



Press Release
RCS MediaGroup – First Half Results

RCS MediaGroup – Growth in consolidated profit before tax & minorities, positive by € 28.6 million. Improvement common to all group businesses

The Board of Directors of RCS MediaGroup SpA, which met today under the chairmanship of Guido Roberto Vitale, has approved results for the first half (1H03).

There was growth in both the group's **result before tax – positive by € 28.6 million** (mn) (vs. a loss of € -45.3 mn in the first six months of 2002 – 1H02) and in **EBIT, positive by € 7.6 mn** (vs. € 0.4 mn in 1H02). The **parent company** too reported a **positive pre-tax result of € 48.5 mn** (vs. a loss of € -83.1 mn in 1H02), which benefited from dividends collected in the period. **Improvement was common to all group businesses**, and particularly RCS Quotidiani (newspapers).

These are the first effects of corporate reorganisation, with the group now organised in a holding company and six business units.

Consolidated net revenues totalled **€ 1,086.9 mn. EBITDA** (€ 57.8 mn vs. € 63.8 mn in 1H02) and, based on like-for-like consolidation, **grew by 18.2%**. The effect of the downturn in advertising revenues was in fact more than offset by the reduction in Italian and foreign operating costs, the decrease in paper prices, and by the result generated by collateral undertakings.

The concentration of the business in the media sector is underlined by major business deals designed to strengthen operating capabilities and to create the prerequisites for further business development 1H03 in fact featured: the increase of RCS Quotidiani's stake in Unedisa (from 54.1% to 89.1%); the acquisition in a joint venture with Burda of a majority stake in the French magazine publisher Catherine Nemo; and creation of a new company for newsstand distribution, taking over the activities of RCS Distribuzione, De Agostini and Hachette Rusconi, to confirm the group's leadership in the sector, plus divestiture of FILA and of other fashion-related assets.



It was therefore on the publishing front that the group showed the most significant progress. Notwithstanding the continuing crisis of the advertising crisis, **RCS MediaGroup** increased revenues thanks also to the success of add-on products accompanying distribution of the newspapers Corriere della Sera and La Gazzetta dello Sport and the main periods, together with efficiency and the decrease in paper costs.

There was a positive trend in advertising revenues for El Mundo and City, whilst advertising revenues in the radio sector (RIN and CNR) and in the outdoor advertising sector (IGPDecaux) grew well above the average of their respective markets.

The present macroeconomic picture leads us to believe that, during the second part of the year, the first signs of improvement in the economic trend should emerge, which should permit start of a positive reversal of the advertising market's trend.

Saving any untoward events, completion of disposal of virtually all companies active in non-strategic sectors and the positive operating trend of subsidiaries make it reasonable to forecast a return to profit for RCS MediaGroup with the consequent possibility of remunerating capital.

Milan, September 12th 2003

RCS MediaGroup
Communication Department

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Attachment: summary description of first half results

RCS MediaGroup – first half results

RCS MediaGroup – the group as a whole

During the first six months of the year RCS MediaGroup substantially completed the process of concentration of its business in the media sector, strengthened its presence in the main European markets, and improved its profitability.

More specifically:

- As from January 1st reorganisation of the group in a holding company and six business units took effect
- As from May 1st reorganisation was completed and strengthened by the holding company's change of name from *HdP – Holding di Partecipazioni Industriali* to *Rizzoli Corriere della Sera MediaGroup* (in abbreviated form *RCS MediaGroup* or *RCS*), and by simultaneous renaming, in line with the parent company, of all business units (*RCS Quotidiani* [newspapers], *RCS Periodici* [magazines], *RCS Libri* [books], *RCS Broadcast*, *RCS Pubblicità* [advertising], and *RCS Diffusione* [distribution]);
- On June 10th sale was completed of FILA Holding's operating businesses to the US fund Cerberus, a deal leading to substantial conclusion of withdrawal from the fashion and clothing sector, now reduced to just Joseph Abboud (100% owned by the GFT NET group), a US company operating with good sales and profit results in high end menswear.

Strengthening of RCS MediaGroup's presence in the media market during 1H03 featured:

- The increase in RCS Quotidiani's stake from 54.1% to 89.1% in the Unedisa Group (publisher of "El Mundo del Siglo Vientiuno", the No. 2 Spanish daily newspaper
- The acquisition, in a joint venture with the German group Burda, of the majority of Catherine Nemo, a small French company featuring high profitability and publisher of the magazines "Nouveau Detective" and "Horoscope"
- Concentration (executed on June 30th) of the group's distribution activities together with those of De Agostini and Hachette Rusconi, leading to the birth of a new company, of which RCS MediaGroup owns 45%, De Agostini 45% and Hachette Rusconi 10% and that is the largest company in Italy in the distribution of publishing products to the newsstand channel.

The first six months of the year showed **profit before tax and minorities positive by € 28.6 mn**, with a big improvement over the result of 1H02, which showed a loss of over € -45 mn.

Net consolidated revenues amounted to € 1,086.9 mn, down vs. 1H02 (€ 1,553.7 mn) due to the effect of sale of the FILA group's operating companies (which accounted for € 466.7 mn of revenues in 1H02) and the disposal process involving the GFT NET group (with revenues down from € 89.5 mn in 1H02 to € 35.6 mn in 1H03).

EBITDA totalled € 57.8 mn (vs. € 63.8 mn in 1H02, of which € 14.9 mn generated by FILA).

Based on like-for-like consolidated EBITDA grew by +18.2% (€ +8.9 mn). A combination of publishing initiatives, a decrease in paper prices, and a reduction in Italian and foreign operating costs counterbalanced the decrease in advertising revenues.

Payroll costs decreased by € 52 mn due to deconsolidation of FILA's operating businesses, the GFT NET disposal process, and efficiencies implemented in the publishing companies.

Depreciation, amortisation and write-downs amounted to € 50.2 mn (€ 63.4 mn in 1H02). This decrease was basically ascribable to sale of FILA's operating businesses.

EBIT was **positive by € 7.6 mn**, growing versus € 0.4 mn in 1H02. The improvement was common to all group business areas.

Net financial charges amounted to € 2.4 mn vs. € 34.2 mn in 1H02, which was heavily impacted also by FILA's exchange-rate losses in Argentina.

Net income/(charges) from equity investments and write-ups/(-downs) of financial assets totalled € 25.7 mn (€ 3.0 mn in 1H02). This item consisted primarily (€ 29.8 mn) of dividends and related tax credits paid by unconsolidated investee companies, as well as of tax credits on subsidiaries' dividends.

Extraordinary net income amounted to € 2.3 mn (€ 14.5 mn in 1H02) and basically related to charges for restructuring and reorganisation of group businesses.

Net capital employed totalled € 1,430.8 mn, with an increase of € 211.6 mn vs. 2002 year-end, as a result of full consolidation of Unedisa and of subscription of the capital increase of Pirelli & C. SpA.

Net financial debt was € -270.1 mn, as opposed to € -83.1 mn as at the end of 2002 and was mainly due to: acquisition of a further 35% equity interest in Unedisa; subscription of the Pirelli & C SpA capital increase and of that of Burda RCS International Holding – for the purpose of acquisition of 37.5% of Catherine Nemo; purchase of treasury stock during the first half; and to the effect of line-by-line consolidation of Unedisa and proportional consolidation of RCS Diffusione, following sale of 55% of the latter's shares to De Agostini and Hachette Rusconi.

Similarly to all companies in the media sector, RCS MediaGroup addressed an advertising market that, for some time now, has featured a significant decrease in revenue collections. In 1H03 too, general market indicators showed a 4.3% decrease in press advertising, particularly in the newspaper segment (down by 5.1%).

In this scenario, the decrease in advertising revenues of the group's newspapers and magazines affected all publications, both in Italy and abroad – with the exception of El Mundo and City, which showed tangible growth also thanks to completion of the editions' network.

The P&L effects stemming from the difficulties of advertising collections were however offset by substantial growth of sales of add-on products sold with the group's dailies and periodicals, and by operating cost savings generated by the restructuring programme. Efficiencies involved all Italian and foreign businesses, with special reference to Unedisa (El Mundo), the French group Flammarion and the German group Verlagsgruppe Milchstrasse. More specifically, the success of sale of add-on products with Corriere della Sera and La Gazzetta dello Sport and with the group's periodicals (mainly Oggi) generated revenues of some € 54 mn.

Advertising revenues in the radio segment (RIN and CNR) and outdoor advertising (IGPDecaux) instead grew by higher percentages than their respective markets' general indicators.

RCS MediaGroup SpA (parent company)

The parent company ended the first half with a **pre-tax profit of € 48.5 mn** (as opposed to a loss of € 83.1 mn in 1H02).

The result was also driven by the significant decrease in the charge for write-downs of equity investments, as a result of completion of the process of reorganisation and disposal of the main non-media companies and of the recovery of equity markets.

Among the deals and transactions completed by RCS MediaGroup SpA in the first six months of 2003, special highlights were:

- Subscription, in June, of Pirelli SpA's capital increase for the sum of € 57.3 mn, taking the value of our equity interest up to € 111.9 mn

- Purchase of 2,597,140 own shares, with an investment of € 5.6 mn, after which, as at June 30th the company held 24,954,008 own ordinary shares, accounting for 3.41% of ordinary share capital for a total value of € 81.1 mn.

Dividends received totalled € 37.9 mn (€ 5.4 mn in 1H02) and basically consisted of dividends paid out by RCS Quotidiani (€ 15.2 mn), RCS Periodici (€ 14.4 mn), Banca Intesa (€ 3.8 mn), Pirelli & C. (€ 2.9 mn), and RCS Factor (€ 1.4 mn) plus related tax credits of € 19.6 mn. 1H02 did not include any dividends distributed by the RCS Quotidiani and RCS Periodici subsidiaries.

Net financial income (€ 5.8 mn) decreased by € 4.1 mn vs. 1H02 due to lower average cash investments in the period (€ 259.4 mn vs. € 484.7 mn).

Net extraordinary income totalled € 2.4 mn (vs. net charges of € -16.4 mn in 1H02) and basically consisted of capital gains on the disposal of equity interests.

The net financial surplus decreased by € 152.7 mn (from € 246.1 mn to € 93.4 mn) vs. 2002 year-end, as a consequence of the investments made in treasury stock and in subscription of the capital increases of Pirelli & C. and of Burda RCS International Holding, as well as of new loans granted to subsidiaries.

These uses were mainly funded by reduction of financial investments in deposits and securities, as well as – to a lesser extent – by an increase in bank debt.

Net shareholder equity rose from € 954.4 mn as at 2002 year-end to € 1,118.7 mn, as a result of booking of the demerger gain reserve (€ 115.8 mn) and of the period's result (€ 48.5 mn).

RCS Quotidiani (Newspapers)

RCS Quotidiani's net revenues grew by € 86.7 mn (from € 376.5 in 1H02 to € 463.2 mn in 1H03), thanks to the increased ownership of the Unidad Editorial Group (Unedisa) and of consequent line-by-line integration accounting for some € 62 mn. Net of this transaction, the increase was € 24.7 mn which came from higher circulation revenues).

Newspapers - Italy

The success of add-on products (mainly books, videotapes, and music CDs) sold with newspapers confirmed the strength of the Corriere della Sera and Gazzetta dello Sport brands – managing to offset the decrease in advertising revenues, in a downward scenario that has hit the entire market for two years and that in the daily press featured a -5.1% decrease in the first half of 2003.

The average daily circulation of *Corriere della Sera* – 689,000 copies in 1H03 and stable YoY – confirmed the newspaper's leadership among dailies.

The plan for development of the system of local editions of Corriere della Sera featured the positive trend in sales of *Corriere del Veneto* – launched in November 2002 – and agreement with the company INIT Holding Srl, which already publishes the dailies “L'Adige di Trento” and “Il Mattino di Bolzano” to launch the regional addition of the Corriere for the Trentino-Alto Adige region (the northernmost part of Northeast Italy) before the end of this year.

With average daily circulation of 404,000 copies, up by some 10,000 copies vs. 1H02, *La Gazzetta dello Sport* confirmed its leadership among sports dailies, thanks to effective marketing initiatives – and despite the absence of a truly major event – such as the 2002 world soccer championship – to drive sales.

1H03 also featured consolidation of the network of the free-press newspaper “City”, in top place in the free-press segment in terms of advertising revenues thanks to its seven daily editions (Milan, Rome Padua, Bologna, Florence, Naples and Bari).

Newspapers - Abroad

In Spain, revenues of € 132.1 mn showed a significant increase over 1H02 driven by the contribution of add-on products sold with the daily newspaper *El Mundo*, which more than offset the impact of the downturn in the number of copies sold, common to the entire Spanish market.

In 1H02 the newspaper's average daily circulation was 294,000, driven by the positive circulation trend in Madrid – up by some 5% YoY.

Readership – totalling over 1.1 mn readers, increased by +18%, with the highest increase achieved by Spanish dailies.

Although operating in a market still showing shrinkage, El Mundo achieved advertising revenues in line with those of the previous year – benefiting from higher spending by telephone and tourism players, which offset lower spending by the electricity, transport, and finance sectors.

Positive signals also came from the Internet front, where the site “elmundo.es” has enriched its content and news offering, thus achieving significant growth rates in terms of both traffic and advertising revenues.

RCS Periodici (Magazines)

RCS Periodici's total revenues decreased by 3.9% due to the sharp downturn in advertising, particularly as regards German publications. Circulation revenues increased by some € 4 mn (from € 87.2 mn in the first months of 2002 to € 91.2 mn in 1H03) due to the positive circulation trend in Italy, the sales success of promotions, and the good newsstand reception of the new monthly “Amica”.

Magazines - Italy

Circulation revenues of RCS Periodici's weekly magazines showed a positive trend, particularly in the case of *Oggi* and *Anna*, which grew by 4% and 12.4% respectively.

Sales of *Io Donna*, which confirmed its segment leadership, were stable.

Among the monthlies, *Amica* – after 8 editions – continued to maintain circulation levels higher than those of the two historical monthlies on the market, and also of the new competitor launched in January. *Vie del Gusto* [The Taste Routes], launched in newsstands as from May, achieved circulation in line with expectations.

There was an increase in the number of copies sold of *Brava Casa*, which has not been affected by the difficulties experienced by competing home & furnishings magazines.

In the case of the other monthly magazines, the trend featured substantially stable circulation.

Sales of add-on products attached to the main weekly magazines showed strong growth – and in particular those linked with *Oggi*: “Il cucchiaino d'argento” [cookery], music CDs dedicated to 1960s and 1990s pop music, “I capolavori dei grandi artisti nelle città d'arte” [masterpieces of greater artists in the capitals of art], “Guida rapida d'Italia” [the “fast guide to Italy” by Touring Club Italiano], and the DVDs featuring the best films of Alberto Sordi [a much-loved Italian actor and comedian].

The area of motherhood publications – where RCS is active via the Sfera Group – achieved growth over the previous year, going against the general market current.

Growth was also achieved thanks to growth in the sale of data lists.

Magazines - Abroad

Revenues, which totalled € 43.6 mn, were down by € -3.1 mn vs. 1H02. The decrease was mainly ascribable to the shrinkage in advertising revenues of the main publication, *TVSpielfilm*, which – similarly to its main competitors – felt the effects of the across-the-board decrease in spending by key market sectors, i.e. automobiles, telecommunications, and finance/insurance.

In terms of circulation revenues, *TVSpielfilm* managed to limit the decrease to 3% thanks to the increase in subscription copies.

RCS Libri (Books)

Total revenues for the sector amounted to € 285.1 mn (vs. € 297.9 mn in 2002).

Based on comparable consolidation – i.e. excluding the Nuova Italia Bibliografica (NIB) division (professional segment), sold in July 2002 – the decrease was reduced to € 5.7 mn and was mainly caused by the downturn in partwork revenues in France and the UK.

Sales achieved by the group in the **Various** segment - € 50.5 mn – decreased by € -1.6 mn vs. 1H02, which featured the presence in bookstores of some particularly successful titles. RCS Libri's share of the bookstore market shifted from 14% in 1H02 to 12.7% in 1H03.

Flammarion, whose market share in France was 4%, reported sales of € 101 mn, in line with those of 1H02.

In the **Partworks** segment, in Italy RCS achieved a significant increase in revenues, up by 18.5% YoY to € 8.1 mn.

Sales of the foreign subsidiaries Editions Fabbri (France and French-speaking countries), Ediciones Orbia (Spain and Spanish- and Portuguese-speaking countries), and GE Fabbri (Great Britain, English-speaking countries and initiatives in the German, Hungarian and Polish markets) decreased due to the smaller number of new launches in France and to the decrease of revenues in the UK.

The **Scholastic (text book)** market features revenues that are large concentrated in the last four months of the year, meaning that first-half sales are not very meaningful. At the end of the promotional phase for school text books, the results of the campaign for school approvals was generally in line with forecasts for all segments (from primary to secondary schools) and showed growth over the previous year's results.

In the **University & Professional** publishing segment, revenues were substantially stable, taking into account the change in the consolidation area in 2002 with sale of the NIB division and with start-up of the Rizzoli Larousse business.

In addition, in June 2003 RCS Scuola (educational) also completed acquisition of 50% of Garamond Srl, a company active in on-line training.

RCS Broadcast (Radio and press services)

Net revenues totalled € 11.6 mn, up by 27% YoY on a like-for-like basis. Besides growth in the advertising revenues of RIN and CNR (by 33% and 16% respective), there was an increase of € 0.3 mn for press services provided by AGR, thanks to expansion of the customer portfolio and to development of new products by the group's multimedia press agency.

1H03 featured development of RIN's new broadcasting proposition, with the aim of attracting new segments of listeners. The different dynamics of "incoming" and "outgoing" listener flows generated – as had been expected in terms of initial impact – a net balance slightly down over that of 1H02.

During 1H03 investments in frequencies continued in order to further improve population coverage.

During the first half, CNR (the No. 1 Italian syndication with some 5.6 mn listeners, second only to the public radio channel Radio RAI Uno in the Italian panorama) achieved positive performance in all respects – in terms of both P&L and the volume of content broadcast – thus confirming the soundness of the "CNR project", based on the relationship with the 71 local broadcasters involved. The figures in fact confirm the ability of the best local radios, many of which are CNRPlus affiliates, to achieve close to 35% of total radio audience share.

RCS Diffusione (Press distribution)

Revenues in 1H03 totalled € 263.7 mn, up by 15% vs. 1H02, mainly as a result of the volume of add-on products sold with the group's newspapers ("I Grandi Romanzi" [Great Novels] and "I Grandi Film" [Great Films] and periodicals ("Il Cucchiaino d'argento" sold with Oggi), as well as of the big increase in sales of collectables.

On June 30th this year RCS MediaGroup set up a joint venture with De Agostini and Hachette Rusconi to concentrate the three groups' national press distribution activities in just one company.

RCS Pubblicità (Advertising)

Set against continuation of the negative trend afflicting the advertising market, RCS Pubblicità's revenues totalled € 238.7 mn, i.e. -2.2% vs. those of the company branch of RCS Editori, which in 2002 managed advertising collection for the group's media and those of some third-party publishers.

This comparison is, however, rendered spurious by some important differences, i.e. acquisition of collection of radio advertising for RCS Broadcast, the disappearance of collection for magazines published by EDIF (following sale by RCS Periodici of 50% of the company to Hachette, completed in January 2002), and to the return of collection for some group publications that was previously managed by Cairo Communications.

The **IGPDecaux group**, active in outdoor advertising, featured an increase in revenues in 1H03 of € 7.8 mn (+18.6%), of which € 3.5 mn from the company ADR Advertising – jointly controlled by Aeroporti di Roma SpA and IGPDecaux. The company was founded in January and started operation in March in the collection of advertising for Rome's Fiumicino and Ciampino airports.

Net of this new business, revenues grew by 11.6% thanks to the positive trend in advertising on public transport and recovery of the billboard market.

Among important events in the first half, we highlight start of the first contract for urban furnishings concerning the city of Naples and victory in tenders called by the SEA (for Milan's Linate and Malpensa airports and for Bergamo's Orio di Serio airport), with constant extension of the concession for another five years.

The revenues of **Blei**, active in advertising collection for foreign media, were sharply down vs. 1H02, reflecting the acute economic crisis of the countries where it operates (headed by Germany) and the major cuts in campaigns by major advertisers in the fashion and consumer goods sectors.

Major events after the end of the first half

Among the significant events occurring after the end of 1H03, we highlight the following:

- RCS Pubblicità SpA and DADA SpA started operation, as from July 1st, of RCS DADA Advertising SpA, a newly founded company that will be active in on-line advertising, 51% owned by RCS Pubblicità and 49% by DADA, the new company has the exclusive concession for advertising collection for the entire Web network of the RCS and DADA Groups and can also acquire further concessions for third-party Web sites
- At the meetings held in July, the Boards of Directors of RCS Quotidiani and RCS MediaGroup approved the project to make Corriere della Sera into a full-colour newspaper and for increase of Gazzetta dello Sport's pages to the maximum possible. The investments required for the operation, totalling some € 200 mn, will mainly concern the purchase of rotogravure presses and testing
- The offer to acquire ordinary shares/ADS (American Depositary Shares) of the subsidiary FILA Holding SpA, which expired on September 5th, received acceptances – based on the preliminary results of the public offer launched in the USA – for 6,421,942 ADS, accounting for some 6.65% of capital, meaning that RCS will own 97.7% of capital. RCS has set, as allowed under US regulations, a further period for take-up, still at the price of USD 1.12 per ordinary share/ADS, lasting until September 19th, saving further extensions
- Goldman Sachs, which has been given a mandate to proceed with divestitures in the clothing segment, has started the procedure to sell Joseph Abboud.

Foreseeable business progress in current year

The current economic picture leads us to believe that, during the second part of the year, the first signs of improvement in the economic trend – which should permit the start of positive reversal of the advertising market's trend – should emerge.



In this context, the actions taken by management to recover efficiency on the cost front and to improve revenue quality – despite the macroeconomic scenario’s ongoing uncertainties and saving occurrence of events not foreseeable today – will make it possible to achieve major improvement of the operating trend that should be reflected in a positive bottom-line result.

2004 -2006 Business Plan

RCS MediaGroup’s Board of Directors has also set Friday, September 26th as the date for presentation to the financial community of the 2004-2006 3-year business plan.

Milan, September 12th 2003

RCS MediaGroup
Communication Department

We point out that the independent auditor has not yet expressed an opinion on the figures shown in this document.

Reclassified Consolidated Profit & Loss Account

(€ millions)	1st Half 2003		1st Half 2002		Full Year 2002	
		%		%		%
A. Net revenues	1,086.9	100.0	1,553.7	100.0	2,214.0	100.0
Raw materials and services	(825.4)	(75.9)	(1,200.7)	(77.3)	(1,639.6)	(74.1)
Changes of inventories of work in process, semiprocessed and finished goods	15.8	1.5	(17.8)	(1.1)	(5.2)	(0.2)
Payroll costs	(219.5)	(20.2)	(271.4)	(17.5)	(410.7)	(18.6)
B. EBITDA	57.8	5.3	63.8	4.1	158.5	7.2
Depreciation, amortisation, write-downs and provisions	(50.2)	(4.6)	(63.4)	(4.1)	(97.7)	(4.4)
C. EBIT	7.6	0.7	0.4	0.0	60.8	2.7
Net financial income/(charges)	(2.4)	(0.2)	(34.2)	(2.2)	(0.7)	(0.0)
Net income/(charges) on equity interests and write-ups/(write-downs) of financial assets	25.7	2.4	3.0	0.2	(159.0)	(7.2)
D. EBT and before extraordinary items	30.9	2.8	(30.8)	(2.0)	(98.9)	(4.5)
Net extraordinary income/(charges)	(2.3)	(0.2)	(14.5)	(0.9)	14.0	0.6
E. EBT and minorities	28.6	2.6	(45.3)	(2.9)	(84.9)	(3.8)

Reclassified Consolidated Balance Sheet

(€milliona)	30-06-2003	%	30-06-2002	%	31-12-2002
Intangible non-current assets	403,7	28,2	380,3	22,2	353,0
Tangible fixed assets	179,9	12,6	309,6	18,1	154,6
Non-current financial assets	489,6	34,2	487,2	28,5	545,5
Net fixed assets	1.073,2	75,0	1.177,1	68,8	1.053,1
Inventories	184,5	12,9	392,9	22,9	167,7
Trade receivables	656,2	45,9	880,5	51,4	656,9
Trade payables	(513,3)	(35,9)	(688,9)	40,2	(539,6)
Other assets/liabilities	213,8	14,9	252,0	14,7	146,1
Working capital	541,2	37,8	836,5	48,9	431,1
Provisions for risks and charges	(183,5)	(12,8)	(301,5)	(17,6)	(265,0)
Net capital employed	1.430,8	100,0	1.712,1	100,0	1.219,2
<i>Financed by:</i>					
Group and minority net equity	1.052,4	73,5	1.151,5	67,3	1024,7
Accrued employee severance indemnity provisions	108,4	7,6	120,0	7,0	111,4
Medium-/long-term financial debt	224,8	15,7	303,1	17,7	277,1
Short-term financial debt	191,4	13,4	542,0	31,7	118,0
Cash & cash equivalents and current financial receivables	(146,0)	(10,2)	(404,5)	(23,6)	(312,0)
Net financial debt/(surplus)	270,1	18,9	440,6	25,7	83,1
Total sources of financing	1.430,8	100,0	1.712,1	100,0	1.219,2

SALES REVENUE BREAKDOWN BY GEOGRAPHICAL AREA

(€ millions)

Company	Italy	France	Spain	Rest of EU	Rest of World	Total
RCS Quotidiani	331.1		132.1			463.2
RCS Periodici (Italy and Abroad)	136.0		4.7	43.6	1.9	186.1
RCS Broadcast	11.6					11.6
RCS Pubblicità	301.2					301.2
RCS Libri	125.2	113.5	5.5	34.6	6.4	285.1
RCS Diffusione	263.7					263.7
GFT NET	1.4				36.2	37.6
FILA Holding	1.7					1.7
Other companies	3.3					3.3
RCS MediaGroup SpA	8.2					8.2
Sundry & adjustments	-473.1	0.0	0.0	-0.4	-1.4	-474.9
Group	710.3	113.5	142.3	77.9	43.0	1,086.9

BREAKDOWN OF AVERAGE EMPLOYEE HEADCOUNT BY GEOGRAPHICAL AREA

Company	Italy	France	Spain	Rest of EU	Rest of World	Total
RCS Quotidiani	1.793		902			2.695
RCS Periodici (Italy and Abroad)	604		91	252		947
RCS Broadcast	66					66
RCS Pubblicità	520					520
RCS Libri	459	729	12	6	65	1.271
RCS Diffusione	65					65
GFT NET	119				619	738
FILA Holding						0
Other companies	2					2
RCS MediaGroup SpA	109					109
Group	3.737	729	1.005	258	684	6,413

Operating, capital and financial highlights of the parent company RCS MediaGroup SpA

(€ millions)

	1H023	1H02	FY2002
Dividends and tax credits	57.5	8.4	8.7
Net financial income	5.8	9.9	18.0
Revenues from sales & services and other income	8.3	6.9	10.1
Depreciation, amortisation and write-downs	(0.3)	(0.6)	(0.8)
Operating expenses	(21.9)	(18.0)	(30.7)
Other operating costs	(0.4)	(1.0)	(1.7)
Write-downs of financial assets	(2.9)	(72.3)	(195.6)
EBT and extraordinary items	46.1	(66.7)	(192.0)
Extraordinary income/(charges)	2.4	(16.4)	(1.1)
Pre-tax profit	48.5	(83.1)	(193.1)

Balance-sheet highlights

(€ millions)

	30/06/03	30/06/02	31/12/02
Non-current and fixed assets	981.5	875.2	733.8
Net working capital	94.3	72.9	74.5
Provisions for risks and charges	(45.4)	(94.4)	(97.0)
Net financial surplus	93.4	214.8	246.1
Net capital employed	1,123.8	1,068.5	957.4
Financed by:			
Net equity	1,118.7	1,065.7	954.4
Other liabilities	5.1	2.8	3.0

As per the faculty envisaged in Article 81, paragraph 7 of the Regulation approved by CONSOB (the Italian listed company and stock-market surveillance commission) with its resolution no. 11971 dated May 14th 1999 and subsequent amendments, results for the period have been shown before tax. Given this, deferred taxes receivable and payable deriving from application of current accounting regulations for income tax have not been posted.