

9M 2016 Results

November 15, 2016

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These statements appear in a number of places in this presentation and include statements regarding the intent, belief or current expectations of the customer base, estimates regarding future growth in the different business lines and the global business, market share, financial results and other aspects of the activities and situations relating to the Company.

Such forward looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ materially from those expressed in or implied by these forward looking statements as a results of various factors, many of which are beyond the ability of Il Sole 24 ORE S.p.A. to control or estimate precisely. Consequently it is recommended that they be viewed as indicative only.

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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 9M16, the 24 ORE Group achieved **consolidated revenue** of 208.4 million euro versus 227.4 million euro in 9M15 (-18.9 million euro). The decrease is attributable to the deconsolidation for 8.7 million euro of the subsidiaries Newton Management Innovation and Newton Lab.
- **Gross operating profit (EBITDA)** amounts to -25.3 million euro versus a restated -12.5 million euro in 9M15. A difference explained mainly by the drop in revenue and by non-recurring charges of 9.1 million euro, as well as by lower operating income. **EBITDA, net of non-recurring charges, amounts to -16.2 million euro.**
- The Group closes 9M16 with a negative **net result** of 61.6 million euro, affected by the write-down of deferred tax assets for 10.4 million euro, versus a restated -26.1 million euro in 2015. **Net of non-recurring charges, the net result amounts to -35.1 million euro.**
- At 30 September 2016, Group **equity** stands at 16.4 million euro, decreasing by 70.8 million euro versus 87.2 million euro at 31 December 2015, as a result of the loss for the period of 61.6 million euro, of the restatement of certain comparative figures, and of other variations for a total of 9.2 million euro.
- The Board of Directors has taken note of the financial situation and believes that, pursuant to art. 2446 of the Italian Civil Code, a **General Meeting should be called without delay** to take appropriate action, within the time limits of law. The new Board of Directors appointed by the General Meeting on 14 November 2016 is, therefore, invited to take action without delay, pursuant to the time limits of law.
- The **net financial position** comes to -40.8 million euro and includes the remaining debt of 6.6 million euro from the sale and lease back of the Bologna rotary press. The figure deteriorates by 6.9 million euro versus the restated figure of -33.9 million euro at 31 December 2015.
- In light of the business, financial and equity results reported in 9M16, the Directors have been called to make assessments on the validity of the **going concern assumption** in the preparation of the Interim Management Report at 30 September 2016, as they did with the Half-Year Financial Report at 30 June 2016. At their meeting on 3 November 2016, the Directors approved the 2016-2020 Business Plan. The lenders have expressed their willingness to redefine the debt structure, and a standstill is under approval. The majority shareholder has expressed its willingness to take a capital increase into consideration. Notwithstanding existing material uncertainties, the Directors have prepared the Interim Management Report at 30 September 2016 on a going concern basis.

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Change in scope consolidation

- Starting from current year the group has no longer the control of Newton Management S.r.l. and 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 9M 2015

Amounts in €million	9M 2015	Database revenue adjustment	Fund Advertising revenue adjustment	EMC consolidation	Rotary press	9M 2015 Restated
Revenue	227,9	0,4	(1,1)	0,2		227,4
Gross operating profit (EBITDA)	(12,5)	0,5	(1,1)	(0,0)	0,7	(12,5)
Operating profit (loss) (EBIT)	(23,6)	0,5	(1,1)	(0,0)	(0,1)	(24,3)
Pre-tax profit (loss)	(24,7)	0,5	(1,1)	(0,0)	(0,4)	(25,8)
Profit (loss) for the period	(25,4)	0,5	(1,1)	(0,1)	(0,4)	(26,5)
Profit (loss) attributable to owners of the parent	(25,0)	0,5	(1,1)	(0,1)	(0,4)	(26,1)
Net financial position	(26,8)	-	-	0,1	(7,2)	(33,9) (1)
Equity attributable to owners of the parent	87,2	(7,5)	-	0,3	(1,2)	78,8 (1)
Average number of employees	1.236	-	-	2	-	1.238

(1) As at 31 december 2015

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Consolidated Key Financial Data

(€m - rounded figures)	3Q 2015	3Q 2016	Δ%	9M 2015	9M 2016	Δ%
Revenues	61,9	56,6	-8,6%	227,4	208,4	-8,3%
Other operating income	1,5	0,5	-68,8%	8,5	2,9	-65,5%
Personnel expense	(23,3)	(22,6)	3,2%	(78,3)	(84,8)	-8,3%
Direct & operating costs	(49,2)	(39,3)	20,2%	(168,0)	(148,4)	11,7%
Provisions	(0,6)	(0,8)	-44,7%	(2,0)	(3,5)	-77,5%
EBITDA	(9,6)	(5,6)	42,2%	(12,5)	(25,3)	-103,0%
EBITDA Margin %	-15,5%	-9,8%		-5,5%	-12,1%	
EBITDA net of non recurring items	(9,6)	(5,2)	46,0%	(12,5)	(16,2)	-30,2%
EBITDA Margin %				-5,5%	-7,8%	
EBIT	(14,0)	(10,8)	22,4%	(24,3)	(46,9)	-93,0%
EBIT Margin %	-22,6%	-19,2%		-10,7%	-22,5%	
EBIT net of non recurring items	(14,0)	(10,5)	25,1%	(24,3)	(31,8)	-30,9%
EBIT Margin %				-10,7%	-15,3%	
Profit/(Loss) before tax	(14,6)	(11,8)	18,8%	(25,8)	(51,1)	-98,3%
PBT Margin %	-23,5%	-20,9%		-11,3%	-24,5%	
Net Profit/(Loss)	(14,5)	(11,8)	18,1%	(26,5)	(61,6)	-133,0%
Minorities	0,1	0,0	-95,8%	0,4	0,0	-99,0%
Net Profit/(Loss) after minorities	(14,3)	(11,8)	17,3%	(26,1)	(61,6)	-136,6%
Margin %	-23,1%	-20,9%		-11,5%	-29,6%	
Net Profit/(Loss) net of non recurring items	(14,3)	(11,5)	19,9%	(26,1)	(35,1)	-34,6%
Average n. of employees				1.238	1.229	(9)

9M 2016 HIGHLIGHTS

Group consolidated revenue decreased by € 18,9m (-8,3% yoy). Net of the above variation, consolidated revenue falls by 10.2 million euro, mainly as a result of the drop of 4.9 million euro (-5.7%) in advertising revenue, and of the drop of 3.5 million euro (-20.2%) in revenue from add-ons and print books and magazines.

Direct and operating costs down by 11.5% versus 9M15 (- €19.3m, of which - € 8.1m for Newton deconsolidation)

- Decrease in costs for the production of exhibitions of the Culture Area, down by 3.0 million euro;
- promotional and marketing expenses, down by 5.1 million euro (-29.1%), as a result of lower marketing costs for the Daily (-3.2 million euro), and of lower advertising costs of the Culture Area, due to slower business activity (-1.1 million euro);
- advertising fees to third-party publishers, down by 2.1 million euro (14.4%), as a result of the reduction in titles under concession;
- Personnel expense up by €6.5m due to restructuring costs for €5.5m and non recurring charges for €1.9m from the departure of the Group CEO and the CEO of 24 ORE Cultura

EBITDA came to a negative 25.3 million euro versus -12.5 million euro in 9M15, a difference explained mainly by non recurring expenses of €9.1m, the drop in revenue as well as by lower operating income. **EBITDA net of non-recurring items amounted to -16.2 million**

EBIT Operating profit (EBIT) amounts to -46.9 million euro versus a restated -24.3 million euro in 2015, and includes non-recurring charges of 15.1 million euro. EBIT includes non-recurring charges from the deconsolidation of Newton for 2.8 million euro, and losses of 2.1 million euro mainly from the disused assets following departure from the Pero offices. **EBIT, net of non-recurring charges, amounts to -31.8 million euro**

Net result after minorities came to -61.6 million euro versus 26.1 million euro in 2015. The result was affected by financial charges of 4.2 million euro (2.9 million euro in the restated figure of 9M15), which included the non-recurring charges of 1.0 million euro from the early cash-in of the vendor loan. 9M15 had benefited from interest income of 1.4 million euro from the vendor loan.

Income taxes amounted to -10.6 million euro (-0.7 million euro in 9M15). 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 -35.1 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 expenses	
(m euro)	9M 16
Gross Operating Profit (EBITDA)	(25.3)
Non-recurring charges from the departure of the previous CEO	(1.5)
Non-recurring charges from the departure of the previous CEO of 24 ORE Cultura	(0.4)
Contractual charges related to Pero building	(1.7)
Restructuring costs related to personal personnel	(5.5)
Overall non recurring costs with impact on Ebitda	(9.1)
Ebitda net of non recurring costs	(16.2)
Operating profit (EBIT)	(46.9)
Overall non recurring costs with impact on Ebitda	(9.1)
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 Pero	(2.1)
Overall non recurring cost with impact on Ebit	(15.1)
Ebit net of non recurring costs	(31.8)
Net result	(61.6)
Overall non recurring costs with impact on Ebit	(15.1)
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	(26.6)
Net result net of non recurring costs	(35.1)

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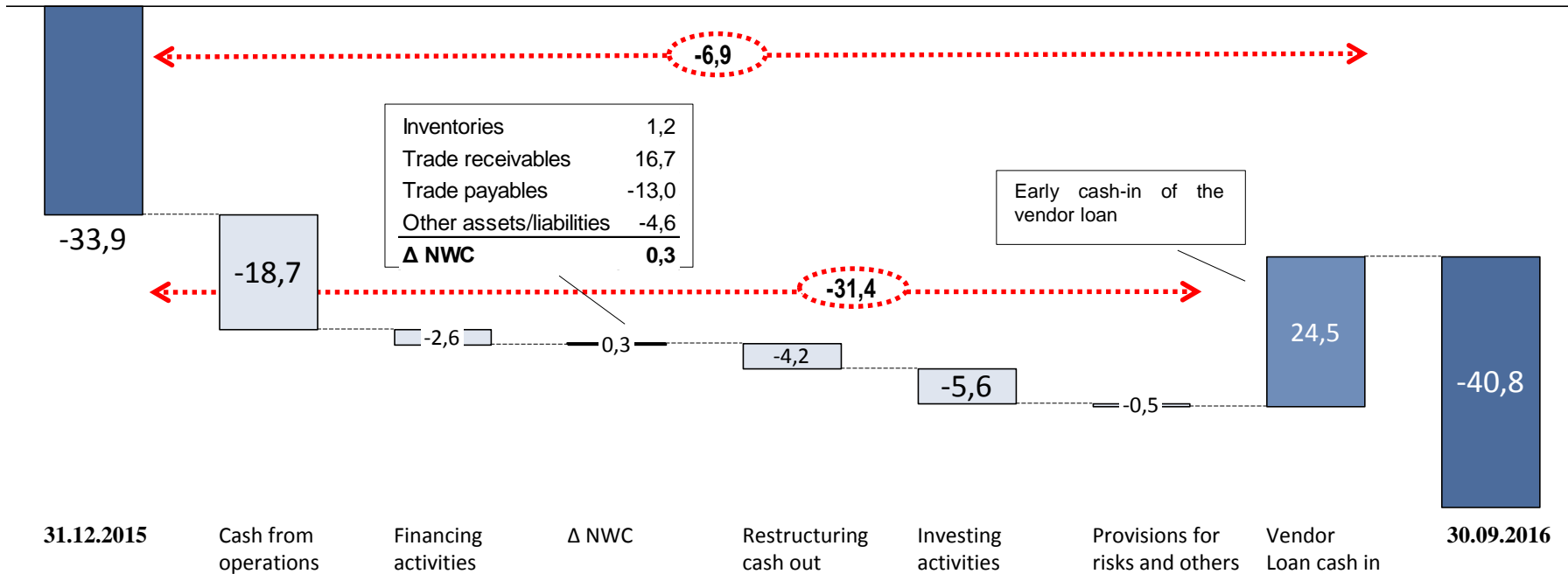
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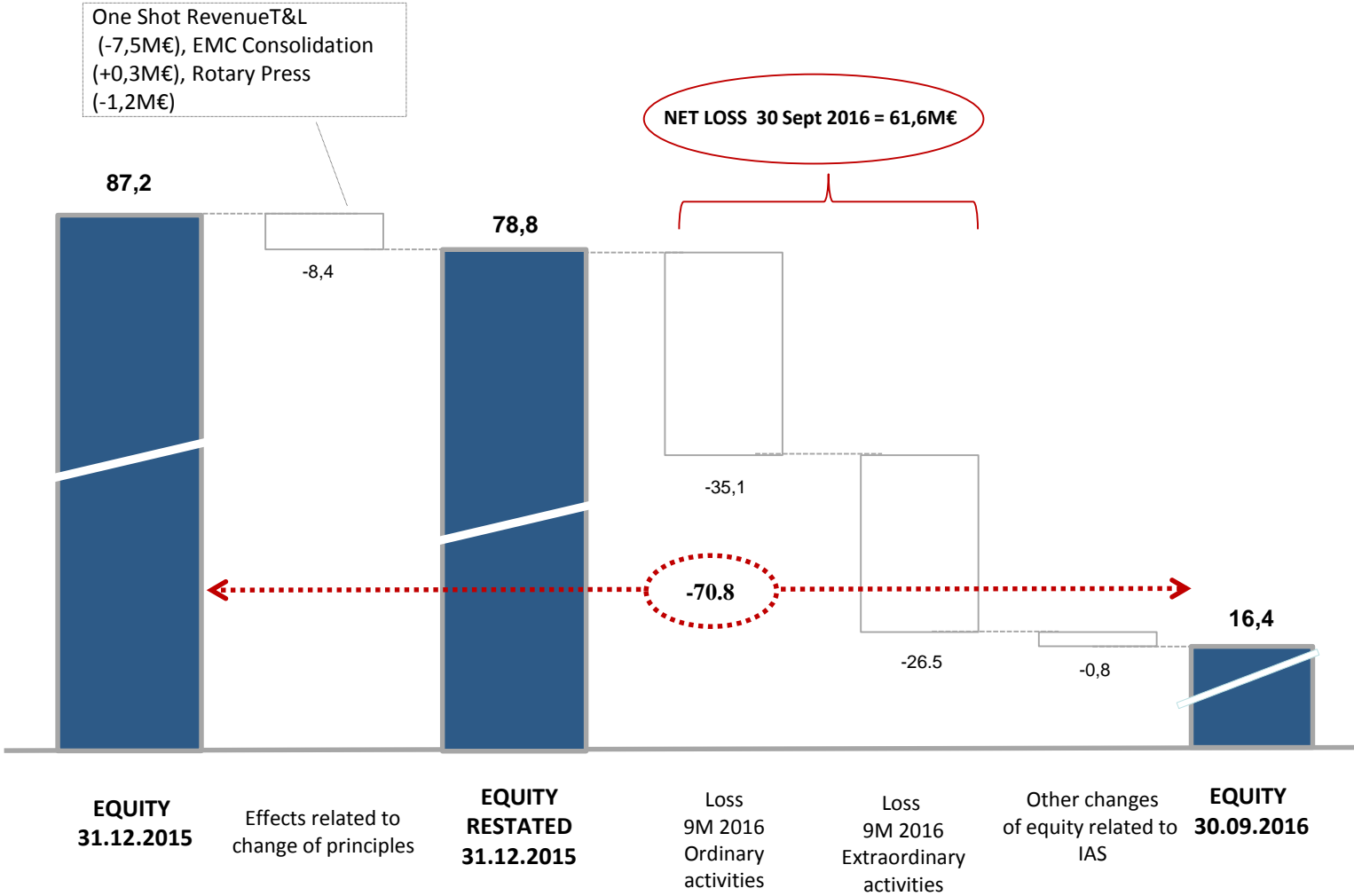
Net Financial Position walk 9M 2016

(€mil)



Equity walk 9M 2016

(€mil)



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Revenue & EBITDA Breakdown

(€m - rounded figures)		3Q 2015	3Q 2016	Δ%	9M 2015	9M 2016	Δ%
Publishing & Digital	Revenue	30,4	28,2	-7,5%	102,6	98,1	-4,4%
	EBITDA	(5,8)	(5,1)	11,6%	(17,6)	(16,6)	5,7%
	<i>EBITDA margin</i>	-19,1%	-18,2%		-17,2%	-16,9%	
Tax & Legal	Revenue	14,2	12,8	-9,9%	47,5	45,9	-3,4%
	EBITDA	3,3	2,9	-13,3%	10,9	8,5	-21,6%
	<i>EBITDA margin</i>	23,6%	22,7%		22,9%	18,6%	
Radio	Revenue	3,3	3,1	-7,6%	12,1	11,8	-2,7%
	EBITDA	0,1	(0,5)	n.m.	1,3	0,3	-80,2%
	<i>EBITDA margin</i>	2,7%	-15,7%		10,9%	2,2%	
System	Revenue	22,4	20,8	-7,4%	85,7	80,7	-5,8%
	EBITDA	(0,8)	(0,3)	67,4%	1,6	(1,5)	n.m.
	<i>EBITDA margin</i>	-3,4%	-1,2%		1,8%	-1,9%	
Education & Services	Revenue	4,5	2,5	-45,0%	21,6	13,2	-38,7%
	EBITDA	(1,0)	(0,7)	29,8%	1,0	(0,8)	n.m.
	<i>EBITDA margin</i>	-23,1%	-29,5%		4,7%	-5,8%	
Culture	Revenue	1,2	2,9	143,8%	13,3	13,0	-1,9%
	EBITDA	(3,1)	(1,2)	63,1%	(4,9)	(2,9)	40,4%
	<i>EBITDA margin</i>	n.m.	-39,8%		-36,6%	-22,3%	
Corporate and Centralized Services	Revenue	0,3	0,3	-0,7%	1,0	1,1	11,4%
	EBITDA	(2,3)	(0,7)	69,1%	(4,8)	(12,3)	-158,7%
Intercompany	Revenue	(14,3)	(13,8)		(56,3)	(55,3)	
	EBITDA	-	-		-	-	
24ORE Group	Revenue	61,9	56,6	-8,6%	227,4	208,4	-8,3%
	EBITDA	(9,6)	(5,6)	42,2%	(12,5)	(25,3)	-103,1%
	<i>EBITDA margin</i>	-15,5%	-9,8%		-5,5%	-12,1%	

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

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)	3Q 2015	3Q 2016	Δ%	9M 2015	9M 2016	Δ%
Circulation/other revenues	19.7	18.0	-8.5%	60.6	57.8	-4.7%
Revenues from advertising	10.8	10.2	-5.6%	42.0	40.3	-4.0%
Total Revenue	30.4	28.2	-7.5%	102.6	98.1	-4.4%
EBITDA	(5.8)	(5.1)	11.6%	(17.6)	(16.6)	5.7%

Highlights

- ✓ Overall revenue area in 9M 16 down by 4.4% versus the previous year as result of:
 - **Overall circulation and other revenue down by €2.8m (-4.7%) vs. 9M15**
 - **Digital revenue from information content up by 12.4%**, now accounting for 45.9% of total revenue from information content (39.1% in 9M15). Digital revenue from information content from the Daily Il Sole 24 Ore and from vertical newspapers grows by 2.4 million, up by 12.6%
 - **Revenue from advertising down by 4.0%** vs. 9H15 mainly due to negative trend for collection on daily, particularly for financial newspaper
 - News Agency Radiocor Plus revenue down by 0.6% vs. 9M15: focus on integration and content sharing between the agency Radiocor Plus and Il Sole 24 ORE multimedia system
- ✓ **Negative Ebitda in 9M 16**, improved by 5.7% yoy, reflects lower revenue only partially offset by reduction in direct and operating cost.

Publishing: Newspaper and website

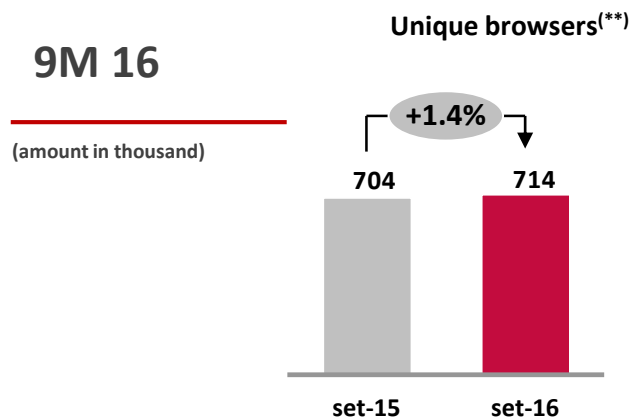
IL SOLE 24 ORE NEWSPAPER

- ✓ **Circulation revenue from the daily newspaper (print+digital)** amounts to 50.6 million euro, down by 1.3 million versus 9M 16 (-2.4%).
- ✓ According to ADS, Il Sole 24 ORE in September 2016 counts over 98k copies for the **digital circulation** and approx. 203k copies for **paper+digital circulation** (without accounting multiple copies in accordance with ADS regulation update effective starting from April).
- ✓ In the first nine months of 2016 the range of products sold as add-ons to the daily newspaper was expanded. Of note among these are the “Racconti d’autore” proposed with the Sunday edition, the English Actually English language study initiative and the “I tuoi soldi”, “I tuoi diritti” and “L’economia per la famiglia” pocket series that informs on financial and economic issues. In addition, developments continue for the “Norme e Tributi” tabloid focus every Wednesday, and there is the monthly publication of the Guides explaining the latest regulatory and legislative news on pensions, the home, tax and labour.
- ✓ The magazines How To Spend It, IL and 24hours closed the first nine months of 2016 year with advertising revenue up by 5.3% on the same period of the previous year for a different scope of consolidation. On a like-for-like basis revenue up by 1.1%, against the market trend which was down 3.8% (source: *Nielsen January- September 2016*).

WWW.ILSOLE24ORE.COM WEBSITE

- ✓ First fee-based website in Italy, reports in 9M16 an average of more than 714 thousand unique browsers, up by 1.4%.
- ✓ Web site mobile version: increase in unique browsers (+28.7% yoy) at 120 thousand average unique browsers.

www.ilsole24ore.com: main metrics



(**) 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)	3Q 2015	3Q 2016	Δ%	9M 2015	9M 2016	Δ%
Circulation/other revenues	14,1	12,7	-10,0%	47,3	45,6	-3,6%
Revenues from advertising	0,0	0,0	95,0%	0,2	0,2	58,2%
Total Revenue	14,2	12,8	-9,9%	47,5	45,9	-3,4%
EBITDA	3,3	2,9	-13,3%	10,9	8,5	-21,6%
<i>EBITDA Margin %</i>	23,6%	22,7%		22,9%	18,6%	

Highlights

- ✓ Overall revenue area slightly down by 3.4% versus the previous year as result of:
 - Overall revenue from information content (print+digital) decrease by 7.4%, drop partially 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 5.2%, with a different trend for the various lines (-1% "Fisco e Lavoro", -9.5% "Diritto" and -17.4% "Edilizia e PA")
- ✓ **Ebitda decrease**, down by 21.6% yoy, mainly reflects a different revenue mix, because of revenue from brokerage show a lower profitability versus core business product, database and magazines.

Radio

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

(€m - rounded figures)	3Q 2015	3Q 2016	Δ%	9M 2015	9M 2016	Δ%
Circulation/other revenues	0,2	0,1	-39,2%	0,5	0,4	-23,3%
Revenues from advertising	3,1	3,0	-5,8%	11,7	11,4	-1,8%
Total Revenue	3,3	3,1	-7,6%	12,1	11,8	-2,7%
EBITDA	0,1	(0,5)	n.m.	1,3	0,3	-80,2%
<i>EBITDA Margin %</i>	<i>2,7%</i>	<i>-15,7%</i>		<i>10,9%</i>	<i>2,2%</i>	

Highlights

- ✓ **Overall revenue** slightly down by 2.7%; -1.8% % 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 first nine months of 2016 (last available data), Monday – Friday listeners increased to 2.275,000 versus previous year (+3.2%), and Sunday listeners increased by 11% vs. first half of 2015 (Source: GFK Eurisko; RadioMonitor) as result of changes in the show schedule.
- ✓ **Ebitda** decrease, down by 1.1 million euro, is mainly related to lower revenue and higher direct and operating costs, specifically editorial costs (+18.4%).

System (Advertising)

(€m - rounded figures)	3Q 2015	3Q 2016	Δ%	9M 2015	9M 2016	Δ%
Revenues from Group's products	16.8	16.4	-2.7%	66.5	64.5	-3.0%
Revenues from 3rd parties' products	5.6	4.4	-21.5%	19.1	16.1	-15.5%
Total Revenues	22.4	20.8	-7.4%	85.7	80.7	-5.8%
EBITDA	(0.8)	(0.3)	67.4%	1.6	(1.5)	n.m.
<i>EBITDA Margin %</i>	<i>-3.4%</i>	<i>-1.2%</i>		<i>1.8%</i>	<i>-1.9%</i>	

Advertising yoy by Area vs Market*

	Market		G. 24 ORE like for like	G. 24 ORE
• Radio	+0.6%		- 1.6%	- 1.6%
• Online	-2.2%	VS.	-3.9%	- 11.6%
• Paper Publishing	- 5.7%		- 4.5%	- 6.2%

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

Highlights

- ✓ Decrease in advertising revenue due mainly to the termination of some third-party publisher concessions (as FAZ, LePoint, FD, EIEconomista, Sky, Borsa Italiana). On a like for like basis, **the area revenue was down by 3.8%**. The relevant market dropped by an overall 3.5% (Nielsen January – September 2016).
- ✓ **Radio24** is down by 1.6% 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 nine months of the year down by 5.6%, dropping more moderately than the daily newspaper market (-7.3%). Decrease in advertising collection on **internet** (-11.6%, -3.9% on a like for like basis), versus market at -2.2%.
- ✓ Downward trend in revenues has negatively affected profitability : -€3.1m vs. 9M15.

Education & Services

(€m - rounded figures)	3Q 2015	3Q 2016	Δ%	9M 2015	9M 2016	Δ%
Business School ed Eventi	2,0	2,2	8,3%	12,3	12,4	0,1%
Area Next	0,3	0,3	-3,2%	0,5	0,9	77,3%
Newton	2,2	0,0		8,7	-	
Total Revenue	4,5	2,5	-45,0%	21,6	13,2	-38,7%
EBITDA	(1,0)	(0,7)	29,8%	1,0	(0,8)	n.m.
<i>EBITDA Margin %</i>	<i>-23,1%</i>	<i>-29,5%</i>		<i>4,7%</i>	<i>-5,8%</i>	

Highlights

- ✓ **Decrease in revenue** (-38.7% vs. 9M16), also related to Newton deconsolidation (8.7 m euro in 9M15). On a like for like consolidation area, revenue increase by 3.1% (+0.4 m euro).
 - Business School and Events revenue amounts to 12.4 in line versus previous year
 - Revenue from new Next24 product line launched in 2015 amounted to 0.9 million (0.5 in 9M15)
- ✓ **Ebitda negative at 0.8 million euro**, down by 1.8 million euro versus previous year, is related to Next24 costs for the organization of the structure as well as the change of consolidation area. **Ebitda positive at 1.2 million euro for Business School and Events (1.6 m euro in 9M15).**

Culture

(€m - rounded figures)	3Q 2015	3Q 2016	Δ%	9M 2015	9M 2016	Δ%
Total Revenue	1,2	2,9	143,8%	13,3	13,0	-1,9%
EBITDA	(3,1)	(1,2)	63,1%	(4,9)	(2,9)	40,4%
<i>EBITDA Margin %</i>	<i>n.m.</i>	-39,8%		-36,6%	-22,3%	

Highlights

- ✓ **Revenue** at €13m decreasing by 1.9% yoy, related to exhibitions area down by 17% associated with fewer visitors. In 9M16 the exhibitions held brought in 765,000 visitors (879,000 in 9M15), of which 227,000 to the MUDEC. The decline in revenue was partly offset by MUDEC activities (+1.6 million euro)
- ✓ 2016 saw the conclusion of the following exhibitions launched in 2015: “Da Raffaello a Schiele” and “Alfons Mucha e le atmosfere art nouveau” at the Palazzo Reale in Milan, “Tamara de Lempicka” in Verona and “Gauguin”. “Racconti dal paradiso” and “BARBIE - The icon” at the MUDEC.
- ✓ The first nine months of 2016 saw the opening of “Il Simbolismo”, “Arte in Europa dalla Belle Époque alla Grande Guerra” at the Palazzo Reale (5 February), “Mirò” at the MUDEC (24 March), the second and third stops for the “BARBIE - The icon” exhibition at the Complesso del Vittoriano in Rome (15 April) and Palazzo Albergati in Bologna (18 May), the second stop for “Alfons Mucha e le atmosfere art nouveau” at the Palazzo Ducale in Genoa (30 April), the “Escher” exhibition at the Palazzo Reale in Milan (24 June) and lastly “Homo Sapiens” exhibition (30 September). “Le nuove storie dell’evoluzione umana” at the MUDEC.
- ✓ **Ebitda** is negative for 2.9 million euro affected by losses and receivable write-off (0.8 million euro) and non-recurring charges from the departure of the previous CEO (0.4 million euro).



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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.

On 3 November, the Board of Directors approved 2016-2020 Business Plan in line with the guidelines approved on 27 September 2016

2016-2020 Business Plan targets

Revenue



Cagr 3%

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

Ebitda



> 0 from 2017

- Ebitda margin at 10% in 2020

Net debt



positive cash flows to drive growth from 2019

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Premise

In light of the business performance, financial and equity results reported in 9M16, the directors have been called to make **assessments on the validity of the going concern assumption** in preparing the Interim Management Report at 30 September 2016, as they did with the Half-Year Financial Report at 30 June 2016.

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: 9M16 ended with highly negative results that deviate from the latest budget forecasts for 2016, even taking the negative effects of seasonality into consideration. This situation is expected to continue until year end.*
- ✓ *financial position: Group current assets and liabilities show an imbalance, with significant liquidity absorption and failure to meet the financial covenants contained in the loan agreements in place with the pool of banks.*
- ✓ *equity position: Group equity is heavily eroded. Specifically, at 30 September 2016, Il Sole 24 ORE S.p.A. equity amounts to 18,229 thousand euro, while the share capital amounts to 35,124 thousand euro, below the limit set by art. 2446 of the Italian Civil Code.*

Business performance

- ✓ The current year's performance and full-year estimates deviate significantly from the budget forecasts for 2016, based on the 2015-2019 Business Plan approved by the Board of Directors on 13 March 2015. As this Plan was deemed unfulfilled and unenforceable, a new business plan was prepared.
- ✓ At their meeting on 3 November 2016, the Directors approved the 2016-2020 Business Plan, the guidelines of which had been approved last 27 September. The Plan was submitted to an independent business review (IBR) performed by Deloitte FA S.r.l. as independent expert, based on the opinion of whom the Plan sets out measures to achieve greater operational efficiency and cost saving, such as to achieve incremental margins versus the amounts of 2016. However, the Group's relevant market, Publishing & Digital in particular, is clearly marked by uncertainty and risk, factors that cannot rule out even a significant deviation from the revenue and margin forecasts envisaged in the Plan. The experts believe that, if such negative scenarios were to occur, Management should consider taking stronger action on the cost front in order to absorb any reduction in revenue and margins.

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. Specifically:

- ✓ 5.5 million euro relating to revocable credit lines for current account overdrafts, subject to collection and unsecured, at an average interest rate of 3.48%;
- ✓ 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 1.95%;
- ✓ 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 September 2016, credit lines drawn down amounted to 69.4 million euro; the remaining lines and available cash amount to 44.8 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. The securitization transaction, which contributes significantly to optimizing net working capital, falls due in May 2018.

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State of relations with the financial system

✓ Failure to meet covenants at 30 June 2016

- Ebitda >0 At 30 June 2016, as a result of extraordinary and one-off events, of external factors and of various market trends that specifically marked the second quarter of the year, the Group requested the lenders to suspend the application of the EBITDA-related financial covenant for the calculation date of 30 June 2016 relating to the above syndicated loan. On 2 August 2016, the lenders accepted the Group's request and confirmed the approval by their decision-making bodies 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 participating in the pool received notice of the failure to meet the financial covenants, requesting their willingness to make arrangements for a meeting to explain the reasons for such failure and to redefine the loan, in line with the forecasts of the 2016-2020 Business Plan.
- ✓ On 6 October 2016, the Company Management met the pool of lenders to illustrate the results of the Half-Year Financial Report at 30 June 2016 and to share the guidelines of the 2016-2020 Business Plan approved by the Board of Directors on 27 September 2016.
- ✓ In order to have the time required to negotiate and redefine the loan agreement in line with the new Business Plan, the Group requested the lenders to freeze fundings and borrowing facilities in place, allowing the renewal of all existing utilizations. The lenders announced that such a derogation from the loan agreement should be approved by the respective decision-making bodies.
- ✓ The Group also requested the other banks, where it holds borrowing facilities, advances or loan guarantees, to freeze their respective credit lines.

Directors' assessment on the going concern assumption and business outlook

Equity position

- ✓ With regard to Group equity, which came to 28.2 million euro at 30 June 2016 and to 16.3 million euro at 30 September 2016, shareholders were 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, as well as to ensure a balanced equity/debt ratio.
- ✓ In this regard, 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 Business Plan, any action on the share capital as may be necessary to allow continuity as a going concern.
- ✓ Il Sole 24 ORE S.p.A. equity at 30 September 2016 amounts to 18,229 thousand euro, while the share capital amounts to 35,124 thousand euro, decreasing by over a third and finding itself in the position set out in art. 2446 of the Italian Civil Code.

Directors' conclusions on continuity as a going concern

- ✓ On 29 September 2016, the majority shareholder expressed its willingness to consider taking, also in light of the financial and equity requirements envisaged in the 2016-2020 Business Plan, any action on the share capital as may be necessary to allow continuity as a going concern.
- ✓ on 3 November 2016, the Board of Directors approved the 2016-2020 Business Plan, submitted to an independent business review (IBR) performed by an independent expert, the guidelines of which had been previously approved by the Board of Directors last 27 September 2016.
- ✓ the lenders were asked to freeze fundings and borrowing facilities in place, allowing the renewal of all existing utilizations.

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, approved by the Board of Directors on 3 November 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 this Interim Management 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 and magazines. **Forecasts for 2016** remain rather uncertain to date, and confirm a further decline in advertising sales on newspapers and magazines, and a slight growth by Radio. Internet is expected to grow, driven by the Over the Top, Google and Facebook in particular, which account for about two thirds of the market, while Internet advertising sales regarding publishers is expected to slightly fall.
- ✓ 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 drop in traditional print publishing.
- ✓ 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. The latest full-year forecasts, to date and in the absence of unpredictable events at this time, suggest that the results of the last quarter of the year may basically confirm the loss at 30 September 2016.

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Consolidated Balance Sheet

(€m - rounded figures)

	As at 31 Dec 2015	As at 30 Sep 2016
Non-current assets	204.1	152.7
Current assets	165.8	141.5
Total assets	369.9	294.3
Equity attributable to shareholders of parent	78.3	16.3
Equity attributable to non controlling interests	0.5	0.0
Total equity	78.8	16.4
Non-current liabilities	45.3	44.2
Current liabilities	245.8	233.7
Total liabilities	291.1	277.9
Total equity & liabilities	369.9	294.3

Consolidated Cash Flow

(€m - rounded figures)	9M 2015	9M 2016
Pre tax Profit/(Loss) attributable to owners of the parent	(25.4)	(51.1)
Adjustments	7.4	25.6
Changes in net working capital	(6.8)	3.1
Total net cash generated (absorbed) by operating activities	(24.8)	(22.4)
Total net cash absorbed by investing activities	(7.7)	(5.8)
Free cash flow	(32.5)	(28.2)
Net cash generated (absorbed) by financing activities	2.4	26.2
Net increase (decrease) in cash & cash equivalents	(30.1)	(2.1)

Consolidated Net Financial Position

(€m - rounded figures)

	As at 31 Dec 2015	As at 30 Sept 2016
Cash & cash equivalents	39.2	36.1
Bank overdrafts and loans due within one year and other financial debt	(66.5)	(70.3)
Short-term financial receivables	-	0.8
Short-term financial liabilities	-	(1.2)
Short-term net financial position	(27.3)	(34.6)
Non-current financial liabilities	(6.7)	(6.3)
Medium/long-term net financial position	(6.7)	(6.3)
Total net financial position	(33.9)	(40.8)