



Press Release

RCS MediaGroup Board of Directors: RESULTS AT 30 June 2009 APPROVED

Highlights⁽¹⁾

- **Consolidated net revenues: EUR 1,092.5 million (down 18.9% from EUR 1,346.7 million at 30 June 2008)**
- **Group advertising revenues: EUR 363.7 million (down 28.6% from EUR 509.5 million in the same period of 2008)**
- **EBITDA before non-recurring costs/income: EUR 28.8 million (EUR 123.7 million at 30 June 2008)**
- **EBITDA after non-recurring costs/income: EUR 2.2 million**
- **Net loss of EUR 65.1 million (versus a profit of EUR 36.5 million at 30 June 2008)**
- **Total costs reduced by EUR 164 million (14% of operating costs in the six months)**
- **56% of the crisis plan implemented (EUR 73 million of savings achieved out of EUR 130 million expected for 2009)**

Milan, 29 July 2009 – At its meeting today, the Board of Directors of RCS MediaGroup, under the chairmanship of Piergaetano Marchetti, approved the consolidated results at 30 June 2009.

The main results for the first half of 2009 are shown below, compared with the figures for of the same period last year:

Consolidated figures ⁽¹⁾ (EUR million)	30 June 2009	30 June 2008
Group net revenues	1,092.5	1,346.7
EBITDA before non-recurring costs/income	28.8	123.7
EBITDA after non-recurring costs/income	2.2	117.4
EBIT	(54.7)	67.5
Net profit	(65.1)	36.5

Balance sheet figures (EUR million)	30 June 2009	31 December 2008
Net debt	1,156.9	1,146.8

Group performance in the first half of 2008

The deep recession that began in 2008 due to an ongoing contraction in consumer spending continues to affect the publishing sector, especially advertising revenues, hitting the results for the

¹ The 1H08 results include the costs and revenues of Unidad Editorial's print activities, as well as the activities of La Coccinella and the programming and television broadcasting division of the subsidiary Digicast. The Dada group subsidiaries Giglio Group, E-box and the Amen group were fully consolidated from 3Q08. The activities of Dada Entertainment, previously consolidated using the equity method, were consolidated fully from June 2009.

Alternative performance indicators:

- EBITDA refers to the operating result before depreciation, amortisation and write-downs.

- Net debt, a financial structure indicator, is calculated as current and non-current financial debt, net of cash and equivalents, current financial assets and non-current derivative instruments.

first half of 2009. To tackle this situation, in May 2009 RCS MediaGroup approved a series of structural measures aimed at cutting costs by more than EUR 200 million. **By 30 June, costs had already been reduced by EUR 73 million out of a target of EUR 130 million for 2009 (56%), and this target may therefore reasonably be expected to be exceeded.**

Consolidated net revenues at 30 June 2009 were down 18.9%, from EUR 1,346.7 million to EUR 1,092.5 million, owing to the deepening downturn in advertising and circulation revenues. **Group advertising revenues** stood at EUR 363.7 million (down 28.6% from EUR 509.5 million in the same period of last year). Despite a slight upturn compared with the first quarter, the figure continued to suffer from the sharp slowdown in all areas of the advertising market except for the online business and VEO TV. **Circulation revenues** fell by 12.9%, from EUR 678.9 million to EUR 591.2 million, owing mainly to a EUR 49.1 million drop in revenues from partworks following a planned reduction in partwork launches in Italy and abroad, as well as to the rescheduling of bestseller launches, which will be concentrated in the second half of the year. **Other publishing revenues** came in at EUR 137.6 million (down 13.1% from EUR 158.3 million in the same period of 2008).

EBITDA before non-recurring costs/income stood at EUR 28.8 million, compared with EUR 123.7 million in the first half of 2008. This performance was due to the dramatic drop in advertising revenues, which was especially marked in Spain, but was partly offset by the significant restructuring measures under way, which have already led to savings of EUR 73 million in the first six months of the year. **Total operating costs have been reduced by EUR 164 million (14%).**

EBITDA after non-recurring costs/income was positive, at EUR 2.2 million (versus EUR 117.4 million at 30 June 2009). The figure includes EUR 38.2 million of non-recurring costs (versus EUR 6.3 million in the same period of 2008) and EUR 11.6 million of non-recurring income.

EBIT was negative at EUR -54.7 million (versus a positive figure of EUR 67.5 million in 1H08). This reflected the change in EBITDA, as well as broadly stable depreciation, amortisation and write-downs of EUR 8.6 million (the figure was zero in 1H08). These charges were mostly non-recurring and were due to the reorganisation process currently under way and to goodwill write-downs.

Net financial charges declined from EUR 26.4 million to EUR 15.8 million, thanks chiefly to a reduction in interest rates compared with the first half of 2008.

The Group made a **net loss** of EUR 65.1 million (versus a profit of EUR 36.5 million in the same period of 2008), mainly because of the trends described above.

Net debt totalled EUR 1,156.9 million (EUR 1,146.8 million at 31 December 2008). The increase of EUR 10.1 million in the first half was much smaller than the rise of approximately EUR 294 million registered in the same period of 2008.

Operating cash flows improved by around EUR 22 million versus the first half of 2008.

Outlook

As stated above, in 2008 the RCS Group launched a series of far-reaching structural measures aimed at tackling the serious and ongoing crisis in the publishing sector. These measures entail a significant review of internal processes and a consequent reduction in the cost structure. The results obtained so far can be considered positive, and better than expected.

The Board of Directors is fully aware of the efforts made in all divisions to reach the targets on schedule, and believes it is absolutely necessary to continue the drive towards focusing and developing the business and making savings. All aspects of this project are crucial if the Group is to meet the challenges that lie ahead in the short and medium term.

Although the measures adopted entail extraordinary costs, they can be reasonably expected to produce better-than-expected benefits; however, the lack of visibility on future trends in advertising revenues, coupled with uncertainty as regards the short-term outlook, mean that barring unforeseen events, the Group is likely to generate significantly negative results in 2009.

Comments on performance in the first half

The **Italian Newspapers** division recorded **revenues** of EUR 328.4 million (EUR 379.9 million in the first half of 2008). **Advertising revenues** were down 21%, reflecting the negative market trend, although online advertising did well, especially the *Corriere della Sera* multimedia system, which performed better than the market average (up 10.1%).

Circulation revenues fell by 7.3% due to the general fall in consumer spending. Add-on sales were satisfactory, despite the sharp market contraction.

In the first half of 2009 *Corriere della Sera* and *La Gazzetta dello Sport* retained their leading positions in their sectors, with average daily circulation of 584,000 (down 9.7%, partly due to the reduction in unprofitable promotional copies) and 367,000 (down 4.9% versus the first months of 2008, when more key sports events took place) respectively. The *corriere.it* and *gazzetta.it* websites continue to achieve new records for monthly unique user numbers, with 14.7 million in June and 9 million in May respectively.

Despite cost and efficiency savings of EUR 17.9 million, **EBITDA** fell from EUR 60.9 million to EUR 17.3 million due to a significant drop in advertising revenues, and to non-recurring costs of EUR 10.5 million.

The **Spanish Newspapers** business (**Unidad Editorial**) posted **revenues** of EUR 261.4 million (versus EUR 339.9 million in the first half of 2008). **Advertising revenues** were down by 35.3% overall, although VEO TV performed well, and *El Mundo* and *Expansión* reported a less marked slowdown in the second quarter than the first. **Circulation revenues** were down 9.1%, reflecting a drop in add-on sales due to the lower number of launches as the focus shifted to the more profitable items, and this was only offset in part by increased revenues from the distribution of third-party products.

The average circulation of *El Mundo*, Spain's second-largest daily, was 316,000 copies (down 7.6% versus the first half of 2008, which benefited from coverage of the country's elections). Sales of the sports daily *Marca* were down 4.4% year-on-year compared with the first half of 2008, when a greater number of major sporting events took place. The leading position of *elmundo.es* among

Spanish-language websites was further strengthened both nationally and globally, with a record 21.8 million unique visitors in May. *Marca.com* is market leader in the sports segment, and is Spain's second-most visited news website, with 19.2 million unique users in June.

EBITDA was negative at EUR -6.6 million (EUR 39.9 million in the first half of 2008) following the sharp fall in advertising revenues and non-recurring costs of EUR 19.9 million (EUR 2.5 million in the first half of 2008), which were only partly offset by capital gains from the sale of buildings in Madrid (EUR 10.9 million) and efficiency savings of around EUR 26.7 million.

Revenues from **Books** fell from EUR 319.3 million to EUR 255.9 million, mainly because of a planned reduction in the number of partwork launches and a change in the publication schedule for bestsellers, which will be concentrated in the second half of the year.

While **EBITDA** remained in negative territory because of seasonal factors, it improved from EUR -6 million to EUR -3.6 million mainly because of reduced promotional costs due to the lower number of partwork launches and savings of EUR 5.5 million generated by cost cutting and restructuring initiatives.

Total **revenues** in the **Magazines** division declined from EUR 152.6 million to EUR 121.7 million. **Advertising** and **circulation revenues** were down 30% and 9.9% respectively, due to the difficult market conditions.

EBITDA was EUR -3.5 million (EUR 6.4 million in the first half of 2008), due to the sharp contraction in the advertising market; it includes non-recurring costs of EUR 1.2 million (EUR 0.6 million in the first half of 2008) and cost savings of EUR 17.6 million.

The **Television division (Digicast)** reported a slight increase in **revenues**, from EUR 13.7 million to EUR 14 million, thanks to an increase in **advertising revenues** due to a good performance from the *Lei* channel and the *Yacht & Sail* multimedia system. **EBITDA** decreased from EUR 6.5 million to EUR 5.4 million, including the costs relating to the launch of the *Lei* channel and non-recurring costs of EUR 0.3 million.

The **Dada group** posted revenues of EUR 76.3 million (versus EUR 81.3 million in the first half of 2008), broken down as follows: Dada.net 45%; Dada.pro 55%. Overseas activities accounted for 57% of consolidated revenues in the first half of 2009 (versus 45% in the same period of 2008). **EBITDA** came in at EUR 9.4 million (EUR 13.8 million in the first half of 2008), including non-recurring costs of EUR 0.9 million and development costs of EUR 3.2 million for the product "*The Music Movement*".

In June, Dada and Sony Music Entertainment signed a strategic agreement relating to the development of a broader partnership, which envisages the acquisition by Sony Music of a stake in Dada.net SpA in exchange for its holding in Dada Entertainment LLC.

Significant events after the end of the first half

On 3 July 2009 RCS MediaGroup, Alberto Hazan and the other shareholders of Finelco SpA signed an agreement modifying the shareholders' agreement (see press releases dated 27 April 2007 and 3 July 2009). The agreement includes a EUR 10 million capital increase by Finelco (currently in progress) which will involve some shareholders partial giving up their pre-emptive rights. Following this transaction, RCS MediaGroup's stake in Finelco SpA will increase from 34.6% to 37.2%.

Riccardo Stilli, the Director responsible for drawing up the company's accounting statements, hereby declares, pursuant to article 154-bis, paragraphs 3 and 4 of the Testo Unico della Finanza law, that the information contained in this press release accurately represents the figures contained in the Group's accounting records.

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The consolidated financial results of RCS MediaGroup are shown in the tables below. Please note that the external auditor has not yet released its report on the data.

RCS MediaGroup – restated consolidated income statement

(in EUR million)	30 June 2009	%	30 June 2008	%	Difference
	A		B		A-B
			(5)		
Net revenues	1,092.5	100.0	1,346.7	100.0	(254.2)
<i>Circulation revenues</i>	591.2	54.1	678.9	50.4	(87.7)
<i>Advertising revenues (1)</i>	363.7	33.3	509.5	37.8	(145.8)
<i>Other publishing revenues (2)</i>	137.6	12.6	158.3	11.8	(20.7)
Operating costs		(72.9)		(70.9)	
	(796.4))	(954.4))	158.0
Personnel costs		(24.8)		(19.8)	
	(271.1))	(266.6))	(4.5)
Loan write-downs	(9.8)	(0.9)	(5.8)	(0.4)	(4.0)
Risk provisions	(13.0)	(1.2)	(2.5)	(0.2)	(10.5)
EBITDA (3)	2.2	0.2	117.4	8.7	(115.2)
Amortisation of intangible assets	(28.2)	(2.6)	(28.6)	(2.1)	0.4
Depreciation of tangible assets	(20.1)	(1.8)	(21.3)	(1.6)	1.2
Other asset write-downs	(8.6)	(0.8)	0.0	0.0	(8.6)
EBIT	(54.7)	(5.0)	67.5	5.0	(122.2)
Net financial income (expenses)	(15.8)	(1.4)	(26.4)	(2.0)	10.6
Income (expenses) from financial assets/liabilities	0.0	0.0	(8.7)	(0.6)	8.7
Income (expenses) from shareholdings valued at equity	(4.2)	(0.4)	4.1	0.3	(8.3)
Pre-tax profit	(74.7)	(6.8)	36.5	2.7	(111.2)
Tax	14.4	1.3	(14.4)	(1.1)	28.8
Profit/loss from continuing operations	(60.3)	(5.5)	22.1	1.6	(82.4)
Profit/loss from assets held for sale or sold (4)	(5.9)	(0.5)	15.2	1.1	(21.1)
Net profit before minority interests	(66.2)	(6.1)	37.3	2.8	(103.5)
Net (profit) loss pertaining to minority interests	1.1	0.1	(0.8)	(0.1)	1.9
Group net profit	(65.1)	(6.0)	36.5	2.7	(101.6)

(1) Advertising revenues in 1H09 include EUR 197.2 million realised through RCS Pubblicità (including EUR 140.1 million from Italian Newspapers, EUR 52 million from Magazines and EUR 5.1 million from the sale of advertising space on behalf of external publishers), as well as EUR 166.5 million generated directly by the Group's publishers (EUR 99.5 million by Spanish Newspapers, EUR 21.4 million by Italian Newspapers, EUR 15.8 million by Blei, EUR 14.1 million by Magazines, EUR 15.3 million by Dada, EUR 1.7 million by Digidigicast and EUR 1.3 million by eliminations between Group companies).

Advertising revenues in 1H08 include EUR 296.1 million realised through RCS Pubblicità (including EUR 208.9 million from Italian Newspapers, EUR 80 million from Magazines and EUR 7.2 million from the sale of advertising space on behalf of external publishers), as well as EUR 213.4 million generated directly by the Group's publishers (EUR 154.8 million by Spanish Newspapers, EUR 27.8 million by Blei, EUR 15.3 million by Magazines, EUR 15.8 million by Dada, EUR 1.3 million by Digidigicast, EUR 0.9 million by Italian Newspapers and EUR 2.5 million by eliminations between Group companies).

(2) Other publishing revenues chiefly include Dada's revenues, income from the sale of Unidad Editorial's film rights, revenues from the television activities of Digidigicast and Unidad Editorial, the sale of royalties to third parties, receipts from sporting events and revenues arising from the sale of client lists and of children's boxed sets from companies in the Sfera group.

(3) Refers to operating profit before depreciation, amortisation and write-downs.

(4) Refers to the printing activities of the Unidad Editorial group and the activities of the subsidiary La Coccinella. On 30 June 2008, the profit/loss relating to assets held for sale or sold was restated to include the profit from the printing activities of Unidad Editorial and La Coccinella and the profit of the programming and television broadcasting division of the subsidiary Digidigicast, which was sold with effect from 1 January 2009. At 30 June 2008 it also included the profit of the Unidad Editorial subsidiary Economica SGPS, which was sold on 14 August 2008.

(5) The subsidiaries Giglio Group, E-box and the Amen group were fully consolidated with effect from 3Q08 and the associated financial effects included in the consolidated accounts. Following a strategic agreement between Dada and Sony Music Entertainment, the US company Dada Entertainment, previously consolidated using the equity method, was fully consolidated from June 2009. In 1H09, these transactions had an impact of EUR 12.4 million on revenues and EUR 2.2 million on EBITDA.

RCS MediaGroup

Restated consolidated balance sheet

(EUR million)	30 June 2009	%	31 December 2008	%
Intangible assets	1,637.8	71.3	1,649.5	69.8
Tangible assets	395.2	17.2	503.2	21.3
Long-term investments	347.9	15.1	290.4	12.3
Net non-current assets	2,380.9	103.6	2,443.1	103.4
Inventories	193.5	8.4	192.7	8.2
Trade receivables	693.2	30.2	805.8	34.1
Trade payables	(600.0)	(26.1)	(738.3)	(31.2)
Other assets/liabilities	(63.6)	(2.8)	(36.1)	(1.5)
Working capital	223.1	9.7	224.1	9.5
Provisions for risks and future liabilities	(71.5)	(3.1)	(63.6)	(2.7)
Provisions for deferred taxes	(149.9)	(6.5)	(151.1)	(6.4)
Staff benefits	(85.2)	(3.7)	(88.8)	(3.8)
Net invested capital: operations	2,297.4	99.9	2,363.7	100.0
Net invested capital: assets held for sale	1.2	0.1	0.0	0.0
Net invested capital	2,298.6	100.0	2,363.7	100.0
Shareholders' equity	1,141.7	49.7	1,216.9	51.5
Medium/long-term debt	888.8	38.7	868.3	36.7
Short-term debt	375.3	16.3	350.5	14.8
Non-current financial assets for derivative instruments	(2.6)	(0.1)	(1.8)	(0.1)
Cash and short-term financial receivables	(104.6)	(4.6)	(70.2)	(3.0)
Net debt (1)	1,156.9	50.3	1,146.8	48.5
Total funding sources	2,298.6	100.0	2,363.7	100.0

(1) A financial structure indicator calculated as current and non-current financial debt, net of cash and equivalents and current and non-current financial assets relating to derivative instruments. The net debt calculation defined in Consob communication DEM/6064293 of 28 July 2006 excludes non-current financial assets; using this measure the Group's net debt figure stands at EUR 1,159.5 million.

RCS MediaGroup

Breakdown of revenues by business

(EUR million)	Figures at 30 June 2009					Figures at 30 June 2008 (2)				
	Revenues	EBITDA	% of revenues	EBIT	% of revenues	Revenues	EBITDA	% of revenues	EBIT	% of revenues
Italian Newspapers	328.4	17.3	5.3%	2.8	0.9%	379.9	60.9	16.0%	50.8	13.4%
Spanish Newspapers	261.4	(6.6)	(2.5)%	(19.8)	(7.6)%	339.9	39.9	11.7%	25.9	7.6%
Books	255.9	(3.6)	(1.4)%	(10.0)	(3.9)%	319.3	(6.0)	(1.9)%	(9.5)	(3.0)%
Magazines	121.7	(3.5)	(2.9)%	(4.3)	(3.5)%	152.6	6.4	4.2%	5.7	3.7%
Advertising (1)	214.5	(4.1)	(1.9)%	(4.6)	(2.1)%	326.6	2.6	0.8%	2.5	0.8%
Dada (2)	76.3	9.4	12.3%	4.0	5.2%	81.3	13.8	17.0%	9.6	11.8%
Television	14.0	5.4	38.6%	(0.4)	(2.9)%	13.7	6.5	47.4%	0.6	4.4%
Corporate	31.0	(10.8)	(34.8)%	(21.1)	n.a	31.9	(6.7)	(21.0)%	(18.1)	n.a
Sundry and eliminations	(210.7)	(1.3)	n.a	(1.3)	n.a	(298.5)	0.0	n.a	0.0	n.a
Consolidated	1,092.5	2.2	0.2%	(54.7)	(5.0)%	1,346.7	117.4	8.7%	67.5	5.0%
Assets held for sale or sold (3)	13.4	3.4		(4.7)		14.6	10.2		5.0	
Sundry and eliminations	(0.2)					(0.3)	(0.9)		(0.9)	
Total	1,105.7	5.6	0.5%	(59.4)	(5.4)%	1,361.0	126.7	9.3%	71.6	5.3%

(1) EBITDA and EBIT recorded by the Advertising division include a EUR 1.4 million capital gain from the transfer of the Classified divisions to Italian Newspapers. The intragroup elimination of the capital gain is included under sundry and eliminations.

(2) The subsidiaries Giglio Group, E-box and the Amen group were fully consolidated with effect from 3Q08 and the associated financial effects included in the consolidated accounts. Following a strategic agreement between Dada and Sony Music Entertainment, the US company Dada Entertainment, previously consolidated using the equity method, was fully consolidated from June 2009. In 1H09, these transactions had an impact of EUR 12.4 million on revenues and EUR 2.2 million on EBITDA. EBIT recorded by Dada in 1H08 includes goodwill amortisation of EUR 0.8 million relating to its first-time consolidation.

(3) Refers to the printing activities of the Unidad Editorial group and the activities of the subsidiary La Coccinella. On 30 June 2008, the profit/loss relating to assets held for sale or sold was restated to include the profit from the printing activities of Unidad Editorial and La Coccinella and the profit of the programming and television broadcasting division of the subsidiary Digicast, which was sold with effect from 1 January 2009. At 30 June 2008 it also included the profit of the Unidad Editorial subsidiary Economica SGPS, which was sold on 14 August 2008.