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PRESS RELEASE

RCS MediaGroup Board of Directors approves Three Year Plan. The key points are:

- Recovering profitability, developing initiatives associated with core businesses, managing the value of other activities.
- Objectives, on a consistent basis at current accounting principles: EBITDA to increase by 50% at 2007; EBIT to increase by 80%; planned payout of about 60% of net income (at current accounting principles).
- Growth priorities in markets where RCS already has a foothold (primarily Italy, Spain and France) with a view to creating shareholder value. Evaluation of opportunities in other publishing markets with similar characteristics.

THE THREE YEAR PLAN WILL BE PRESENTED TO THE FINANCIAL COMMUNITY AT 11.00 ON FRIDAY, DECEMBER 17 IN MILAN. The presentation will be transmitted in video streaming on the group's website: www.rcsmediagroup.it.

Milan, 16 December 2004 - The Board of Directors of RCS MediaGroup met today under the chairmanship of Guido Roberto Vitale to approve the Three Year Plan presented by Vittorio Colao, Chief Executive Officer.

The **objectives for the three years** are: revenues growing by approximately €50 million, while **EBITDA is planned to improve by 50%**, climbing from around 9% of revenues in 2004 to some 13% in 2007.

EBIT is expected to increase by 80%, while boosting the margin from 6% to around 9.5%.

The **improvement in profitability** will derive from increases in market share and product range, higher advertising revenues, new initiatives and renewed business and purchasing efficiency.

In terms of **financial management** the Plan estimates that around €50 million in cash will be generated over the three years before investments of some €340 million. The dividend payout is expected to equate to around 60% of consolidated net income. RCS's non-publishing investments may be sold in due course, in keeping with any undertakings given, in order to fund opportunities for growth and optimize its capital structure.

RCS management's scenario regarding **expected market trends over the period 2005-2007** predicts:

1. Italian Media market expected to grow by around 5.5% per annum, with the press sector increasing by 2.5% and tv, radio and internet reporting higher rates;
2. Advertising market expected to grow by around 4%, with newspapers at 3.2% and magazines at 1.8%;
3. Spanish advertising market more favourable, with overall market expected to grow by more than 6% and newspapers by 4.5%;
4. Slight growth expected in overall circulation by Italian newspapers, due to continued expansion of the free press and an erosion of some 1% in traditional newspapers;
5. Contribution of add-on products sold with newspapers to reach a peak in 2004, and forecast to fall by around 9% per annum;
6. Stable magazine market, reinvigorated by new titles;
7. Fiction and non-fiction books: expected average growth of 2% per annum in Italy and France. Schoolbooks: estimated average growth of 1% per annum;
8. Major developments in the television market expected after 2007.

The strategic guidelines of the RCS Three Year Plan, partly outlined above, call for investment and growth in share in the core businesses of Newspapers, Books, Radio, Internet and Italian Magazines, while the non-core German Magazines business is planned to be sold. The group will continue to seek to boost the profitability of the Free press, Outdoor advertising and Partworks businesses, while monitoring their strategic positioning with regard to trends in their respective markets.

The **key elements contributing to internal growth** are summarized below:

- Proactive strengthening of RCS presence, primarily in Italy, Spain and France. Disposal of the German Magazines business;
- Improving profitability in all areas;
- Consolidating leadership of *Corriere della Sera* and *Gazzetta dello Sport*;
- Strengthening of business in Spain and development of *El Mundo*;
- Investments and focus on innovation in add-on products of *Corriere della Sera*, *El Mundo* and *Gazzetta dello Sport*;
- Increasing advertising market shares of Newspapers (full color *Corriere della Sera*) and Magazines (new launches);
- Revamping of Magazines portfolio by releasing new titles, restyling and, if necessary, closing loss-making publications;
- Commercial investments to achieve and consolidate the profitability of the radio station *RIN – Radio Italy Network* and the free press publication *City*;
- Improving profitability in the Internet business thanks to plans to boost efficiency and revise services.

External growth will be pursued primarily in the three countries where RCS already has an established presence. At the same time, the group may evaluate opportunities focusing on similar types of publishing markets or businesses in which RCS has an already established know-how and a successful track record.

Lastly, the **organizational changes** involve:

1. an **organizational model** designed to enhance the publishing/commercial activities and the opportunities for collaboration thanks to:
 - the guiding role of the Corporate functions: Administration Finance and Control, Human Resources and Organization, Strategy and Development, External and Institutional Relations;
 - the integration of Information Technology and Purchasing functions;
 - an organization with high span of control.
2. Simplification of the **group structure** with plans to reduce the 180 existing companies by around 70 over the period 2005-2007 (on top of the 35 already eliminated in 2004).

All the above numbers are calculated under the present accounting principles.

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