PRESS RELEASE
Board of Directors – May 14th 2003

***RCS MediaGroup – First-quarter results in terms of EBIT and results before tax and minorities were the best of the last three quarters.* Net revenues of € 503.4 million (mn) (vs. € 770.2 mn in 1Q02) reflected deconsolidation of the Fila group and shrinkage of GFT NET revenues due to the disposal process still underway. The operating loss decreased by € 8.8 mn.**

The Board of Directors of RCS MediaGroup SpA, which met today under the chairmanship of Guido Roberto Vitale, has approved results for the first quarter of the current year (1Q03).

The figures presented below reveal the first effects of the new group configuration produced by partial demerger/split of RCS Editori (from which HdP has taken over the corporate functions and direct and indirect equity investments, excluding those in the newspaper sector, whilst RCS Pubblicità (pubblicità = advertising) has taken over those concerning the advertising division), following which – effective May 1st 2003 – HdP took on the name of **RCS MediaGroup** and RCS Editori that of **RCS Quotidiani** (quotidiani = newspapers).

First-quarter results in terms of EBIT and profit before tax and minorities were in fact the best of the last three quarters as regards both the group as a whole and the publishing business. This was due above all to operational effort and despite the seasonality typical of commercial and educational book publishing and of advertising revenues in the early months of the year. In addition, the quarterly is typically dampened by prudent accounting of costs concerning products that generate their revenues during the rest of the year. Because of this, first-quarter results are not indicative of the whole financial year.

Net revenues amounted to € 503.4 mn (vs. € 770.2 mn in 1Q02) affected on the one hand by (a) deconsolidation of the Fila group and (b) the shrinkage of GFT NET revenues (due to the disposal of all assets except for the US brand Joseph Abboud), but, on the other hand, benefiting from the increase in RCS Quotidiani's revenues thanks to sales of add-on products and to line-by-line consolidation of the Unedisa Group.

The **EBIT loss** was down by € 8.8 mn, going from € 39.3 mn to € 30.5 mn, mainly as a result of cost-reduction action and development of new product ranges.

The **loss before tax and minorities** improved to € 33.5 mn vs. the loss of € 50.7 mn in 1Q02. This change, achieved in the absence of net extraordinary income (which amounted to € 15.3 mn in 1Q02) benefited from improved financial management, which previously included Fila group charges of € 25.3 mn.

Net capital employed increased by € 83.6 mn (€ 1,302.8 mn vs. € 1,219.2 mn as at December 31st 2002), which was the result of (a) a € 99.5-mn increase in non-current and fixed assets – mainly due to acquisition of 35% of Unedisa – and (b) a € 23-mn decrease in working capital – the result of management action as well of the seasonality indicated earlier.

Net shareholder equity decreased by € 26.9 mn vs. December 31st 2002 and reflected, on the one hand, the quarter's results and the increase in minority interests mainly stemming from line-by-line consolidation of the Unedisa group and, on the other, reduction of the translation reserve due to USD depreciation vs. the euro.

Net financial debt amounted to € 196.7 mn (vs. debt of € 83.1 mn as at December 31st 2002) and was mainly due to acquisition of 35% of Unedisa (€ 93.3 mn) and of Catherine Nemo (€ 5.6 mn), as well as to line-by-line consolidation of Unedisa, which caused an increase of € 12 mn.

Milan, May 14th 2003

RCS MediaGroup
Communication Department

Consolidated Profit & Loss Account

(€ millions	*1st Quarter* 2003	%	*1st Quarter* 2002	%	*Change*
Net revenues	**503.4**	**100%**	**770.2**	**100%**	**(266.8)**
Goods & services	(404.7)	(80.4%)	(605.0)	(78.6%)	200.3
Change in inventories	(0.9)	(0.2%)	(37.70)	(4.9%)	36.8
Payroll costs	(106.2)	(21.1%)	(136.1)	(17.7%)	29.9
EBITDA	**(8.4)**	**(1.7%)**	**(8.6)**	**(1.1%)**	**0.2**
Depreciation, amortisation & write-downs	(22.1)	(4.4%)	(30.7)	(4.0%)	8.6
EBIT	**(30.5)**	**(6.1%)**	**(39.3)**	**(5.1%)**	**8.8**
Net financial income/(charges)	(1.2)	(0.2%)	(24.9)	(3.2%)	23.7
Net income/(charges) from equity investments and adjustments to financial assets	(1.7)	(0.3%)	(1.8)	(0.2%)	0.1
EBT and extraordinary items	**(33.4)**	**(6.6%)**	**(66.0)**	**(8.6%)**	**32.6**
Net extraordinary income/(charges)	(0.1)	(0.0%)	15.3	2.0%	(15.4)
EBT and minorities	**(33.5)**	**(6.7%)**	**(50.7)**	**(6.6%)**	**17.2**

Consolidated Balance Sheet

(€ millions)	*March 31st 2003*	*December 31st 2002*	*Change*
Intangible non-current assets	417.3	353.0	64.3
Tangible non-current and fixed assets	177.2	154.6	22.6
Non-current financial assets	558.2	545.5	12.7
Net non-current and fixed assets	**1,152.6**	**1,053.1**	**99.5**
Inventories	166.8	167.7	(0.9)
Trade receivables	641.1	656.9	(15.8)
Trade payables	(574.3)	(539.6)	(34.7)
Other assets/liabilities	174.5	146.1	28.4
Working capital	**408.1**	**431.1**	**(23.0)**
Provisions for risks and charges	(257.9)	(265.0)	7.1
NET CAPITAL EMPLOYED	**1,302.8**	**1,219.2**	**83.6**
Group and minority net equity	997.8	1,024.7	(26.9)
Accrued employee severance indemnity provision	108.3	111.4	(3.1)
Non-current financial debt	232.3	277.1	(44.8)
Current financial debt	125.7	118.0	7.7
Cash, cash equivalents and current financial receivables	(161.3)	(312.0)	150.7
Net financial indebtedness/(surplus)	**196.7**	**83.1**	**113.6**
LIABILITIES AND NET SHAREHOLDER EQUITY	**1,302.8**	**1,219.2**	**83.6**

Parent company and subsidiaries

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RCS MediaGroup
In 1Q03 RCS MediaGroup was affected by the changes in legal-entity structure highlighted earlier, as well as by the absence of dividends – its main source of revenue – which are concentrated in the second quarter of the year.

It therefore reported a **pre-tax loss** of € 5.5 mn vs. a loss of € 1.6 mn in 1Q02.

The main changes in P&L performance vs. 1Q02 were as follows. **Financial income** (€ 2.7 mn) decreased mainly because of lower interest-bearing assets and a reduction in return consistent with the trend in interest rates. **Overhead costs** (€ 7.3 mn before charge-backs to group companies for services and rents) reflected the new corporate structure and are not comparable with 1Q02. **Extraordinary charges** (€ 0.9 mn) related to the restructuring process currently underway.

Net shareholder equity increased by € 110.3 mn (rising from € 954.4 mn as at December 31st 2002 to € 1,064.7) as the net result of the increase of € 115.8 mn following booking of the gain on demerger of the RCS Quotidiani subsidiary and of the reduction of € 5.5 mn reflecting the quarter's result.

Net financial resources decreased by € 44.5 mn, going from € 246.1 mn as at December 31st 2002 to € 201.6 mn, reflecting the various transactions caused by the reorganisation process.

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RCS Quotidiani
Net revenues increased from € 162.0 mn to € 211.2 mn (of which € 83.4 mn of advertising revenues), thanks to strong growth by add-on products and to line-by-line consolidation of Unedisa.
Circulation of Corriere della Sera and La Gazzetta dello Sport, in line with that of the previous year respectively totalled 680,000 and 382,000 average daily copies.

Advertising revenues, in parallel with the market trend, decreased by 2.7%, even although there was an increase in advertising collections for La Gazetta dello Sport, i.e. +1.6%, and for City (free press), which – with editions in seven towns and cities – tripled performance vs. 1Q02.

As regards Spain, Unedisa's total revenues increased by € 5.3 mn to € 63.3 mn, thanks to 2.6% growth in advertising revenues and add-on products, capable of totally absorbing the downturn in sales common to the whole of the Spanish market. El Mundo's circulation amounted to 298,000 average daily copies.

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RCS Periodici
RCS Periodici (periodici = magazines) revenues amounted to € 63.3 mn, down by € 4.1 mn vs. 1Q02. The contributors to this result were (a) lower third-party services and lower advertising revenues (due to the switch, at the end of 2002, of the advertising concession for some publications from Cairo Communication to RCS Pubblicità) combined with (b) the positive trend in add-on products and circulation revenues (with a highlight being the big increase in copies sold by Oggi and the success of Amica).

As regards foreign business, total revenues amounted to € 19.5 mn (of which € 9.8 mn of advertising revenues). The decrease of € 3.4 mn, -14.8%, vs. 1Q02 was due to the sharp downturn, -22.5%, in advertising revenues, which continued to characterise the German market.

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RCS Diffusione
Newsstand distribution activities showed a tangible improvement over 1Q02, driven by the positive trend in the sales of newspapers and magazines and of related add-on products.

As already announced on December 5th 2002, and since the European Antitrust Authority gave the necessary approval on May 13th, concentration of the distribution activities of DeADis (a De Agostini and Rusconi company) and of RCS Diffusione is now underway.

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RCS Pubblicità
Revenues amounted to € 125.8 mn and felt the effects of the international situation which caused advertisers to be prudent.
Compared with 1Q02, the company's business now includes the collection of radio advertising for the SPER Group and collection of advertising for the group's publications previously managed by Cairo Communication, whilst collection is no longer undertaken for EDIF publications.

IGPDecaux showed a positive trend, with revenues growing by 6.2%, also as a result of reorganisation of sales networks. Blei's performance instead continued to be adversely affected by the downturn of investments in the German market.

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RCS Libri
Revenues showed growth, based on like-for-like consolidation of 0.9%, progressing to € 135.6 mn. This increase, achieved despite the absence of titles able to emulate the extraordinary success of "The Rage and Pride" – the all-important driver of sales in 1Q02 – was primarily due to good performance by partworks abroad and to the increase in Flammarion sales also in the distribution area.

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RCS Broadcast
The businesses headed by Editoriale SPER (which as from June 1st will take on the name of RCS Broadcast) generated net revenues of € 4.6 mn, reflecting the good trend in advertising revenues relating to CNR and of sales of press services produced by AGR. In 1Q02 the company did not form part of RCS MediaGroup.

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FILA
Revenues amounted to € 206.2 mn, down by 20.3% vs. 1Q02, mainly because of closure of some affiliates and sales featuring a more selective merchandise mix in Europe, only partly offset by US sales.
As announced on March 7th this year, Fila Holding has reached agreement for sale of all its operating companies. Closing of the transaction, expected to take place by the end of June, is subject to a number of conditions, including approval by the relevant Antitrust authorities.

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GFT NET
1Q03 featured a decrease in revenues – connected with the disposal process, now virtually complete – which amounted to € 19.9 mn and substantially consisted of those generated by the US subsidiary Joseph Abboud, now the only operating company owned by the company, with a trend substantially aligned with that of 1Q02.

Milan, May 14th 2003

RCS MediaGroup
Communication Department

Expected business progress in FY2003

The Italian and international economic and political situation, primarily featuring the Middle Eastern conflicts, does not make it possible to foresee improvement in the economic trend capable of triggering – in the current year – significant positive reversal of trends in the advertising market and product sales.

As far as the group is concerned, the reorganisation process is now substantially complete. This has made it possible to concentrate business and resources in the publishing and media sectors. The negative effects of the clothing and fashion businesses will therefore no longer affect business and consolidated results.

Taking the prospects outlined above into account, and considering primarily Italy and other European countries (where the group is most present), management effort and commitment will, on the one hand, be directed towards increasing revenues via initiatives exploiting brand recognition and, on the other, towards continuation of the indispensable and incisive efficiency-improvement actions already underway.

Saving any exceptional events not foreseeable today, it is estimated that, this year, RCS MediaGroup can confirm the previous year's operating result and achieve a significant improvement in the net result.

Milan, May 14th 2003

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