Press Release: Meeting of the Board of Directors of RCS MediaGroup

Results at 31 December 2019 approved[1]

Consolidated revenue of € 923.6 million

Revenue from digital operations of € 167 million (18% of total revenue)

EBITDA of € 153.3 million[2], € 127.1 million net of IFRS 16 impacts

Positive EBIT of € 102.5 million[2], € 99.5 million net of IFRS 16 impacts

Profit of € 68.5 million[2], € 68.9 million net of IFRS 16 impacts

Net financial debt of € 131.8 million (€ -55.8 million vs. 31.12.2018 after distribution of dividends for € 31.1 million)

Proposed a dividend of € 0.03 per share

Milan, 26 March 2020 **-** The Board of Directors of RCS MediaGroup S.p.A., which met today under the chairmanship of Urbano Cairo, reviewed and approved the consolidated results at 31 December 2019.

Income statement (€ millions)	31/12/2019	31/12/2018
Consolidated revenue	923.6	975.6
EBITDA[2]	153.3	155.3
EBIT[2]	102.5	115.5
Profit	68.5	85.2

Statement of financial position (€ millions)	31/12/2019	31/12/2018
Net financial debt[1]	131.8	187.6

Group performance

[1] For the definitions of *EBITDA, EBIT, net financial debt* and *total net financial debt,* reference should be made to the section "Alternative performance measures" in this Press Release.

[2] The Annual Report at 31 December 2019 incorporates the adoption of the new IFRS 16 - *Leases*, which came into effect as from 1 January 2019.

For the adoption of the new standard, the Group followed the modified retrospective transition method (i.e. with the cumulative effect of the adoption recognized as an adjustment to the opening balance of retained earnings at 1 January 2019, without restating comparative information). The income statement figures of 2019, therefore, cannot be directly compared with the corresponding amounts of the prior year.

The application of the new standard at 31 December 2019 resulted in:

- the recognition under fixed assets of rights of use on leased assets for a total of € 160.7 million;
- the recognition of a financial liability (financial payables from leases pursuant to IFRS 16 previously classified as operating leases) of approximately € 175.3 million;
- the reversal of lease payments of € 26.2 million, offset by higher amortization and depreciation of € 23.2 million, higher financial expense of € 3.5 million and lower tax of € 0.1 million; with an impact on EBITDA, EBIT and profit for the period of € +26.2 million, € +3 million and € -0.4 million respectively;
- a decreasing impact on initial equity of € 9.1 million, net of the accounting effects of the tax component, linked to the "cherry picking" accounting treatment applied to a small amount of property lease contracts.

In 2019, against a backdrop of persisting uncertainty and shrinking core markets, the advertising market in Italy and Spain in particular, which posted a lower-than-forecast performance, the Group continued to generate highly positive margins and cash flows and achieved its targets to gradually reduce financial debt (which fell by € 55.8 million versus 31 December 2018 after distributing dividends for € 31.1 million, thanks to the strong contribution from ordinary operations).

Consolidated net revenue in 2019 amounted to € 923.6 million, down by € 52 million versus 2018. The drop is attributable to lower publishing, advertising and sundry revenue of € 23.9 million, € 21.3 million and € 6.8 million respectively. **Digital revenue**, up to approximately € 167 million, made for 18% of total revenue.

Advertising revenue amounted to € 384.5 million, down by € 21.3 million versus € 405.8 million in the prior year, due to the lower-than-expected performance of the advertising market and to the absence in 2019 of major sporting events typical of even-numbered years (World Cup, Olympics, European Championships, etc.), which had generated in 2018 additional revenue of approximately € 6 million, net of which the contraction would be 3.8% instead of 5.2%. Total **advertising sales on online media** amounted to € 129 million, making for 33.6% of total advertising revenue. Specifically, in Spain, Unidad Editorial's advertising sales on online media accounted for over 50% of total advertising revenue.

Publishing revenue amounted to € 408.4 million, down by € 23.9 million (-5.5%) versus 2018, due to the fall in circulation in Italy and Spain and the drop in sales of add-on products (€ -9.2 million), the latter due also to the focus on higher margin operations, only partly offset by the increase in revenue from the *Solferino* publishing house and the growth in digital subscriptions in Italy.

The Group's titles retained their circulation leadership in their respective market segments. Regarding the comparison with the market, in 2019 *Corriere della Sera* and *La Gazzetta dello Sport* slowed the decline in overall circulation (including digital copies) to -4.1% and -7%, respectively, versus the market's -7.4% and -8.5% by relevant segment (*ADS*). In Spain, *Marca* and *Expansión* retained their leadership in circulation figures in 2019 (*OJD*), while *El Mundo* confirmed its position as the second national generalist title in terms of average copies sold at newsstands (*OJD*). The figures published by EGM (Estudio General de Medios: latest update November 2019) confirm Unidad Editorial's leadership in the daily newspapers segment; through its brands, it reaches approximately 2.5 million readers/day, approximately 300 thousand readers more than its main competitors.

As for digital performance measures, in Italy *corriere.it* and *gazzetta.it* stood at an average of 24.8 million and 13 million monthly unique users, respectively, at end December 2019 (*Audiweb 2.0*). At end December, the total active customer base for *Corriere della Sera* (*digital edition*, *membership* and *m-site)* was 170 thousand subscribers, up by 23% versus the same period of 2018. On 10 December, *gazzetta.it* launched its new *freemium* model, with *G+* and G *All*, offering exclusive and in-depth paid editorial content.

In Spain, *elmundo.es*, *marca.com* and *expansión.com* stood at an average of 20.1 million, 16.1 million and 6.4 million monthly unique users, respectively, at end December 2019 (*Comscore IP Spain*, which considers only traffic coming from Spain). On 22 October 2019, concurrent to its thirtieth anniversary, *El Mundo* - the first Spanish newspaper among generalists - launched a pay model for online news *(freemium*).

Sundry revenue totaled € 130.7 million versus € 137.5 million in 2018 (€ -6.8 million, or -4.9%).

Activities continued in 2019 on developing and enriching editorial content and products and on enhancing the portfolio of sporting events.

In Italy, 2019 saw the restyling of ***Amica*** (19 February), the new ***Corriere Milano*** (6 March), the new ***Gazzetta dello Sport*** (7 May), the new ***Corriere Salute*** (9 May), the restyling of ***7*** (10 May), the new ***Sportweek*** (presented on 13 September, on newsstands from 19 October), and the restyling of ***Style Magazine*** (26 September).

On the digital front, the period under review witnessed the launch of ***economia.corriere.it***, the new economic website of the newspaper *Corriere della Sera* (25 March) and the ***online Motori* section** of *La Gazzetta dello Sport* (7 March), as well as the debut of the new **online** rendition of ***La Gazzetta dello Sport*** (8 May), the revamping of the ***mobile site*** of ***Corriere della Sera*** (16 May), and from 30 September the new version of ***amica.it***. Starting from the beginning of August, users can download the new *Corriere della Sera App* from digital stores. On 10 December, *gazzetta.it* launched its new *freemium* model.

Noteworthy events include ***Tempo delle Donne*** (attended by over 50 thousand people), ***Festival dello Sport*** in Trento (65 thousand attendees and more than 350 guests), as well as the 2019 edition of the ***Gazzetta Sports Awards,*** with prizes given to the outstanding champions of the year.

28 March witnessed the start of the activities of ***RCS Academy***, the business school launched in January 2019 and focused on six areas of specialization: Journalism and Communication, Economy, Innovation and Marketing, Art, Culture and Tourism, Fashion, Luxury and Design, Food & Beverage, Sport.

In Spain too, 2019 saw a good number of new editorial projects come to light: the creation at the beginning of the year of***BeStory***, a digital content production area for social networks;the restyling of ***Telva*** (20 February) and the website ***El Mundo*** (4 March); the launch in May of ***UEtv,*** a new audiovisual production company created to enhance the development of multimedia content for both the Group and the external market; from May, the renewal of ***Metropoli,*** the *El Mundo* supplement; the launch of *Expansión*'s weekly supplement ***Expansión Juridico*** (3 June); the debut of ***Marca Claro USA*** (10 June), the portal born from the partnership between *Marca* and *Claro*, already available in Argentina, Colombia and Mexico. On 22 October 2019, *El Mundo* launched its *freemium* offer. The first edition of ***Marca Sport Weekend*** was held in Marbella on the weekend of 15-17 November 2019.

As a result of the adoption of IFRS 16 as from 1 January 2019, the income statement figures for 2019 and the balance sheet figures at 31 December 2019 cannot be directly compared with the corresponding figures of the prior year and with the balance sheet figures at 31 December 2018, shown for comparative purposes in the Annual Report.

In 2019, **EBITDA stood at € 153.3 million**. Excluding the effects of the new IFRS 16, EBITDA amounted to € 127.1 million versus € 155.3 million in 2018, when the results of the RCS Group had benefited from the strong contribution from the *Grande Partenza* of the *Giro d'Italia* outside of Italy, and from the positive effect on advertising revenue of the "even-numbered year" of sporting events. The decrease was due also to the impact on operating costs of the increased purchase price of paper, and to the effect of net non-recurring expense and income (€ -3.8 million the overall effect, being equal to € -3.6 million at 31 December 2019 versus € +0.2 million at 31 December 2018).

The continued efficiency actions in 2019 brought benefits to operating costs of € 24.4 million, of which € 10.8 million in Italy and € 13.6 million in Spain.

The table below shows the trend of revenue, EBITDA and EBITDA before IFRS 16 (i.e. excluding the effects of the new IFRS 16) in each business area.

(€ millions)	31/12/2019 (1)					31/12/2018		
	Revenue	EBITDA	% of revenue	EBITDA before IFRS 16	% of revenue	Revenue	EBITDA	% of revenue
Newspapers Italy	431,6	65,8	15,2%	61,7	14,3%	458,6	84,2	18,4%
Magazines Italy	90,2	9,3	10,3%	8,9	9,9%	95,9	10,8	11,3%
Advertising and Sport	286,8	28,4	9,9%	28,1	9,8%	301,0	32,5	10,8%
Unidad Editorial	295,0	48,3	16,4%	43,7	14,8%	310,8	44,7	14,4%
Other Corporate Activities	35,6	1,5	4,2%	(15,3)	n.s.	21,5	(16,9)	n.s.
Other and eliminations	(215,6)	-	n.s.	-	n.s.	(212,2)	-	n.s.
Consolidated	**923,6**	**153,3**	**16,6%**	**127,1**	**13,8%**	**975,6**	**155,3**	**15,9%**

(1) The adoption of IFRS 16 as from 1 January 2019, without restating the balances at 31 December 2018, resulted in 2019 in the reversal of lease payments of € 26.2 million, offset by higher amortization and depreciation of € 23.2 million, higher financial expense of € 3.5 million and lower tax of € 0.1 million; with an impact on the Group's EBITDA, EBIT and profit attributable to the owners of the parent for the period of € +26.2 million, € +3 million and € -0.4 million respectively.

EBIT amounted to **€ +102.5 million** versus € 115.5 million at 31 December 2018. Excluding the effects of the application of the new IFRS 16, EBIT would amount to € 99.5 million. In addition to reflecting the EBITDA trend, the change is explained by lower amortization and depreciation before IFRS 16 (€ -5.1 million), in particular intangible assets (€ -4.1 million), plus the effect of lower write-downs/reversals of impairment losses on property, plant and equipment and intangible assets, which fell from a net negative effect of € 8.1 million at 31 December 2018 to a net negative effect of € 1 million at 31 December 2019.

Group profit in 2019 amounted to **€ 68.5 million** (€ 85.2 million in 2018) and basically reflects the trends commented on above.

Net financial debt at 31 December 2019 stood at € 131.8 million (improving by € 55.8 million versus 31 December 2018), confirming the ongoing downward trend since 2016 (the overall reduction versus 30 June 2016 amounts to € 290.6 million, bringing the debt to less than one third versus € 422.4 million at 30 June 2016). The strong contribution from ordinary operations, a positive € 106.9 million, more than offset the payment of dividends (€ 31.1 million) and outlays for capital expenditure (€ 16.4 million) and net non-recurring expense (*Management Reporting*). The net financial debt/EBITDA ratio (before IFRS 16) stands at approximately 1.0x versus 2.1x at 31 December 2018.

Total net financial debt, which includes financial payables from leases pursuant to IFRS 16 (mainly property leases) amounting to € 175.3 million, stands at € 307.1 million.

Business outlook

After year end, the national and international landscape has been swept by the spread of the Coronavirus and the ensuing restrictions for its containment adopted by the governments of all the countries involved.

Prior to the health emergency, in view of the actions planned to develop activities, specifically digital operations, and to pursue operational efficiency, RCS had considered it feasible to achieve in 2020 margin levels at least in line with those of 2019 and a further strong reduction in net financial debt.

Since the second half of February, the virus has spread significantly across Italy, affecting Lombardy in particular, in terms of number of cases and speed of the infection. In Spain too, the infection has accelerated from the second week of March and the Government has adopted containment measures similar to those put in place in Italy.

The containment measures adopted by the Italian Government are having a direct impact on work organization and timing and on the Group's activities. For instance, sporting events such as the *Milano Marathon* and the cycling races *Strade Bianche*, *Tirreno Adriatico, Milano Sanremo*, *Giro di Sicilia* and the *Giro d'Italia* have been postponed. The subsidiary RCS Sport is working to reschedule these races on the 2020 international cycling calendar. The circulation of sports newspapers has also been hit by the suspension of "played" sport.

The current health emergency, besides its severe social impacts, is having direct and indirect repercussions on the general performance of the economy, leading to a climate of general uncertainty. Advertising sales in March slowed down in Italy and Spain.

Conversely, in this context RCS stands as one of the main and most authoritative information players, with digital traffic figures growing significantly. The total active customer base for *Corriere della Sera* too is increasing day by day.

The Group is monitoring developments on a daily basis to minimize the impacts in terms of health and safety in the workplace and on the operating and financial front, by defining and implementing flexible and timely action plans.

The developing situation, as well as the potential effects on the business outlook, are unforeseeable at this time - as they depend, inter alia, on the length of the health emergency and the spread (including on a global scale), as well as on the public measures, including economic ones, which will be implemented in the meantime - and will be subject to constant monitoring in the further course of the year.

At any rate, the Group believes it has adequate management levers to counter the impacts of the health emergency in 2020 and thus confirm its medium-long term prospects.

Performance of the Parent Company

The Board also approved the draft Financial Statements of the Parent Company RCS MediaGroup S.p.A., which show a profit of € 39.1 million, down by € 7.1 million versus the pro forma result of 2018 (€ 46.2 million). Parent Company equity decreased from € 460 million pro forma at 31 December 2018 to € 456.6 million at 31 December 2019. For easier comparison, in the tables attached to this press release, the income statement and balance sheet figures for 2019 of RCS MediaGroup S.p.A. are also compared with pro-forma 2018 statements, which take account of the mergers of Digicast S.p.A. and RCS Digital Ventures S.r.l. as if they had taken place in 2018.

Convening of the Ordinary Shareholders' Meeting (29 April 2020)

The Board of Directors has resolved to convene the Ordinary Shareholders' Meeting in single call for 29 April 2020. The Shareholders' Meeting will be held in the manners set forth in the notice of call, which will be published within the time limits of law. The Board of Directors, also in order to reward the investment of small shareholders, has resolved to propose to the Shareholders' Meeting a distribution of € 0.03 per share, gross of tax, with ex dividend date (coupon no. 3) on 18 May 2020, payable on 20 May 2020 (record date 19 May 2020), corresponding to a pay-out of less than 25% of consolidated profit.

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Under paragraph 2, article 154-bis of the Consolidated Finance Law (TUF), Roberto Bonalumi, in his capacity as Financial Reporting Manager, attests that the accounting information contained herein is consistent with the Company's document results, books and accounting records.

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The Financial Statements and the Consolidated Financial Statements for 2019, which will be published in accordance with the manners and time limits of law, are being audited by the Independent Auditors.

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RCS MediaGroup is one of the leading multimedia publishing groups, operating primarily in Italy and Spain across all publishing areas, from newspapers to magazines, from digital to books, from TV to new media and training, as well as being one of the top players on the advertising sales market, organizing iconic events and renowned sporting formats such as the Giro d'Italia. The RCS Group publishes the daily newspapers *Corriere della Sera*, *La Gazzetta dello Sport*, *El Mundo*, *Marca* and *Expansion*, as well as numerous magazines, the most popular including *Oggi*, *Amica*, *Io Donna*, *7*, *Yo Dona* and *Telva*.

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RCS MediaGroup
Reclassified consolidated income statement
(Unaudited figures)

(€ millions)	31 December 2019 (1) A	%	31 December 2018 B	%	Difference A-B	Difference %
Net revenue	**923,6**	**100,0**	**975,6**	**100,0**	**(52,0)**	***(5,3%)***
Publishing revenue	*408,4*	*44,2*	*432,3*	*44,3*	*(23,9)*	*(5,5%)*
Advertising revenue	*384,5*	*41,6*	*405,8*	*41,6*	*(21,3)*	*(5,2%)*
Sundry revenue (2)	*130,7*	*14,2*	*137,5*	*14,1*	*(6,8)*	*(4,9%)*
Operating costs	*(501,9)*	*(54,3)*	*(549,2)*	*(56,3)*	*47,3*	*8,6%*
Personnel expense	*(264,5)*	*(28,6)*	*(264,7)*	*(27,1)*	*0,2*	*0,1%*
Provisions for risks	*(1,5)*	*(0,2)*	*(5,4)*	*(0,6)*	*3,9*	*72,2%*
(Write-down)/write-back of trade and sundry receivables	*(2,5)*	*(0,3)*	*(3,0)*	*(0,3)*	*0,5*	*16,7%*
Share of profits (losses) of equity-accounted investees	*0,1*	*0,0*	*2,0*	*0,2*	*(1,9)*	*(95,0%)*
EBITDA (3)	**153,3**	**16,6**	**155,3**	**15,9**	**(2,0)**	***(1,3%)***
Amortization of intangible fixed assets	*(15,5)*	*(1,7)*	*(19,6)*	*(2,0)*	*4,1*	
Depreciation of property, plant and equipment	*(10,5)*	*(1,1)*	*(11,5)*	*(1,2)*	*1,0*	
Amortization of rights of use on leased assets	*(23,2)*	*(2,5)*	*0,0*	*0,0*	*(23,2)*	
Depreciation of investment property	*(0,6)*	*(0,1)*	*(0,6)*	*(0,1)*	*0,0*	
Other (write-downs)/write-backs of fixed assets	*(1,0)*	*(0,1)*	*(8,1)*	*(0,8)*	*7,1*	
EBIT (3)	**102,5**	**11,1**	**115,5**	**11,8**	**(13,0)**	
Financial income (expense)	*(16,0)*	*(1,7)*	*(14,1)*	*(1,4)*	*(1,9)*	
Other income (expense) from financial assets/liabilities	*(0,1)*	*(0,0)*	*(0,9)*	*(0,1)*	*0,8*	
Profit (loss) before tax	**86,4**	**9,4**	**100,5**	**10,3**	**(14,1)**	
Income tax	*(17,6)*	*(1,9)*	*(15,2)*	*(1,6)*	*(2,4)*	
Profit (loss) from continuing operations	**68,8**	**7,4**	**85,3**	**8,7**	**(16,5)**	
Profit (loss) from assets held for sale and discontinued operatio	*0,0*	*0,0*	*0,0*	*0,0*	*0,0*	
Profit (loss) before non-controlling interests	**68,8**	**7,4**	**85,3**	**8,7**	**(16,5)**	
(Profit) loss pertaining to non-controlling interests	*(0,3)*	*(0,0)*	*(0,1)*	*(0,0)*	*(0,2)*	
Profit (loss) for the period attributable to the owners of the parent	**68,5**	**7,4**	**85,2**	**8,7**	**(16,7)**	

(1) The adoption of IFRS 16 as from 1 January 2019, without restating the balances at 31 December 2018, resulted in 2019 in the reversal of lease payments of € 26.2 million, offset by higher amortization and depreciation of € 23.2 million, higher financial expense of € 3.5 million and lower tax of € 0.1 million; with an impact on the Group's EBITDA, EBIT and profit attributable to the owners of the parent for the period of € +26.2 million, € +3 million and € -0.4 million respectively.

(2) Sundry revenue includes primarily revenue for television activities, the organization of events and exhibitions, sales of customer lists and boxed sets, and for betting activities in Spain.

(3) For the definitions of EBITDA and EBIT, reference should be made to the section "Alternative performance measures" in this Press Release.

RCS MediaGroup

Reclassified consolidated statement of financial position (1)

(Unaudited figures)

(€ millions)	31 December 2019 (1)	%	31 December 2018	%
Intangible fixed assets	363,3	61,8	369,4	83,6
Property, plant and equipment	62,5	10,6	65,4	14,8
Rights of use on leased assets	160,7	27,3	-	-
Investment property	19,5	3,3	20,1	4,5
Financial fixed assets and other assets	144,7	24,6	154,1	34,9
Net fixed assets	**750,7**	**127,7**	**609,0**	**137,8**
Inventory	23,3	4,0	19,6	4,4
Trade receivables	206,3	35,1	212,0	48,0
Trade payables	(198,7)	(33,8)	(204,7)	(46,3)
Other assets/liabilities	(55,7)	(9,5)	(57,8)	(13,1)
Net working capital	**(24,8)**	**(4,2)**	**(30,9)**	**(7,0)**
Provisions for risks and charges	(46,1)	(7,8)	(47,6)	(10,8)
Deferred tax liabilities	(52,5)	(8,9)	(51,5)	(11,6)
Employee benefits	(39,6)	(6,7)	(36,9)	(8,3)
Net capital employed	**587,7**	**100,0**	**442,1**	**100,0**
Equity	**280,6**	**47,7**	**254,5**	**57,6**
Non-current financial payables	82,9	14,1	141,6	32,0
Current financial payables	74,6	12,7	58,8	13,3
Current financial liabilities from derivatives	0,2	0,0	0,1	0,0
Non-current financial liabilities from derivatives	1,0	0,2	1,0	0,2
Financial assets recognized for derivatives	-	-	-	-
Cash and cash equivalents and current financial receivables	(26,9)	(4,6)	(13,9)	(3,1)
Net financial debt (2)	**131,8**	**22,4**	**187,6**	**42,4**
Financial payables from leases pursuant to IFRS 16 (2)	**175,3**	**29,8**	**-**	**-**
Total financial sources	**587,7**	**100,0**	**442,1**	**100,0**

(1) The effects of the new IFRS 16 on balance sheet items resulted in:

- the recognition under fixed assets of rights of use on leased assets for a total of € 160.7 million;
- the recognition of a financial liability (financial payables from leases pursuant to IFRS 16) of approximately € 175.3 million;
- a decreasing impact on initial equity of € 9.1 million, net of the accounting effects of the tax component, the latter concurrently recorded under "Financial fixed assets and other assets" of € 3.6 million.

Property, plant and equipment include € 13.3 million relating to assets under a finance lease, the recognition of which in the financial statements dates back to prior years under IAS 17 applicable at the time. In the first months of 2020, these assets, following the contractual exercise of the redemption option, will become, in all respects, owned tangible assets.

(2) The financial payables from leases pursuant to IFRS 16 do not include the financial payables relating to the previous IAS 17 standard (applied until end 2018) classified under "Current financial payables" (zero million at 31 December 2019 and € 4.3 million at 1 January 2019). For the definition of Net Financial Debt, reference should be made to the section "Alternative Performance Measures".

RCS MediaGroup
Consolidated statement of cash flows
(audit to be completed)

(€ millions)		2019	2018
A)	**Cash flows from operations (*)**		
	Profit (loss) before tax from continuing operations	86,4	100,5
	Amortization, depreciation and write-downs	50,8	39,8
	(Gains) losses and other non-monetary items	(0,2)	(1,5)
	(Gains) losses of equity-accounted investees	(0,1)	(2,0)
	Dividends from equity-accounted investees	1,4	5,9
	Write-down of financial fixed assets	0,3	2,4
	Net financial income (expense)	16,0	14,1
	Increase (decrease) in employee benefits and provisions for risks and charges	(2,5)	(3,6)
	Changes in working capital	(5,0)	(24,7)
	Income tax paid	*(9,8)*	*(4,4)*
	Total (1)	**137,3**	**126,5**
B)	**Cash flows from investing activities**		
	Capital expenditure in property, plant and equipment and intangible fixed assets (+)	(16,4)	(17,8)
	Consideration from the disposal of investments	0,8	0,0
	Proceeds from sale of property, plant and equipment and intangible fixed assets	*0,2*	*0,2*
	Total	**(15,4)**	**(17,6)**
	Free cash flow (A+B)	*121,9*	*108,9*
C)	**Cash flows from financing activities**		
	Net change in financial payables and other financial assets	(46,7)	(94,2)
	Net financial interest received (paid) (*)	(12,3)	(14,5)
	Dividends paid by the Parent Company	*(31,0)*	-
	Dividends paid to third parties by subsidiaries	*(0,1)*	*(0,1)*
	Liabilities from leased assets (*)	*(26,4)*	-
	Total	**(116,5)**	**(108,8)**
	Net increase (decrease) in cash and cash equivalents (A+B+C)	**5,4**	**0,1**
	Opening cash and cash equivalents	(1,1)	(1,2)
	Closing cash and cash equivalents	4,3	(1,1)
	Increase (decrease) for the period	**5,4**	**0,1**

ADDITIONAL DISCLOSURES OF THE STATEMENT OF CASH FLOWS

(€ millions)

Opening cash and cash equivalents consisting of	**(1,1)**	**(1,2)**
Cash and cash equivalents	12,5	15,6
Current payables to banks	(13,6)	(16,8)
Closing cash and cash equivalents	**4,3**	**(1,1)**
Cash and cash equivalents	13,0	12,5
Current payables to banks	(8,7)	(13,6)
Increase (decrease) for the period	**5,4**	**0,1**

(*) The adoption of IFRS 16 as from 1 January 2019, without restating the balances at 31 December 2018, resulted at 31 December 2019 in the reclassification of payments from lease liabilities to cash flows from financing activities, while previously such payments were included in cash flows from operations, for a total of € 24.8 million. Payment of the principal portion of finance lease payments under IAS 17, following application of the new IFRS 16, was reclassified from "Capital expenditure in property, plant and equipment and intangible assets" to "Liabilities from leased assets", for total outlays of € 4.3 million. The overall impact of the application of IFRS 16 on cash flows from financing activities amounted to € 29.1 million.

RCS MediaGroup S.p.A.
Reclassified income statement
(unaudited figures)

(€/millions)	2019	%	2018 pro-forma	%	Difference	2018
	A		B		A-B	
Net revenue	**560,0**	**100,0**	**593,0**	**100,0**	**(33,0)**	**583,6**
Circulation revenue	*303,7*	*54,2*	*321,7*	*54,2*	*(18,0)*	*321,7*
Advertising revenue	*229,7*	*41,0*	*244,9*	*41,3*	*(15,2)*	*243,0*
Sundry publishing revenue	*26,6*	*4,8*	*26,4*	*4,5*	*0,2*	*18,9*
Operating costs	(328,4)	(58,6)	(359,2)	(60,6)	30,8	(357,0)
Personnel expense	(158,7)	(28,3)	(158,1)	(26,7)	(0,6)	(157,6)
Provisions for risks	0,3	0,1	(4,0)	(0,7)	4,3	(4,0)
(Write-down)/write-back of trade and sundry receivables	(1,7)	(0,3)	(1,9)	(0,3)	0,2	(2,0)
EBITDA (1)	**71,5**	**12,8**	**69,8**	**11,8**	**1,7**	**63,0**
Amortization of intangible fixed assets	(9,9)	(1,8)	(14,2)	(2,4)	4,3	(10,4)
Depreciation of property, plant and equipment	(6,0)	(1,1)	(6,7)	(1,1)	0,7	(6,7)
Amortization of rights of use on leased assets	(17,4)	(3,1)	-	0,0	(17,4)	-
Write-down of fixed assets	(1,1)	(0,2)	(8,2)	(1,4)	7,1	(7,4)
EBIT	**37,1**	**6,6**	**40,7**	**6,9**	**(3,6)**	**38,5**
Net financial income (expense)	(4,4)	(0,8)	(0,9)	(0,2)	(3,5)	(0,9)
Other income (expense) from financial assets/liabilities	13,9	2,5	14,7	2,5	(0,8)	14,7
(Write-down)/write-back of receivables and other financial assets	(0,1)	(0,0)	(0,2)	(0,0)	0,1	(2,4)
Profit (loss) before tax	**46,5**	**8,3**	**54,3**	***9,2***	**(7,8)**	**49,9**
Income tax	(7,4)	(1,3)	(8,1)	(1,4)	0,7	(8,0)
Profit (loss) for the period	**39,1**	**7,0**	**46,2**	**7,8**	**(7,1)**	**41,9**

(1) Earnings before interest, tax, amortization/depreciation and write-downs

RCS MediaGroup S.p.A.
Reclassified statement of financial position
(unaudited figures)

(€/millions)	**31 December 2019**	*%*	**31 December 2018 pro-forma**	*%*	**31 December 2018**
Property, plant and equipment	41,2	*7,00*	40,8	*8,71*	40,8
Intangible assets	23,1	*3,93*	28,8	*6,15*	25,5
Rights of use on leased assets	134,0	*22,77*	-	-	-
Investment property	2,7	*0,46*	2,7	*0,58*	2,7
Financial fixed assets and other assets	437,6	*74,37*	448,9	*95,86*	448,9
Net fixed assets	**638,6**	***108,53***	**521,2**	***111,30***	**517,9**
Inventory	18,0	*3,06*	13,8	*2,95*	13,8
Trade receivables	152,9	*25,99*	158,7	*33,89*	155,7
Trade payables	(123,1)	*(20,92)*	(128,5)	*(27,44)*	(125,5)
Other assets/liabilities	(33,4)	*(5,68)*	(32,0)	*(6,83)*	(33,0)
Net working capital	**14,4**	***2,45***	**12,0**	***2,56***	**11,0**
Employee benefits	(32,8)	*(5,57)*	(30,7)	*(6,56)*	(30,5)
Provisions for risks and charges	(31,2)	*(5,30)*	(33,5)	*(7,15)*	(33,5)
Deferred tax liabilities	(0,6)	*(0,10)*	(0,7)	*(0,15)*	(0,7)
Net capital employed	**588,4**	***100,00***	**468,3**	***100,00***	**464,2**
Equity	456,6	*77,60*	460,0	*98,23*	451,3
Net financial debt (liquidity) (1)	(13,5)	*(2,29)*	8,3	*1,77*	12,9
Net financial payables from leases pursuant to IFRS 16 (2)	145,3	*24,69*	-	-	-
Total sources of financing	**588,4**	***100,00***	**468,3**	***100,00***	**464,2**

(1) Indicator of financial structure, calculated as current and non-current loans and borrowings less cash and cash equivalents, current financial assets and non-current financial assets recognized for derivatives. Net Financial Debt as set out by CONSOB in its Communication DEM/6064293 dated 28 July 2006 excludes non-current financial assets. At 31 December 2019, the net financial position stood at € +13.5 million (€ -12.9 million pro-forma at 31 December 2018).

RCS MediaGroup S.p.A.
Statement of cash flows
(audit to be completed)

	(€ millions)	2019	2018
A)	**Cash flows from operations**		
	Profit (loss) before tax from continuing operations	48,1	50,0
	Amortization, depreciation and write-downs	34,3	24,5
	(Gains) losses and other non-monetary items	(9,6)	(1,4)
	Write-downs/write-backs of net financial fixed assets	2,2	4,6
	Net financial income (expense) including dividend income	(10,6)	(14,8)
	Decrease in provisions	(2,1)	(2,0)
	Effects of merger of Digicast S.p.A. and RCS Digital Ventures S.r.l.	4,9	-
	Changes in working capital	(9,6)	(4,4)
	Income tax (paid) received	3,3	3,6
	Total	**60,9**	**60,1**
B)	**Cash flows from investing activities**		
	Acquisition of investments (net of dividends received)	14,8	14,8
	Capital expenditure in property, plant and equipment and intangible fixed asse	(9,5)	(7,5)
	Proceeds from the sale and liquidation of investments	0,9	-
	Total	**6,2**	**7,3**
	Free cash flow (A+B)	*67,1*	*67,4*
C)	**Cash flows from financing activities**		
	Net change in financial payables and other financial assets	(12,2)	(63,8)
	Financial interest collected/paid	1,1	(0,5)
	Dividends paid	(31,0)	-
	Liabilities from leased assets (*)	(20,2)	-
	Total	**(62,3)**	**(64,3)**
	Net increase (decrease) in cash and cash equivalents (A+B+C)	**4,8**	**3,1**
	Opening cash and cash equivalents	(12,9)	(16,1)
	Closing cash and cash equivalents	(8,1)	(13,0)
	Increase (decrease) for the period	**4,8**	**3,1**

ADDITIONAL DISCLOSURES OF THE STATEMENT OF CASH FLOWS

(€/millions)

Opening cash and cash equivalents consisting of	**(12,9)**	**(16,1)**
Cash and cash equivalents	0,4	0,7
Current payables to banks	(13,3)	(16,8)
Closing cash and cash equivalents	**(8,1)**	**(13,0)**
Cash and cash equivalents	0,6	0,4
Current payables to banks	(8,7)	(13,4)
Increase (decrease) for the period	**4,8**	**3,1**

(*) The adoption of IFRS 16 as from 1 January 2019, without restating the balances at 31 December 2018, resulted at 31 December 2019 in the reclassification of payments from lease liabilities to cash flows from financing activities, while previously such payments were included in cash flows from operations, for a total of € 19.9 million. Payment of the principal portion of finance lease payments under IAS 17, following application of the new IFRS 16, was reclassified from "Capital expenditure in property, plant and equipment and intangible assets" to "Liabilities from leased assets", for total outlays of € 2.1 million. The overall impact of the application of IFRS 16 on cash flows from financing activities amounted to € 22 million.

Alternative performance measures

In order to provide a clearer picture of the financial performance of the RCS Group, besides of the conventional financial measures required by IFRS, a number of **alternative performance measures** are shown that should, however, not be considered substitutes of those adopted by IFRS. In accordance with CESR/05-178b recommendation published on 3 November 2005, the methods used for building the main alternative performance measures that Management considers useful for monitoring the Group's performance are shown below.

EBITDA: to be understood as earnings before interest, tax, amortization/depreciation and write-downs on non-current assets. It includes the share of profits and losses from equity-accounted investees, since associates and joint ventures held are considered operational with respect to the activities of the RCS Group. The measure is used by the RCS Group as a target to monitor internal management, and in public presentations (to financial analysts and investors). It serves as a unit of measurement to evaluate the operational performance of the RCS Group.

EBITDA before IFRS 16: to be understood as EBITDA defined above adjusted to exclude the effects deriving from the adoption of IFRS 16.

EBITDA before non-recurring income/expense: to be understood as EBITDA as specified above before components of income (positive and/or negative) deriving from events or transactions, the occurrence of which is non-recurring, or deriving from transactions or events that are unlikely to occur frequently in the normal course of business.

EBIT: to be understood as the Result before tax, gross of "Financial Income (Expense)" and "Other gains (losses) on financial assets/liabilities".

EBIT before IFRS 16: to be understood as EBIT defined above adjusted to exclude the effects deriving from the adoption of IFRS 16.

Net Financial Position (or net financial debt): this is a valid measure of the financial structure of the RCS Group. It is calculated as the result of current and non-current financial payables, net of cash and cash equivalents and current financial assets, as well as non-current financial assets from derivative instruments, excluding financial liabilities (current and non-current) from leases recognized in the financial statements pursuant to IFRS 16.

Total Net Financial Position (or total net financial debt) also includes the financial liabilities from leases recorded in the financial statements pursuant to IFRS 16, previously classified as operating leases.