1H 2016 Results

October 3 , 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.

Agenda

Highlights

Change in scope consolidation and change in accounting principles

Key Financial Data

Financial position and equity walk

Financial data by segments

- Publishing & Digital
- Tax & Legal
- Radio
- System (Advertising)
- Education & Services
- Culture

2016-2020 Business Plan guidelines

Directors' assessment on the going concern assumption and business outlook

Appendix

Highlights

- In 1H16, the 24 ORE Group achieved **consolidated revenue** of 151.8 million euro versus 165.4 million euro in 1H15 (-13.6 million euro). The decrease is attributable to the deconsolidation for 6.6 million euro of the subsidiaries Newton Management Innovation and Newton Lab. Net of the above variation, consolidated revenue falls by 6.8 million euro, mainly as a result of the drop of 3.3 million euro (-5.2%) in advertising revenue, and of the drop of 2.0 million euro in revenue from the Culture Area.
- **Gross operating profit (EBITDA)** amounts to -19.7 million euro versus a restated -2.8 million euro in 1H15. A difference explained mainly by the drop in revenue, by lower operating income and by non-recurring charges of 8.7 million euro, 5.5 million euro of which related to restructuring costs for future business reorganization. **EBITDA, net of non-recurring charges, amounts to -11.0 million euro.**
- **Operating profit (EBIT)** amounts to -36.1 million euro versus a restated -10.3 million euro in 2015, and includes non-recurring charges of 14.8 million euro. **EBIT, net of non-recurring charges, amounts to -21.3 million euro**.
- The Group closes 1H16 with a negative **net result** of 49.8 million euro, affected by the write-down of deferred tax assets for 10.4 million euro, versus a restated -11.7 million euro in 2015. **Net of non-recurring charges, the net result amounts to -23.6 million euro.**
- At 30 June 2016, Group **equity** stands at 28.2 million euro, decreasing by 59.0 million euro versus 87.2 million euro at 31 December 2015, as a result of the loss for the period of 49.8 million euro, of the restatement of certain comparative figures and of other variations for a total of 9.2 million euro.
- In light of the business performance, financial and equity results reported in 1H16, the directors have been called to make assessments on the validity of the **going concern assumption**. The directors have approved the guidelines of the 2016-2020 Business Plan at their meeting on 27 September 2016, have received willingness from the lenders to restructure the debt, and from the majority shareholder to positively assess a share capital increase. Notwithstanding existing material uncertainties, the directors have prepared the Half-Year Financial Report on a going concern basis, as they believe that the Group will have adequate financial resources to continue to operate in the future as a going concern.

Agenda

Highlights

Change in scope consolidation and change in accounting principles

Key Financial Data

Financial position and equity walk

Financial data by segments

- Publishing & Digital
- Tax & Legal
- Radio
- System (Advertising)
- Education & Services
- Culture

2016-2020 Business Plan guidelines

Directors' assessment on the going concern assumption and business outlook

Appendix

Change in scope consolidation

- Starting from current year the group has no longer the control of Newton Management S.r.l. e of its subsidiary Newton Lab S.r.l.. The loss of control is related to the entry into force of some clauses included in the shareholders' agreements, agreed with the minority shareholders in 2012 and suspended until this year, which in fact involve a joint control

- In 2008, the Group acquired the entire share capital of EMC Inc, a company that provides almost exclusively journalistic services to the Group. Given the irrelevant amount of total assets and total revenue, the company was not included in the consolidation scope. The variation had a positive impact of 0.3 million euro on equity. In accordance with IAS 8, the Group has deemed it appropriate to correct the data retroactively, by changing the comparative amounts.

Change in accounting principles

- A change has been made in the recognition of revenue from the sale of databases. The change was made in light of product and contract developments which call for a pro-rata temporis representation of revenue, applied by adopting a “retroactive" method, as required by IAS/IFRS. This recognition method is consistent with the database sale contracts, and offers a more appropriate interpretation of financial disclosures. Revenue and relevant commission costs have therefore been restated from 2012 until the beginning of the current year, with a negative impact on equity of 7.5 million euro
- In 2013, the Company had transferred a rotary press used for the printing of the Daily to a leasing firm. The press was then leased by a supplier of the Group, who continues to use it today for the printing of our Daily. Further analysis of the contracts has led to the conclusion that the transaction as a whole may be regarded as a single sale and lease back transaction, to be accounted for in accordance with IAS 17. The variation had a negative impact of 1.2 million euro on equity.
- An error was found in the method used in the recognition of advertising revenue from funds. This type consists in services for the online and print publication of the price of funds managed by customers. The sale agreements are all due on 31 December of the year when they were concluded. Revenue was recognized at the time the agreement was signed. Unlike the prior year, it is deemed appropriate to recognize revenue throughout the year. The change has no effect on the annual consolidated financial statements.

In accordance with IAS 8, the Group has deemed it appropriate to correct the data retroactively, by changing the comparative amounts.

Impacts of retrospective changes

MAIN FIGURES OF THE 24 ORE GROUP 1H 2015							
Amounts in € million	1H 2015	Database revenue adjustment	Fund Advertising revenue adjustment	EMC consolidation	Rotary press	1H 2015 Restated	
Revenue	169.0	(1.6)	(2.1)	0.1	-	165.4	
Gross operating profit (EBITDA)	0.3	(1.5)	(2.1)	(0.0)	0.4	(2.8)	(*)
Operating profit (loss) (EBIT)	(6.7)	(1.5)	(2.1)	(0.0)	(0.1)	(10.3)	
Pre-tax profit (loss)	(7.3)	(1.5)	(2.1)	(0.0)	(0.3)	(11.2)	
Profit (loss) for the period	(8.1)	(1.5)	(2.1)	(0.0)	(0.3)	(12.0)	
Profit (loss) attributable to owners of the parent	(7.9)	(1.5)	(2.1)	(0.0)	(0.3)	(11.7)	
Net financial position	(26.8)	-	-	0.1	(7.2)	(33.9)	(**)(1)
Equity	87.2	(7.5)	-	0.3	(1.2)	78.8	(1)
Average number of employees	1,230	-	-	2	-	1,232	

(1) As at 31 december 2015

Agenda

Highlights

Change in scope consolidation and change in accounting principles

Key Financial Data

Financial position and equity walk

Financial data by segments
- Publishing & Digital
- Tax & Legal
- Radio
- System (Advertising)
- Education & Services
- Culture

2016-2020 Business Plan guidelines

Directors' assessment on the going concern assumption and business outlook

Appendix

Consolidated Key Financial Data

(€m - rounded figures)	1H 2015	1H 2016	Δ%
Revenues	**165.4**	**151.8**	***-8.2%***
Other operating income	7.0	2.5	*-64.8%*
Personnel expense	(55.0)	(62.2)	*-13.2%*
Direct & operating costs	(118.8)	(109.1)	*8.2%*
Provisions	(1.4)	(2.7)	*-90.8%*
EBITDA	**(2.8)**	**(19.7)**	***n.m.***
EBITDA Margin %	*-1.7%*	*-13.0%*	
EBITDA net of non recuring items	***(2.8)***	***(11.0)***	
EBITDA Margin %			
EBIT	**(10.3)**	**(36.1)**	***n.m.***
EBIT Margin %	*-6.3%*	*-23.8%*	
EBIT net of non recuring items	***(10.3)***	***(21.3)***	
EBIT Margin %			
Profit/(Loss) before tax	**(11.2)**	**(39.3)**	***n.m.***
PBT Margin %	*-6.8%*	*-25.9%*	
Net Profit/(Loss) from continuing operations	**(12.0)**	**(49.8)**	***n.m.***
Minorities	0.3	(0.0)	*n.m.*
Net Profit/(Loss) after minorities	**(11.7)**	**(49.8)**	***n.m.***
Margin %	*-7.1%*	*-32.8%*	
Net Profit/(Loss) net of non recurring items	(11.7)	(23.6)	***n.m.***
Average n. of employees	***1,232***	***1,236***	***4***

1H 2016 HIGHLIGHTS

Group consolidated revenue decreased by € 13,6m (-8,2 % yoy). Net of changing in consolidation method for Newton, revenue fell by 6.8 million euro, mainly as a result of the drop of 3.3 million euro (-5.2%) in advertising revenue, and of the drop of 2.0 million euro in revenue from the Culture

Direct and operating costs down by 8.2% versus 1H15 (- € 9.7m, of which - € 5.6m for Newton deconsolidation)

- *Decrease in costs for:* ***Culture costs (-€2.1m), advertising fees to third-party publishers (-€1.2m, -11.7%),*** *as a result of the reduction in titles under concession,* ***promotional and marketing expenses (-€2.8m, -22.4%)***
- *Personnel expense up by €7.2m due to restructuring costs for €5.5m and non recuring charges from the departure of the previous CEO*
- *Increase in revenue related costs for sale costs (+€2m, +14.3%) according to the increase in revenue from fees relating to the activities developed by TeamSystem and brokered by 24 ORE Trading - Network*
- *€1.7m of contractual charges for the exit from Pero site*

EBITDA came to a negative 19.7 million euro versus -2.8 million euro in 1H15, a difference explained mainly by the drop in revenue, as well as by lower operating income and non recurring expenses of €8.7m. EBITDA net of non recurring items amounted to 11.0 million

EBIT came to -36.1 million euro versus -10,3 million euro in 1H15, impacted by 14.8 million euro of non recurring items related to Newton equity consolidation (2.8 million euro), losses mainly from the disused assets following departure from Pero site (2.1 million euro), software and license write off (0.9 million euro) and the impairment of goodwill relating to Culture area (0.2 million euro). EBIT net of non recurring charges amounted to 21,3 million euro

Net result after minorities came to -49.8 million euro versus -11.7 million euro in 1H2015. The result was affected by financial charges of 2.9 million euro (0.8 million euro in 1H15), which included the non recurring charges of 1.0 million euro from the early cash-in of the vendor loan. 1H15 had benefited from interest income of 0.9 million euro from the vendor loan.

Income taxes amounted to -10.5 million euro (-0,8 million euro in 1H15), affected by deferred tax write off (10.4 million euro). Deferred tax assets were written down by 10.4 million euro, based on an estimate of the probability to recover recognized assets relating to losses carried forward.

Net of non recurring charges, the net loss amounted to 23.6 million euro

Comparative figures for 2015 have been restated as a result of a change in an accounting standard and of various corrections of errors

Non recurring items

Non recurring items		
(m euro)	1 H16	
Margine operativo lordo (EBITDA)		**(19.7)**
Non-recurring charges from the departure of the previous CEO	(1.5)	
Contractual charges related to Pero building	(1.7)	
Restructuring costs related to personal personnel	(5.5)	
Overall non recurring costs with impact on Ebitda	**(8.7)**	
Ebitda net of non recurring costs		**(11.0)**
Operating profit (EBIT)		**(36.1)**
Overall non recurring costs with impact on Ebitda	**(8.7)**	
Write-off of the goodwill of Cultura	(0.3)	
Assets write-off	(0.9)	
Newton deconsolidation	(2.8)	
Losses mainly from the disused assets following departure from the Pero	(2.1)	
Overall non recurring cost with impact on Ebit	**(14.8)**	
Ebit net of non recurring costs		**(21.3)**
Net result		**(49.8)**
Overall non recurring costs with impact on Ebit	**(14.8)**	
Non recurring charges from the early cash-in of the vendor loan	(1.0)	
Deferred tax assets write-off	(10.4)	
Overall non recurring cost	**(26.2)**	
Net result net of non recurring costs		**(23.6)**

Agenda

Highlights

Change in scope consolidation and change in accounting principles

Key Financial Data

Financial position and equity walk

Financial data by segments
- Publishing & Digital
- Tax & Legal
- Radio
- System (Advertising)
- Education & Services
- Culture

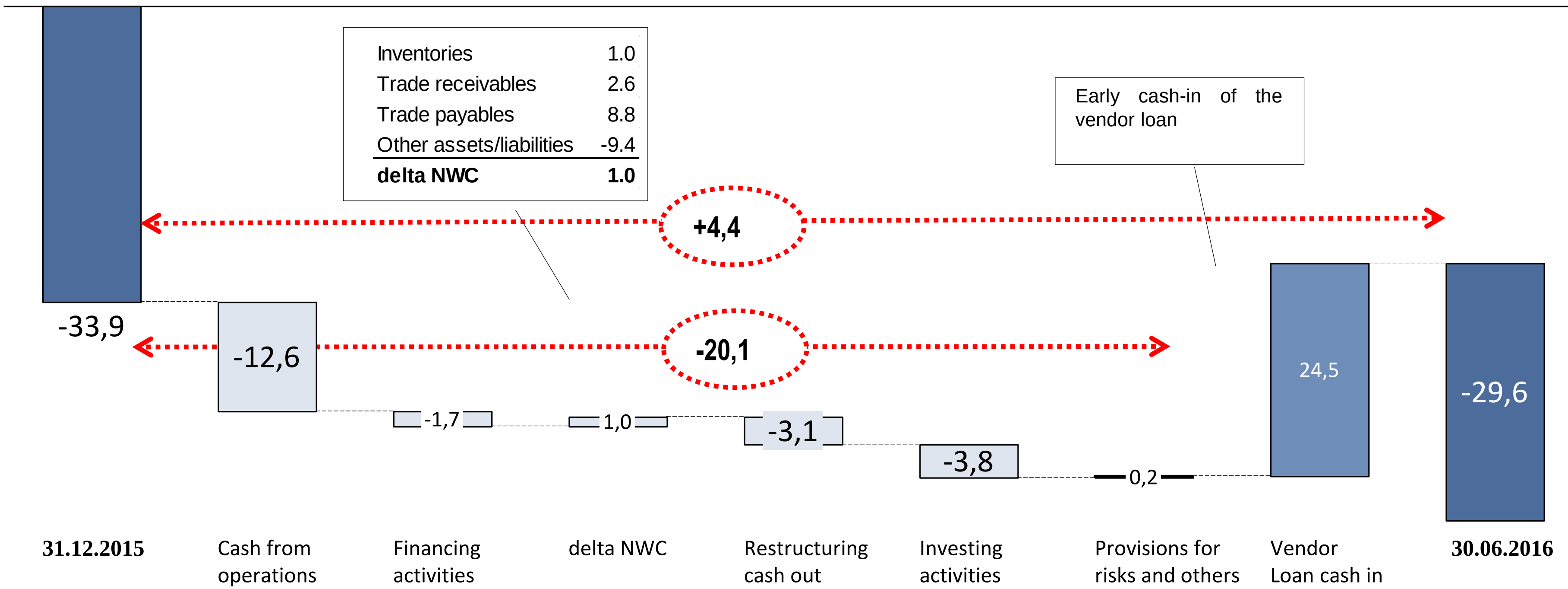
2016-2020 Business Plan guidelines

Directors' assessment on the going concern assumption and business outlook

Appendix

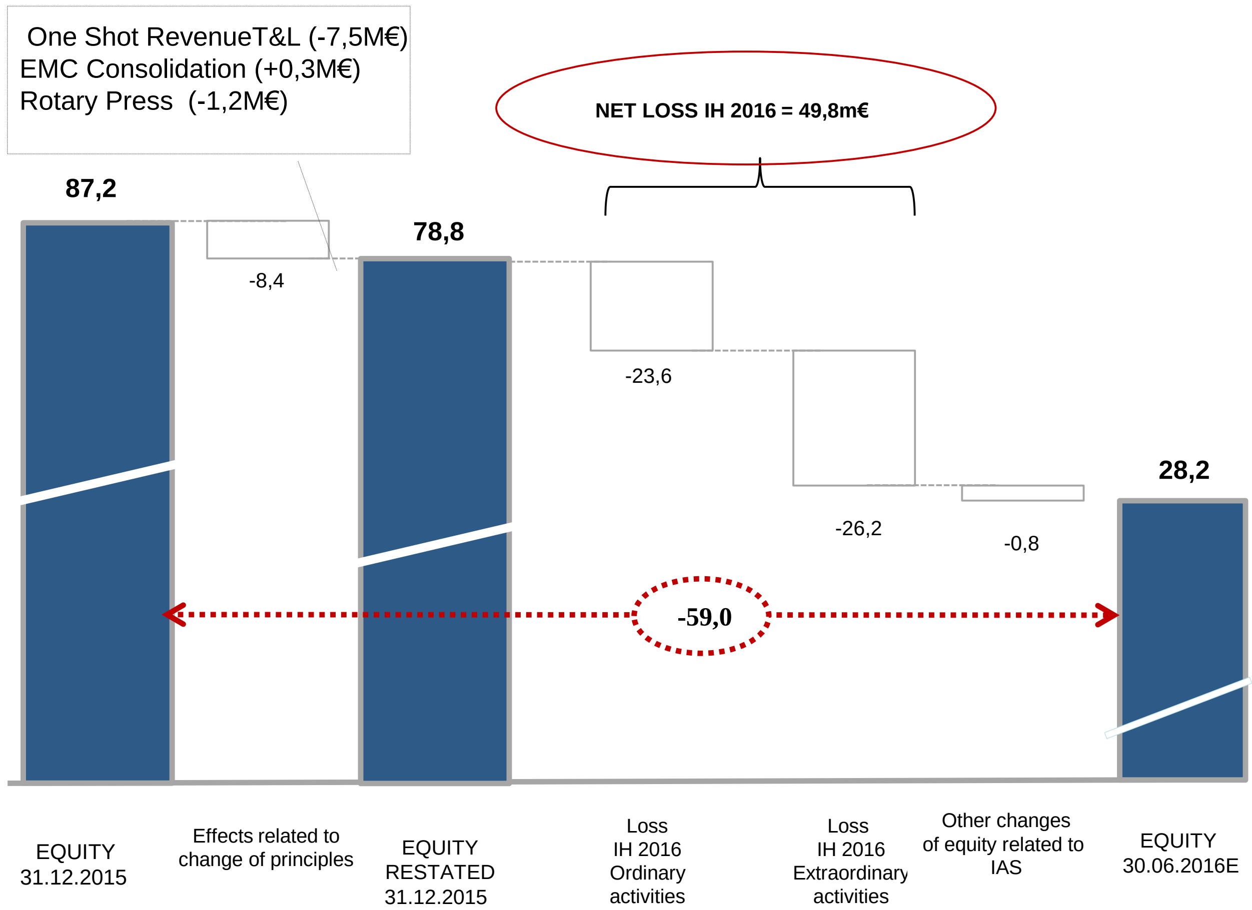
Net Financial Position walk 1H 2016

(€mil)



Equity walk 1H 2016

(€mil)



Agenda

Highlights

Change in scope consolidation and change in accounting principles

Key Financial Data

Financial position and equity walk

Financial data by segments

- Publishing & Digital
- Tax & Legal
- Radio
- System (Advertising)
- Education & Services
- Culture

2016-2020 Business Plan guidelines

Directors’ assessment on the going concern assumption and business outlook

Appendix

Revenue & EBITDA Breakdown

Starting from 1H 2016 the Group changed the segment reporting according to the management reporting view

(€m - rounded figures)		**1H 2015**	**1H 2016**	**Δ%**
Publishing & Digital	Revenue	72.2	69.9	*-3.1%*
	EBITDA	(11.8)	(11.5)	*2.7%*
	EBITDA margin	*-16.4%*	*-16.4%*	
Tax & Legal	Revenue	33.3	33.1	*-0.7%*
	EBITDA	7.5	5.6	*-25.3%*
	EBITDA margin	*22.6%*	*17.0%*	
Radio	Revenue	8.8	8.7	*-0.8%*
	EBITDA	1.2	0.7	*-39.4%*
	EBITDA margin	*14.0%*	*8.5%*	
System	Revenue	63.2	59.9	*-5.2%*
	EBITDA	2.3	(1.2)	*n.m.*
	EBITDA margin	*3.7%*	*-2.1%*	
Education & Services	Revenue	17.1	10.7	*-37.0%*
	EBITDA	2.0	(0.0)	*n.m.*
	EBITDA margin	*12.0%*	*-0.3%*	
Culture	Revenue	12.1	10.1	*-16.3%*
	EBITDA	(1.7)	(1.7)	*-1.1%*
	EBITDA margin	*-14.3%*	*-17.2%*	
Corporate and Centralized Services	Revenue	0.7	0.8	*16.0%*
	EBITDA	(2.5)	(11.6)	*n.m.*
24ORE Group	Revenue	165.4	151.8	*-8.2%*
	EBITDA	(2.8)	(19.7)	*n.m.*
	EBITDA margin	*-1.7%*	*-13.0%*	

Publishing & Digital

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
- ***Radiocor Plus*** news agency

(€m - rounded figures)	**1H 2015**	**1H 2016**	**Δ%**
Circulation/other revenue	41.0	39.8	*-2.8%*
Revenues from advertising	31.2	30.1	*-3.4%*
Total Revenue	**72.2**	**69.9**	***-3.1%***
EBITDA	**(11.8)**	**(11.5)**	***2.7%***
EBITDA Margin %	*-16.4%*	*-16.4%*	

Highlights

✓ Overall revenue area down by 3.1% versus the previous year as result of:

- **Overall circulation and other revenue down by €1.1m (-2.8%) vs. 1H15**
- **Digital revenue from information content up by 15.2%,** now accounting for 44.4% of total revenue from information content (37.5% in 1H 2015). Digital revenue from information content from the Daily Il Sole 24 Ore and from vertical newspapers grows by 2,2 million, up by 18.7%
- **Revenue from advertising down by 3.4%** vs. 1H15 mainly due to negative trend for collection on daily, particularly for financial newspaper
- News Agency Radiocor Plus revenue up by 4.6% vs. 1H15: focus on integration and content sharing between the agency Radiocor Plus and Il Sole 24 ORE multimedia system

✓ **Negative Ebitda,** improved by 2.7% yoy , reflects lower revenue only partially offset by cost reduction

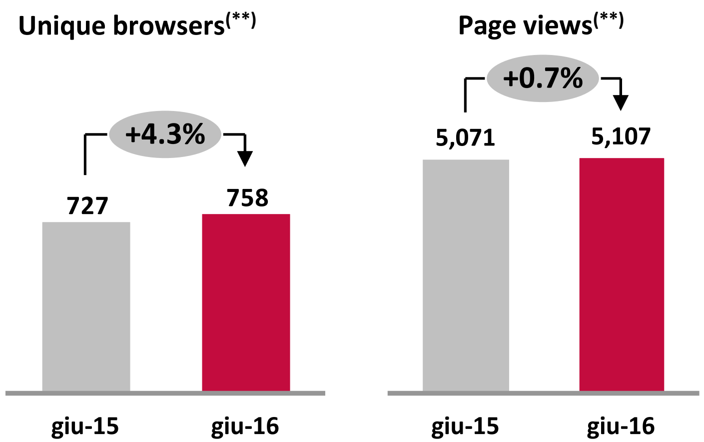
Publishing: Newspaper and website

IL SOLE 24 ORE NEWSPAPER

- **Circulation revenue from the daily newspaper (print+digital)** amounts to 34.7 million euro in line with 1H15, as result of the integrated system solutions (newspaper, vertical newspapers, data base)
- According to ADS, Il Sole 24 ORE in June 2016 counts over 115k average copies for the **digital circulation** and approx. 249k copies for **paper+digital circulation** (without accounting multiple copies in accordance with ADS regulation update effective)
- In the half year of 2016, the daily offer was enriched by several publishing initiatives about social-economic and cultural themes: the ongoing financial education "I tuoi soldi" e "L'economia per la famiglia", the book magazine "English Actually", the sunday appointment with "*Racconti d'autore*", the monthly appointement with "*Le guide*", "*Focus tabloid di Norme e Tributi*"

1H16 Data (amount in thousand)

www.ilsole24ore.com: main metrics



WWW.ILSOLE24ORE.COM WEBSITE

- First fee-based website in Italy, reports in 1H16 an average of more than 758 thousand unique browsers, up by 4.3%, and an increase in page views by 0.7% versus the average in 1H15
- Web site mobile version: increase in unique browsers (+34.3% yoy) and in page views (+77.8% yoy)(**)

(**) Source: Omniture Sitecatalyst

Tax & Legal

- ***Professional publishing*** include integrated product systems of technical and regulatory content targeting professionals, companies and the Public Administration

(€m - rounded figures)	**1H 2015**	**1H 2016**	**Δ%**
Circulation/other revenue	33.2	32.9	*-0.9%*
Revenues from advertising	0.1	0.2	*52.6%*
Total Revenue	**33.3**	**33.1**	***-0.7%***
EBITDA	**7.5**	**5.6**	***-25.3%***
EBITDA Margin %	*22.6%*	*17.0%*	

Highlights

✓ Overall revenue area slightly down by 0.7% versus the previous year as result of:

- Overall revenue from information content (print+digital) decrease by 14.1% , drop offset by increase in revenue from fees relating to the activities developed by TeamSystem, which bought Software area in 2014
- Specifically databases revenue drop by 7,4%, with a different trend for the varius lines (-2% "Fisco e Lavoro", -12% "Diritto" and -20% "Edilizia e PA")

✓ **Ebitda decrease,** down by 25.3% yoy, mainly reflects a different revenue mix, because of revenue from brokerage show an higher profitability versus core business products

Radio

- The national “news & talk” radio station ***Radio 24***

(€m - rounded figures)	**1H 2015**	**1H 2016**	**Δ%**
Circulation/other revenue	0.3	0.3	*-13.4%*
Revenues from advertising	8.5	8.5	*-0.4%*
Total Revenue	**8.8**	**8.7**	***-0.8%***
EBITDA	**1.2**	**0.7**	***-39.4%***
EBITDA Margin %	*14.0%*	*8.5%*	

Highlights

- ✓ **Overall revenue** slightly down by 0.8%; -0.4% % for advertising revenue, including collection both on radio and the website.
- ✓ Radio 24 ranks 9th among national radios market with approx. 2 millions listeners on average day
- ✓ In the second quarter of 2016 (last avaible data), Monday – Friday listeners increased to 2,181,000 versus previous year, and Sunday listeners increased by 13% vs. second quarter of 2015 (Source: GFK Eurisko; RadioMonitor) as result of changes in the show schedule
- ✓ Increase in podcast listening (+3.1% yoy) with more than 9.4 million downloaded files
- ✓ **Ebitda** decrease, down by 39.4% yoy, is mainly related to higher direct and operating costs, specifically editorial costs (+14.1%)

System (Advertising)

(€m - rounded figures)	1H 2015	1H 2016	Δ%
Revenues from Group's products	49.7	48.2	-3.1%
Revenues from 3rd parties' products	13.5	11.8	-13.1%
Total Revenues	**63.2**	**59.9**	**-5.2%**
EBITDA	**2.3**	**(1.2)**	**n.m.**
EBITDA Margin %	*3.7%*	*-2.1%*	

Advertising yoy by Area vs Market*

	Market		G. 24 ORE like for like	G. 24 ORE
Radio	**+0.6%**		**+ 0.3%**	**+ 0.3%**
Online	**-1.9%**	**VS.**	**-5.0%**	**- 13.3%**
Paper Publishing	**- 4.2%**		**- 2,8%**	**- 4.1%**

(*) Source Nielsen Media Research Jan –June 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 down by 3.0%**. The relevant market dropped by an overall 2.8% (*Nielsen January – June 2016*).
- **Radio24** is in line with previus year (+0.3%) versus its reference market +0.6% yoy, in a market decreasing for Financial/Insurance and Professional services advertising
- Decrease in **Newspaper advertising** collection: the daily Il Sole 24ORE ended the first half of the year down by 4.6%, dropping more moderately than the daily newspaper market (-4.9%, *Nielsen January-June*).
- Decrease in adevertising collection on **internet** (-13.3%, -5.0% on a like for like basis), versus market at -1.9% *(Fonte: Nielsen – gennaio-June 2016).*

Education & Services

(€m - rounded figures)	1H 2015	1H 2016	Δ%
Business School ed Eventi	10.3	10.2	*-1.5%*
Area Next	0.2	0.6	*186.1%*
Newton	6.6	-	
Total Revenue	**17.1**	**10.7**	***-37.0%***
EBITDA	**2.0**	**(0.04)**	***n.m.***
EBITDA Margin %	*12.0%*	*-0.3%*	

Highlights

- **Decrease in revenue** (-37.0% vs. 1H15) related to Newton deconsolidation (6.6 m euro in 1H15). On a like for like consolidation area, revenue increase by 2.2% (+0.3 m euro)
  - Business School and Events revenue amounts to 10.2 down by 1.5%
  - Revenue from new Next24 product line launched in 2015 amounted to 0.6 million (0.2 in 1H15)
- **Ebitda at breakeven level**, down by 2.1 million euro versus previous year, is related to Next24 costs for the organization of the structure as well as the change of consolidation area

Culture

(€m - rounded figures)	1H 2015	1H 2016	Δ%
Total Revenues	**12.1**	**10.1**	**-16.3%**
EBITDA	**(1.7)**	**(1.7)**	**-1.1%**
EBITDA Margin %	*-14.3%*	*-17.2%*	

Highlights

- Revenue at €10.1m decreasing by 16.3% yoy, related to exhibitions area down by 30%. Specifically, 12 exhibitions were organized in 1H16 versus 11 exhibitions in 1H15, with total number of visitors down. The decline in revenue was partly offset by MUDEC activities (+1.1 million euro)
- The first half of 2016 saw the opening of the exhibition *Symbolism*. Art in Europe from the *Belle Époque* to the *Great War* at Palazzo Reale, the launch of the 2016-2017 MUDEC season with the exhibition on *Mirò, Escher exhibition* at Palazzo Reale
- **Ebitda** is negative for 1.7 million euro affected by losses and receivable write-off (0.8 million euro)
- In the first half **visitors** to the exhibitions were 590k (812k in 1H15), of which 205k at MUDEC

Agenda

Highlights

Change in scope consolidation and change in accounting principles

Key Financial Data

Financial position and equity walk

Financial data by segments

- Publishing & Digital
- Tax & Legal
- Radio
- System (Advertising)
- Education & Services
- Culture

2016-2020 Business Plan guidelines

Directors' assessment on the going concern assumption and business outlook

Appendix

2016-2020 Business Plan guidelines

The guidelines of the 2016-2020 Business Plan focus on:

- a rebalancing of the business-financial structure of the Group through effective cost curbing and operational efficiency action;
- measures to adopt on the current loss-making areas;
- emphasis on quality positioning and on the strategic role of the Daily;
- positive cash flows to drive growth from 2019;
- generation of positive results, enhancing the Group's assets and the strength of the Brand: positive EBITDA from 2017 and a profit in 2019 (10% EBITDA margin in 2020);
- stabilization of revenue, with a 3% CAGR forecast during the Business Plan;
- a share capital increase such as to make the Business Plan financially self-sufficient.

The guidelines of 2016-2020 Business Plan was approved on 27 September 2016

Agenda

Highlights

Change in scope consolidation and change in accounting principles

Key Financial Data

Financial position and equity walk

Financial data by segments

- Publishing & Digital
- Tax & Legal
- Radio
- System (Advertising)
- Education & Services
- Culture

2016-2020 Business Plan guidelines

Directors’ assessment on the going concern assumption and business outlook

Appendix

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Premise

In light of the business performance, financial and equity results reported in 1H16, the directors are called to make **assessments on the validity of the going concern assumption** in preparing the half-year financial.

Specifically, the current material uncertainties may cast significant doubts on the validity of the going concern assumption, related in particular to the following aspects:

- *business performance: 1H16 ended mostly with negative results that deviate from the latest budget forecasts for 2016; further losses are expected in the second half of the current year;*
- *financial position: Group current assets and liabilities show an imbalance, with significant liquidity absorption and failure to meet the financial covenants contained in the existing loan agreements;*
- *equity position: Group equity is heavily eroded.*

Business performance

✓ The 1H16 results and end-of-year estimates deviate significantly from the forecasts made for 2016, based on the 2015-2019 Business Plan approved by the Board of Directors on 13 March 2015. Accordingly, the Plan is deemed unfulfilled and unenforceable. The Board is therefore called to prepare a new Business Plan.

✓ In this regard, on 27 September 2016 the Board of Directors approved the previously mentioned guidelines set out in the new 2016-2020 Business Plan, which will be analyzed in its entirety by the Board in October 2016, after completion of the independent business review (IBR) performed by an independent expert.

Financial Position

In order to meet its short-term financial requirements, the Group currently has total available and usable credit lines of 78.0 million euro

- 5.5 million euro relating to revocable credit lines for current account overdrafts, subject to collection and unsecured, at an average interest rate of 3.47%;
- 2.5 million euro relating to revocable credit lines for hot money that may be used to meet short-term temporary financial requirements, at an interest rate of 1.92%;
- 20.0 million euro relating to credit facilities for advances in trade receivables;
- 50.0 million relating to the syndicated loan for a duration of 36 months from its signing in October 2014, at a Euribor interest rate + 5.50%.

At 30 June 2016, credit lines drawn down amounted to 50.6 million euro; the remaining lines and available cash amount to 56.8 million euro. The Group currently has available and usable credit lines of 78.0 million euro, deemed insufficient to meet the expected total financial requirements for 2017 and 2018 and, specifically, to repay the syndicated loan of 50.0 million euro due on 23 October 2017.

Failure to meet covenants at 30 June 2016

- ✓ Ebitda >0 At 30 June 2016, as a result of extraordinary and one-off events the Group requested the lenders to suspend the application of the EBITDA-related financial covenant for the calculation date of 30 June 2016. On 2 August 2016, the lenders accepted the Group's request to suspend the application of the EBITDA-related financial covenant solely for the calculation date of 30 June 2016
- ✓ PFN/PN<0,75 In consideration of the negative net financial position of 29.6 million euro and the negative equity of 28.2 million euro at 30 June 2016, calculated following approval of the above waiver, non-compliance also resulted with the NFP/equity-related financial covenant, which must not exceed 0.75 for the entire duration of the loan.

On 26 September 2016, the lenders received notice of the failure to meet the financial covenants and the concurrent request of a willingness to make arrangements for a meeting to share the reasons behind the failure to meet the financial covenant and to restructure the loan, in view of the Business Plan to be approved by the Board of Directors of the Company next October. Restructuring of the loan is deemed necessary also in light of the forecasts on the inability to meet the covenants at 31 December 2016.

Directors' assessment on the going concern assumption and business outlook

Equity position

- With regard to equity, amounting to 28.2 million euro at 30 June 2016, shareholders are called to take action through a statement of willingness to increase the share capital, in order to provide the Group with adequate resources to meet short-term financial requirements and to meet any repayment of the syndicated loan at maturity, and to ensure a balanced equity/debt ratio.
- In this regard, the majority shareholder has expressed its willingness to take into consideration, also in light of the financial and equity requirements envisaged in the Business Plan, any action on the share capital as may be necessary to allow continuity as a going concern for a period of at least 12 months following approval of this Financial Report.

Directors' conclusions on continuity as a going concern

Acknowledging the above situation, the directors accordingly took the following steps:

- on 26 September 2016, a formal request was made to the lenders on their willingness to restructure the loan, consistent with the forecasts contained in the 2016-2020 Business Plan. On 29 September 2016, the lenders, taking note of the above letter, confirmed their willingness to take part in a meeting scheduled on 6 October 2016, specifying that any deviation or change in the conditions of the loan agreement would be submitted to approval by the respective decision-making bodies
- on 27 September 2016, the Board of Directors approved the guidelines set out in the 2016-2020 Business Plan, which will be finalized and analyzed in its entirety by the Board of Directors in October 2016, after completion of the independent business review (IBR) by an independent expert
- on 29 September 2016, the majority shareholder expressed its willingness to take into consideration, also in light of the financial and equity requirements envisaged in the above 2016-2020 Business Plan, any action on the share capital as may be necessary to allow continuity as a going concern for a period of at least 12 months following approval of this Financial Report.

Directors' assessment on the going concern assumption and business outlook

Based on the above, notwithstanding the mentioned material uncertainties regarding the business performance and financial and equity position of the Group, confident of .

- *the ability to implement the actions envisaged in the 2016-2020 Business Plan, whose guidelines were approved by the Board of Directors on 27 September 2016*
- *the possibility of redefining the terms of the loan agreements with the lenders consistent with the requirements set out in the proposed 2016-2020 Business Plan*
- *the majority shareholder's support as may be necessary to maintain short and medium-long term equity and financial balance, consistent with the forecasts set out in the 2016-2020 Business Plan*
- *that all the foregoing points take place in an appropriate and necessary timeframe*

…the directors have prepared the Half-Year Financial Report on a going concern basis, as they believe that the Group will have adequate financial resources to continue to operate in the future as a going concern.

Business outlook

- *Looking at the **advertising market**, the summer period continued the drop witnessed in 2015 by advertising sales on newspapers, magazines and the Internet. **Forecasts for 2016** remain rather uncertain to date, and confirm a further decline in advertising sales on newspapers, magazines and the Internet, and a slight growth by Radio.*
- *In 2016, the Group will continue to focus more on **developing digital products**, driven by the increasing integration of all the professional content from Il Sole 24 Ore, in order to alleviate the expected drop in traditional print publishing.*
- *To date and in the absence of unpredictable events at this time, the Group continues to keep a sharp eye on its relevant market, still marked by a high degree of uncertainty, regarding the advertising market in particular. In light of this context, the **results reported in July and August** - impacted negatively by seasonal effects - showed further losses. The latest full-year forecasts reasonably suggest that **the results of the last quarter of the year** may partly offset the loss expected in the third quarter.*

Agenda

Highlights

Change in scope consolidation and change in accounting principles

Key Financial Data

Financial position and equity walk

Financial data by segments

- Publishing & Digital
- Tax & Legal
- Radio
- System (Advertising)
- Education & Services
- Culture

2016-2020 Business Plan guidelines

Directors’ assessment on the going concern assumption and business outlook

Appendix

Consolidated Balance Sheet

(€m - rounded figures)	As at 31 Dec 2015	As at 30 Jun 2016
Non-current assets	204.1	155.8
Current assets	165.8	150.8
Total assets	**369.9**	**306.6**
Equity attributable to shareholders of parent	78.3	28.2
Equity attributable to non controlling interests	0.5	0.0
Total equity	**78.8**	**28.2**
Non-current liabilities	45.3	44.6
Current liabilities	245.8	233.8
Total liabilities	**291.1**	**278.4**
Total equity & liabilities	**369.9**	**306.6**

Consolidated Cash Flow

(€m - rounded figures)	1H 2015	1H 2016
Pre tax Profit/(Loss) attributable to owners of the parent	(10.6)	(39.3)
Adjustments	3.1	19.4
Changes in net working capital	(8.3)	4.8
Total net cash generated (absorbed) by operating activities	**(15.9)**	**(15.0)**
Total net cash absorbed by investing activities	(4.2)	(3.6)
Free cash flow	**(20.0)**	**(18.6)**
Net cash generated (absorbed) by financing activities	1.2	30.7
Net increase (decrease) in cash & cash equivalents	**(18.9)**	**12.1**

Consolidated Net Financial Position

(€m - rounded figures)	As at 31 Dec 2015	As at 30 Jun 2016
Cash & cash equivalents	39.2	29.4
Bank overdrafts and loans due within one year and other financial debt	(66.5)	(53.1)
Short-term financial receivables	0.0	0.6
Short-term net financial position	**(27.3)**	**(23.1)**
Non-current financial liabilities	(6.7)	(6.4)
Medium/long-term net financial position	**(6.7)**	**(6.4)**
Total net financial position	**(33.9)**	**(29.6)**