	(0.9)	1.5	n.m.	(3.7)	1.3	n.m.
<i>EBITDA Margin %</i>	<i>-2.7%</i>	<i>4.0%</i>		<i>-3.2%</i>	<i>1.2%</i>	

Advertising yoy by Area vs Market*

	G. 24 ORE		Market
• Radio	+ 5.8%	✓.	- 1.8%
• Online	+ 2.3%	✓.	VS. + 2.1%
• Paper Publishing	- 2.1%	✓.	- 8.5%

(* Source Nielsen Media Research Jan – Dec 2014 for market data)

Highlights

- **Increase in revenues (+0.2% yoy vs. reference market at -5.2%) and turn to a positive Ebitda** thanks to its new business policy, based on an increase in the sales price, on the expansion and enhancement of the product portfolio, mainly with the launch of the new monthly **HTSI** (How To Spend It) in Italy and on the presence of a broader diversified client portfolio. These trends helped neutralize the decline in investments of some key spenders (more than 2 million euro), as well as the negative effect of the suspension of legal disclosure requirements for three months and a subsequent sharp drop
- In 2014, System launched several integrated multimedia communication projects (print-radio-Internet), and special initiatives tailored to its customers, also with a significant Radio 24 presence across the country with customers' sponsored activities
- Although still negative, advertising collection on newspaper products has recorded a single digit decrease -2.1% vs. reference market at -8.5%
- **Radio24 outperforms the reference market** (+5.8% yoy vs. -1.8% yoy) thanks to high quality contents and sale policy focus on high audience segments
- **Positive trend in revenues also from internet advertising collection:** +2.3% yoy vs. market at +2.1%

Education & Events

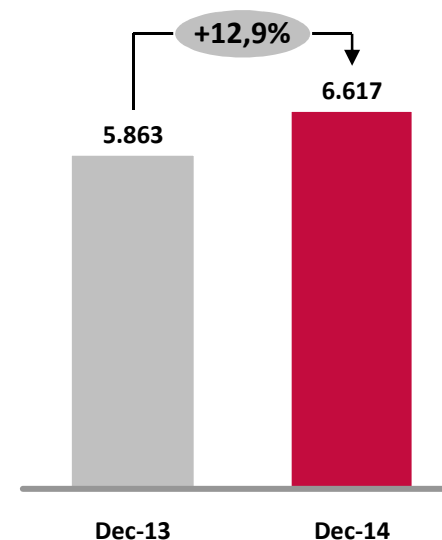
(€m - rounded figures)	4Q 2013	4Q 2014	Δ%	FY 2013	FY 2014	Δ%
Total Revenues	8.4	9.3	10.4%	25.1	28.6	14.0%
EBITDA	2.0	2.3	11.4%	3.5	3.9	12.1%
<i>EBITDA Margin %</i>	24.2%	24.4%		14.0%	13.8%	

Highlights

- Increase in revenues (+14.0% vs. FY13) has positively affected profitability (+12.1% yoy)
- Business school revenues at €12.6m up to 8.6% vs. FY13 thanks to positive trend in Part Time Masters (+23.0% yoy,) with 132 initiatives which had involved more than 2.900 managers, the increase in number of Executive Masters in Italian and English and launch of Alumni community
- Positive performance for Newton Management Innovation and Newton Lab products and services (+39.9% yoy) mainly due to new clients' acquisition

FY 14 Data

Business School: # attendees (incl. Online courses)

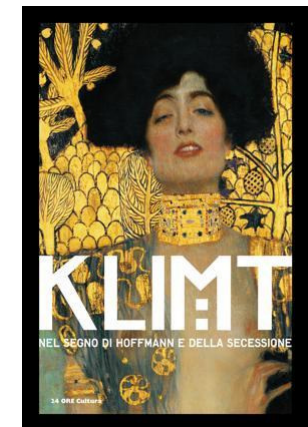


Culture

(€m - rounded figures)	4Q 2013	4Q 2014	Δ%	FY2013	FY2014	Δ%
Total Revenues	4.6	5.0	7.7%	10.8	17.3	60.3%
EBITDA	(0.5)	0.6	n.m.	(3.0)	0.4	n.m.
<i>EBITDA Margin %</i>	-10.6%	12.0%		-28.0%	2.5%	

Highlights

- Revenues** at €17.3m yoy due to a more inflow in the exhibitions (1.5k visitors in 2014 vs. 805.000 in 2013), increase in the number of exhibitions launched and in the average purchases in the bookshop. Positive results also in publishing with new international publications and sales of publishing concepts to media and luxury companies
- Positive ebitda** supported by increase in revenues and improvement in business performance
- Exhibitions launched in 2014: *Warhol (Milan-Roma), Pollock, Brain, Kandinskij, Munch, Modigliani (Rome), Klimt, Luini, Preraffaeliti, Chagall, Van Gogh, Giacometti, Food, Divina Marchesa and Mirò (Mantova)*



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Strategic path

KEY PILLARS

- A** Digital innovation of targeted products and services– focus on high-end spending target

- B** Content integration (Sistema Sole) leveraged by Newspaper leadership

- C** Culture and Education & Events national and international development

- D** Development of advertising communication integrated projects

- E** Ongoing organizational, production and process efficiency

- F** Positive cash flow generation to support growth

OPERATIVE GUIDELINES

- **High-end market segment penetration**
- **Product portfolio innovation**, focus on high profitability products (captive products, video, mobile) and on Group's asset integration
- **Customers sales channels integration** and diversification supported by CRM (anti-churn, upsell/cross sell)
- Leveraging digital transition for **processes simplification and review and costs optimization**
- Technological platforms for new products development completion
- **Positive Free Cash Flow**

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Consolidated Balance Sheet

(€m - rounded figures)	As at 31 Dec 2013	As at 31 Dec 2014
Non-current assets	285.2	208.7
Current assets	170.2	168.6
Assets held for sale	1.3	-
Total assets	456.7	377.3
Equity attributable to shareholders of parent	121.6	109.8
Equity attributable to non controlling interests	0.3	0.8
Total equity	121.9	110.6
Non-current liabilities	52.5	60.5
Current liabilities	278.0	206.3
Liabilities held for sale	4.2	-
Total liabilities	334.7	266.8
Total equity & liabilities	456.7	377.3

Consolidated Cash Flow

(€m - rounded figures)	FY2013	FY2014
Pre tax Profit/(Loss) attributable to owners of the parent	(75.7)	(11.3)
Adjustments	24.9	2.8
Changes in net working capital	4.9	(18.4)
Total net cash generated (absorbed) by operating activities	(45.9)	(26.8)
Total net cash absorbed by investing activities	(6.4)	82.9
Free cash flow	(52.2)	56.1
Net cash generated (absorbed) by financing activities	28.9	(16.5)
Net increase (decrease) in cash & cash equivalents	(23.3)	39.6

Consolidated Net Financial Position

(€m - rounded figures)	As at 31 Dec 2013	As at 31 Dec 2014
Cash & cash equivalents	8.6	34.5
Bank overdrafts and loans due within 1 year	(56.7)	(17.2)
Short-term net financial position	(48.1)	17.3
Non-current financial liabilities	(0.4)	(15.0)
Fair value of hedging instruments	(0.1)	(0.0)
Medium/long-term net financial position	(0.5)	(15.1)
Total net financial position	(48.6)	2.2