



Press Release

*RCS MediaGroup – 3rd quarter results
and approval of business plan*

RCS MediaGroup – Board approves quarterly results ahead of expectations. Go-ahead for business plan.

The Board of Directors of RCS MediaGroup SpA, which met today under the chairmanship of Guido Roberto Vitale, has reviewed and approved results for the third quarter of 2003 (3Q03).

*There was **full confirmation of the significant improvement in the group's operating result**, common to all business segments, in both the quarter and first nine months (9M03).*

*The **result before tax and minorities as at September 30th improved by € 61 million (mn)**, progressing from a loss of € -12.6 mn to a profit of € 48.4 mn.*

*In 9M03 – **RCS MediaGroup SpA** (parent company: **EBT of € 50.3 mn, vs. a loss of € -63.2 mn in 9M02**; **RCS Quotidiani (newspapers): a significant increase in net revenues which rose to € 665.1 mn, also thanks to the success of add-on products.***

*Consolidation of the **leadership** of Corriere della Sera and Gazzetta dello Sport. El Mundo confirmed its position as the second leading Spanish daily newspaper. Leadership of Amica in the premium women's monthly magazine segment. Strong ongoing progress in the circulation of Oggi and Max.*

The current economic picture, albeit in a still uncertain scenario, shows signs of modest recovery that should be the precursor of a positive reversal in the advertising market's trend. In this context, the actions implemented to improve overhead costs and revenue quality enable us to confirm that the year will show a positive consolidated net result. As regards the parent company, we confirm the forecast of a positive result already made in the first-half interim report. We also confirm the consequent possibility of remuneration of capital.

*The Board of Directors has **also approved the Managing Proposals concerning strategic guidelines for the group's development in the next three years.** These round off the work initiated before the summer on the business plan. The plan's contents will be presented to the financial community.*

RCS MediaGroup
Communication Department

Milan, November 13th 2003



RCS MediaGroup *3rd Quarter Results*

The Board of Directors of RCS MediaGroup, which met today under the chairmanship of Guido Roberto Vitale, has reviewed and approved results for the third quarter of 2003 (3Q03).

The 3Q03 operating result confirmed the positive trend already reported in the first half and involved all the group's business areas.

RCS MediaGroup – the group as a whole – 3Q03

Consolidated net revenues in the quarter totalled € 537 mn (vs. € 783.8 mn in 3Q02) with the decrease due exclusively to sale of the Fila group's operating companies (€ 236.6 mn) and steady divestment of GFT NET businesses. Advertising revenues grew (€ +15 mn vs. 3Q02) as did circulation revenues for Italian periodicals and for the newspaper area.

EBITDA amounted to € 37.6 mn, up by € 4.3 mn over 3Q02, with a margin on revenues rising from 4.2% to 7%.

EBIT improved by € 8.2 mn, growing from € 10.2 mn to € 18.4 mn (+80%).

RCS MediaGroup – the group as a whole – 9M03

In 9M03 the **net revenues** of the group as a whole amounted to € 1,623.9 mn vs. € 2,337.5 mn as at September 30th 2002, when the Fila group's operating companies contributed € 732.0 mn and the GFT NET group € 121.4 mn. Conversely, publishing revenues increased, mainly by virtue of the transition from proportional to line-by-line consolidation of the Unedisa group and the sales success of add-on products.

EBITDA grew by € 2.7 mn vs. 9M02, rising to € 95.4 mn, with a margin on net revenues progressing from 4.0% to 5.9%. The media sector's growth is even more evident if one considers that, in 9M02, Fila contributed € 39.8 mn.

EBIT rose to € 26.0 mn (vs. € 10.6 mn as at September 30th 2002) and reflects the significant growth in the media sector's EBITDA.

Net financial charges dropped from € 45.9 mn to € 5.1 mn following sale of the Fila group's operating businesses and the consequent major decrease in debt.

Income from equity investments amounted to € 24.2 mn (vs. € 4.2 mn in 9M02) and mainly referred to dividends and related tax credits paid by unconsolidated investee companies, tax credits on dividends distributed by subsidiaries, and income from the bonus allocation of Banca Intesa shares, net of write-downs of some equity interests.

Net extraordinary income, which in 9M02 benefited from the capital gain on property transactions, went from € 18.5 mn to € 3.3 mn.

The **result before tax and minorities** improved by € 61 mn, progressing from a loss of € -12.6 mn to a profit of € 48.4 mn.

Net capital employed increased by € 165.2 mn, rising from 1,219.2 mn as at December 31st 2002 to € 1,384.4 mn following line-by-line consolidation of Unedisa.

Net financial debt was € -214.0 mn, vs. € -83.1 mn as at December 31st 2002, due to: acquisition of a further 36.17% 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, as well as to purchase of treasury stock and of Fila Holding ADS.

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RCS MediaGroup SpA (parent company)

9M03 featured a **pre-tax profit** of € 50.3 mn vs. a loss of € -63.2 mn in 9M02.

Net financial income went from € 13.9 mn to € 7.9 mn. **Operating costs and other operating expenses** amounted to € 28.9 mn, increasing from € 26.9 mn in 9M02, in the face of the corporate reorganisation that took effect as from January 1st 2003.

Net equity totalled € 1,120.5 mn (€ 954.4 mn as at December 31st 2002), whilst the **net financial surplus** went from € 246.1 mn as at December 31st 2002s to € 75.3 mn.

RCS Quotidiani (newspapers)

Net revenues in 9M03 totalled € 665.1 mn (vs. € 547.8 in 9M02) with an increase of € 117.3 mn – partly due to the change, already mentioned, in consolidation of Unedisa which accounted for some € 80 mn.

Circulation revenues in Italy grew driven by the add-on products of Corriere della Sera and Gazzetta dello Sport. Corriere della Sera's average daily circulation remained substantially stable at 686,000 average copies. Gazzetta dello Sport went from average daily circulation of 445,000 to 430,000 copies, mainly feeling the lack, in the summer period, of a truly major sales-driver event, as was the world soccer championship in 2002. The two newspapers' advertising revenues decreased in line with the negative cycle of the Italian market of reference.

As regards Unedisa, circulation revenues were substantially stable, whilst advertising revenues grew slightly in a market of reference – nationwide dailies – that still featured a decrease. With an average of 284,000 copies/day, El Mundo confirmed its position as the second leading Spanish national daily. Its Web site elmundo.es maintained its leadership, achieving 2.5 million unique visitors and increasing both advertising revenues and sales of contents and news services. Another point to note was the positive performance of the books published by the La Esfera de los Libros publishing company.

RCS Periodici (Magazines)

Net revenues in 9M03 amounted to € 270.2 mn (€ 275.1 mn in 9M02).

In Italy, revenues in 9M03 were stable thanks to circulation growth and to the success of add-on products, making it possible to offset the decrease in advertising revenues, which was in line with that of the relevant market.

A contributor to growth of circulation revenues was also the success of the launches of Vie del Gusto [The Taste Routes] and of Amica, with the latter, after just a few editions, achieving circulation and advertising leadership among premium women's magazines. The strong progress of the circulation and revenues of the weekly magazine Oggi continued, as did that, in terms of number of copies sold, of the monthly magazine Max.

As regards the foreign market, the trend continued to be negative, albeit with slight improvement of advertising revenues in 3Q03.

RCS Diffusione (Press distribution)

Following closing of the joint-venture deal with the DeAgostini and Hachette Rusconi groups on June 30th this year, 3Q03 marked the start of operating integration between RCS Diffusione and DeAdis.

Net revenues in 9M03 totalled € 403.1 mn, with tangible improvement vs. € 373.3 mn as up to September 30th 2002. The increase was driven by the higher quantities distributed, mainly of newspapers (buoyed up by add-on products), partwork volume, and that of RCS Periodici.

RCS Pubblicità (Advertising)

Net revenues in 9M03 rose from € 403.0 mn to € 421.7 mn (+4.6%). The concessionaire RCS Pubblicità contributed € 332.3 mn to the result (€ 319.1 mn as at September 30th 2002) with a 3.3% increase, IGPDecaux E 70.3 mn (vs. € 57.7 mn) – up by 21% - and Blei € 19.1 mn, down by –27% vs. € 26.2 mn in 9M02.

A contributor to RCS Pubblicità's positive trend was also entry into the portfolio of advertising collection for the L'Unione Sarda newspaper and for the radio stations of RCS Broadcast (CNR Plus and RIN – Radio Italia Network).

Growth in IGPDecaux's revenues was partly driven by the business of ADR Advertising, the company that since March this year has been managing advertising collections for Rome's Fiumicino and Ciampino airports. The decrease in Blei's revenues was partly due to continuing decline of the markets in which it is active, headed above all by Germany.



RCS Libri (Books)

In 9M03 RCS Libri's **net revenues** amounted to € 466.5 mn vs. € 475.4 mn in 9M02. Part of the decrease was basically ascribable to sale of the NIB business division.

The group's sales were stable in the General segment (€ 67.9 mn) thanks to the good performance of new Italian and foreign fiction titles and of new Italian non-fiction titles. It also grew in the partworks market (+16.9%) and in schoolbooks (about +2%).

Flammarion reported sales of € 150.8 mn, € 3,1 mn lower than in 9M02 and in line with the decrease of the overall French book market.

RCS Broadcast (Radio and press services)

Net revenues, totalling € 17.6 mn, increased by 5.4% YoY (from € 16.7 mn in 9M02). It should be remembered that, during the year, management of advertising collection was transferred to RCS Pubblicità. Given, the like-for-like increase in revenues would have been +20% for both RIN and CNR.

Publishing and miscellaneous revenues featured an increased in revenues from the press services of AGR, which widened its customer portfolio thanks to product and sale of new services in the regional sphere and to new media.

Foreseeable business progress

The current economic picture, albeit in a still uncertain scenario, shows signs of modest recovery that should be the precursor of a positive reversal in the advertising market's trend. In this context, the actions implemented to improve overhead costs and revenue quality enable us to confirm that the year will show a positive consolidated net result. As regards the parent company, we confirm the forecast of a positive result already made in the first-half interim report. We also confirm the consequent possibility of remuneration of capital.

Milan, November 13th 2003

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Consolidated Profit & Loss Account

<i>(€ millions)</i>	<i>3rd Quarter 2003</i>		<i>3rd Quarter 2002</i>		<i>Outright change</i>
	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	
Net revenues:					
<i>Circulation</i>	357.6	66.6%	356.0	45.4%	1.6
<i>Advertising</i>	152.0	28.3%	137.0	17.5%	15.0
<i>Other</i>	27.4	5.1%	290.8	37.1%	(263.4)
Total net revenues	537.0	100.0%	783.8	100.0%	(246.8)
Goods and services	(399.4)	(74.4%)	(613.1)	(78.2%)	213.7
Changes of inventories of work in process, semiprocessed and finished goods	(4.9)	0.0%	(25.5)	(3.3%)	25.5
Payroll	(95.1)	(17.7%)	(111.9)	(14.3%)	16.8
EBITDA	37.6	7.0%	33.3	4.2%	4.3
Depreciation, amortisation, write-downs & provisions	(19.2)	(3.6%)	(23.1)	(2.9%)	3.9
EBIT	18.4	3.4%	10.2	1.3%	8.2
Net financial income/(charges)	(2.7)	(0.5%)	(11.7)	(1.5%)	9.0
Net income/(charges) on equity interests and write-ups/(write-downs of financial assets)	(1.5)	(0.3%)	1.2	0.2%	(2.7)
EBT and before extraordinary items	14.2	2.6%	(0.3)	(0.0%)	14.5
Net extraordinary income/(charges)	5.6	1.0%	33.0	4.2%	(27.4)
EBT and minorities	19.8	3.7%	32.7	4.2%	(12.9)

<i>(€ millions)</i>	<i>9M03</i>		<i>9M02</i>		<i>Outright change</i>
	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	
Net revenues:					
<i>Circulation</i>	945.8	58.2%	892.8	38.2%	53.0
<i>Advertising</i>	547	33.7%	536.2	22.9%	10.8
<i>Other</i>	131.1	8.1%	908.5	38.9%	(777.4)
Total net revenues	1,623.9	100%	2,337.5	100%	(713.6)
Goods and services	(1,224.8)	(75.4%)	(1,818.2)	(77.8%)	593.4
Changes of inventories of work in process, semiprocessed and finished goods	10.9	0.7%	(43.3)	(1.9%)	54.2
Payroll	(314.6)	(19.4%)	(383.3)	(16.4%)	68.7
EBITDA	95.4	5.9%	92.7	4.0%	2.7
Depreciation, amortisation, write-downs & provisions	(69.4)	(4.3%)	(82.1)	(3.5%)	12.7
EBIT	26.0	1.6%	10.6	0.5%	15.4
Net financial income/(charges)	(5.1)	(0.3%)	(45.9)	(2.0%)	40.8
Net income/(charges) on equity interests and write-ups/(write-downs of financial assets)	24.2	1.5%	4.2	0.2%	20.0
EBT and before extraordinary items	45.1	2.8%	(31.1)	(1.3%)	76.2
Net extraordinary income/(charges)	3.3	0.2%	18.5	0.8%	(15.2)
EBT and minorities	48.4	3.0%	(12.6)	(0.5%)	61.0

We point out that, as a consequence of the seasonality typical of the sector, revenues are heavily concentrated in the 4th quarter of the year and, in addition, that following sale of Fila's operating businesses in June this year, the current and previous years' results are not comparable on a like-for-like basis.

Consolidated Balance Sheet

<i>(€ millions)</i>	<i>30.09.03</i>	<i>30.06.2003</i>	<i>Outright change</i>	<i>31.12.02</i>	<i>Outright change</i>
Intangible non-current assets	392.0	403.7	(11.7)	353.0	39.0
Tangible fixed assets	175.6	179.9	(4.3)	154.6	21.0
Non-current financial assets	487.6	489.6	(2.0)	545.5	(57.9)
Net non-current and financial assets	1,055.2	1,073.2	(18.0)	1,053.1	2.1
Inventories	178.6	184.5	(5.9)	167.7	10.9
Trade receivables	621.5	656.2	(34.7)	656.9	(35.4)
Trade payables	(504.0)	(513.3)	9.3	(539.6)	35.6
Other assets/liabilities	210.5	213.8	(3.3)	146.1	64.4
Working capital	506.6	541.2	(34.6)	431.1	75.5
Provisions for risks and charges	(177.4)	(183.5)	6.1	(265.0)	87.6
NET CAPITAL EMPLOYED	1,384.4	1,430.9	(46.5)	1,219.2	165.2
Group and minority net equity	1,061.3	1,052.4	8.9	1,024.7	36.6
Accrued employee severance indemnity provision	109.1	108.4	0.7	111.4	(2.3)
Medium-/long-term financial debt	225.7	224.7	1.0	277.1	(51.4)
Short-term financial debt	166.1	191.4	(25.3)	118.0	48.1
Short-term liquidity and financial receivables (-)	(177.8)	(146.0)	(31.8)	(312.0)	134.2
Net financial debt/(surplus)	214.0	270.1	(56.1)	83.1	130.9
LIABILITIES & NET EQUITY	1,384.4	1,430.9	(46.5)	1,219.2	165.2