



**Press Release**

**RCS MediaGroup Board of Directors: results at 31 December 2010 approved\***

- Consolidated revenue at EUR 2,255.3 million, a rise of 2.2% (EUR 48.9 million)
- Group advertising revenue up 7% to EUR 759.6 million
- EBITDA before non-recurring income/expense at EUR 199.4 million (EUR 133 million in 2009)
- EBITDA after non-recurring income/expense at EUR 197.8 million (EUR 35.7 million in 2009)
- Consolidated net profit at EUR 7.2 million, compared with a net loss of EUR 129.7 million in 2009
- Net financial debt at EUR 970.8 million, an improvement of EUR 86.3 million compared with 2009
- Intervention Plan: total benefits of EUR 226 million
  
- Vittorio Malacalza co-opted onto the Board

Shareholders' meeting called for 28 and 29 April 2011 (first call and second call respectively) to vote on:

- the approval of the 2010 financial statements and the covering of the loss for the year
- the appointment of three directors
- the renewal of authorisation to buy and sell own shares
- the approval of a number of changes to the articles of association and the delegation of authority to the Board of Directors to resolve capital increase to service the stock option plan already adopted, following the expiry of the previous mandate.

Milan, 22 March 2011 - At its meeting today, the Board of Directors of RCS MediaGroup, under the chairmanship of Piergaetano Marchetti, examined and unanimously approved the results at 31 December 2010. The main consolidated results for 2010 compared with those of the same periods of 2009 are shown below.

<b>Consolidated figures* (EUR million)</b>	<b>31/12/2010</b>	<b>31/12/2009</b>	<b>Δ</b>	<b>4Q10</b>	<b>4Q09</b>	<b>Δ</b>
Consolidated Group revenues	2,255.3	2,206.4	2.2%	610.6	585.3	4.3%
EBITDA before non-recurring income/expense	199.4	133	49.9%	77.1	69.9	10.3%
EBITDA after non-recurring income/expense	197.8	35.7	n.m.	73.7	5.4	n.m.
EBIT	69.8	(97.1)	n.m.	29.3	(40.8)	n.m.
Net profit	7.2	(129.7)	n.m.	6.5	(56.5)	n.m.

<b>Balance sheet figures* (EUR million)</b>	<b>31/12/2010</b>	<b>31/12/2009</b>
Net financial debt	970.8	1,057.1

\* Dada Entertainment, which was previously consolidated using the equity method, has been fully consolidated since 1 June 2009. On 18 January 2010, the Group also acquired Poundhost, a key player in dedicated, virtual hosting services.

Alternative performance indicators:

- EBITDA refers to the operating result before depreciation, amortisation and write-downs.

- Net financial position, a financial structure indicator, is calculated as current and non-current financial liabilities, net of cash and cash equivalents, current financial assets and non-current financial assets recognized for derivatives.

## Group performance in 2010

The fourth quarter of 2010 confirmed the progressive easing of the negative macroeconomic trend, which had already been seen over the course of the year, with increasingly marked differences between the various sectors and geographic regions. Visibility on the markets, however, remains low.

The Group's **consolidated net revenue** totalled EUR 2,255.3 million, an improvement of 2.2% (EUR 48.9 million) compared with 31 December 2009. This positive performance is almost entirely due to the growth of 7% (EUR 49.9 million) recorded in advertising revenue. Looking only at the fourth quarter of 2010, consolidated net revenue rose by 4.3% compared with the same period of 2009.

**Circulation revenue** totalled EUR 1,217.1 million (EUR 1,216.7 million in 2009), due particularly to the good performance of the Books division, which offset the slowdown in revenue from add-on products. Stripping out this effect, the Group's circulation revenue would have risen by EUR 30.4 million. Circulation revenue in the fourth quarter of 2010 rose by 6% compared with the same period in 2009.

At advertising level, RCS performed better than its key markets in all the main business areas, benefiting from the leadership of its brands and the increasing integration of printed material and multimedia formats. The Group's **advertising revenue** totalled EUR 759.6 million, a rise of 7% (EUR 49.9 million). The increase was attributable to all areas, especially the excellent performance of online and the good performances of Spanish Newspapers (up EUR 25.3 million) and Italian Newspapers (up EUR 19.1 million). In the fourth quarter of 2010, advertising revenue rose by 9.1% compared with the same period of 2009.

**Other publishing revenue** totalled EUR 278.6 million (EUR 280 million in 2009), reflecting in particular the gradual discontinuation of certain products of the Dada Group, which was only partly offset by the higher revenues achieved by Spanish Newspapers and the Books division.

**EBITDA before non-recurring income/expense** was positive at EUR 199.4 million, an improvement of EUR 66.4 million compared with 2009, thanks to the contribution of all business areas except Dada. Note especially the good performance of Italian Newspapers (up EUR 44.6 million) and Spanish Newspapers (up EUR 22 million).

**EBITDA after non-recurring income/expense** was EUR 197.8 million, compared with EUR 35.7 million in 2009 including non-recurring expense/income of EUR -1.6 million in 2010 and EUR -97 million in 2009.

The **Intervention Plan** announced in May 2009 generated further benefits of EUR 67 million in 2010, which – added to the sum of EUR 159 million already generated in 2009 – enabled the Group at 31 December 2010 to beat its initial target, with overall benefits of EUR 226 million (11% of total costs in 2010), which were essential for the Group to face the severe crisis that has affected the sector and sustain development.

**EBIT** was positive at EUR 69.8 million, compared with a negative figure of EUR 97.1 million in 2009. The improvement reflects the positive developments described above. Total write-downs amounted to EUR 30.5 million, of which EUR 23.8 million were due to impairment tests performed by the Dada Group, compared with write-downs of EUR 33.4 million in 2009.

**Net financial expense** came in at EUR 29.2 million (EUR 33.4 million in 2009). This excellent reduction of EUR 4.2 million arose mainly from the lower interest rates and the decrease in financial debt.

**Net profit for the year** came in at EUR 7.2 million, an improvement of EUR 136.9 million compared with 2009.

**Net financial debt** fell by a further EUR 86.3 million versus 31 December 2009, and came in at EUR 970.8 million thanks to the strong rise in cash flow from ordinary operations.

The **average headcount** was 6,196, down by 296 compared with 2009, mainly due to the implementation of the reorganisation plans involving all areas of the Group. This was, however, partly offset by the strengthening of new media activities in all areas.

## Comments on performance in 2010

**Italian Newspapers** recorded **revenue** of EUR 626.4 million, an increase of 0.8% compared with 2009. Stripping out the decline in sales of add-on products, the division's revenue rose by 5.2%. **Advertising revenue** rose by 6.1% to EUR 292.1 million, and outperformed the key markets thanks to the contribution of all media, except the free press: *Corriere della Sera* multimedia system climbed by 0.8% (with online revenue up 36.5%), and *La Gazzetta dello Sport* multimedia system by 24.5% (with online revenue rising by 65%). **Total advertising revenue from online** came to around 12.2% of the division's advertising revenue. **Circulation revenue** fell from EUR 318.9 million to EUR 308.9 million, mainly due to the ongoing decline in add-on products. Excluding this effect, circulation revenue would have risen by 5.2%.

*Corriere della Sera* and *La Gazzetta dello Sport* retain their leading positions in their sectors as regards total circulation, with average figures in the period of 482,000 and 330,000 respectively.

Measures to develop the two publishing systems and new media activities across multiple platforms continued. Also in 2010, all indicators of traffic and readership on the internet sites recorded continuous and significant growth, achieving for the two titles 25.9 million average monthly unique users on the media relating to the Newspapers Italy division (up 26%). The websites of *corriere.it* and *gazzetta.it* recorded average daily unique users on weekdays of 1.6 million (up 21%) and 908,000 (up 18%) respectively. At the end of December, over 15,000 subscriptions to the two newspapers via smartphone had been acquired, with over 635,000 applications downloaded since the start of the year. The Group further strengthened its presence on new media when it introduced iPad applications for both newspapers on 28 May. Galaxy Tab applications have also been operational since the end of October. Active subscribers to the digital editions of both newspapers passed the 22,000 mark at the end of December.

**EBITDA** was positive at EUR 108.2 million, versus EUR 11.4 million in 2009 (including net non-recurring income of EUR 10.8 million and net non-recurring expense of EUR 41.4 million, respectively). This was achieved thanks to higher advertising revenue and efficiency measures that generated benefits of EUR 29.7 million in 2010.

In Spain **Unidad Editorial** posted **revenue** of EUR 531.3 million, an increase of 3.8% compared with 2009. Significantly outperforming the market, **advertising revenue**, totalling EUR 224.7 million, rose by 15%, gross of agency commissions, chiefly due to the good results of *Marca* (up 18.7%), the online channel (up 21.6%), TV (Veo7 increased more than sixfold compared with 2009) and radio (up 30.5%). **Total advertising revenue from online** came to around 16% of the division's advertising revenue. **Publishing revenue**, at EUR 254.7 million, fell by 3.6% compared with 2009, chiefly due to fewer launches of add-on products and to the decline in circulation.

*El Mundo* confirmed its position as Spain's second-largest daily, with a circulation of 286,000 average daily copies. The average circulation of leading sports daily *Marca* was 275,000 copies (source: OJD).

Websites continued to record excellent performances: *elmundo.es* – further strengthening its global leadership in Spanish language general news websites – achieved an average of 25.5 million monthly unique users (up 20%); *marca.com* confirmed its position as absolute leader in Spanish sites, with an average of 27.7 million monthly unique users (up 57%), and *expansion.com* – leader in financial news, and which completely renewed its offer – posted an average of 2.6 million monthly unique users (up 34%). Subscribers to the online editions on *Orbyt* of *ElMundo.es* and *Expansión* passed the 20,000 mark. In addition, over 110,000 iPhone applications were downloaded from April to the end of December and more than 59,000 applications for iPad from June to the end of December. The online edition of *Marca* on *Orbyt* was launched in December.

**EBITDA** was positive at EUR 41 million versus EUR 12.4 million in 2009 (including non-recurring expense of EUR 3.5 million and EUR 10.1 million, respectively). This result was due to the trends described above and the continuation of efficiency measures that achieved benefits of EUR 21.6 million in 2010.

**Revenue** in the **Books** division came in at EUR 606.3 million, a rise of EUR 27.2 million (4.7%) compared with 2009. This was due to the stability of the Education and Italian Fiction and Non Fiction businesses and, in particular, to the excellent performances of Flammarion (up 9.1%) and Rizzoli International Publications (up 23.4%). The titles released included the successful *La Carte et le Territoire* by Michel Houellebecq (Flammarion), winner of the Prix Goncourt, *Acciaio* by debut novelist Silvia Avallone (Rizzoli) and *The Prague Cemetery* by Umberto Eco (Bompiani).

**EBITDA** was positive at EUR 43.7 million, an increase of EUR 13.2 million (43.3%) compared with 2009

(including non-recurring expense of EUR 4.3 million and EUR 16 million, respectively). The figure was boosted in 2010 by benefits from efficiency measures totalling EUR 4.3 million.

Total **revenue** in the **Magazines** division declined by 3.4% to EUR 238 million: **publishing revenue** was EUR 89.4 million, a fall of EUR 5.4 million, due to the ongoing difficulties in the publishing market. **Advertising revenue** came in at EUR 118.1 million, in line with the figure for 2009, thanks in particular to the product range on the multimedia systems for women and children. In 2010, the Group's magazines experienced a decline in circulation of 3.6%, which was less than that seen in the market.

The multimedia system publications for women saw positive results for *Amica* and *Io Donna*, and growth in *Leiweb.it*, with 2.3 million unique users in December (double the figure for the same period in 2009). The home furnishings multimedia system recorded good circulation figures for *Bravacasa* at newsstands (up 3.2%) and good performances by *AtCasa.it* and the joint venture in China (sales rose by 47%). The children's multimedia system – the sector leader – recorded an improvement on the previous year, partly thanks to the contribution of its integrated multimedia range of products (advertising revenue up by 7%). Figures for the lifestyle sector, where the Group is the confirmed leader, remained steady, while multimedia system publications for men showed a decline in circulation as a result of a reduction in the number of promotional copies. This was also the case with the family multimedia system, with the exception of the weekly publication *Oggi* and the magazines *Quiz* and *Enigmistica*, which were stable. Native editions of *A*, *Abitare*, *Bravacasa*, *Dove* and *Max* for iPad were launched in 2010.

**EBITDA** was positive at EUR 4.7 million, an improvement of EUR 11.4 million compared with 2009 (which included non-recurring expense of EUR 11.4 million in 2009). In 2010, the figure recorded benefits of EUR 4.8 million from efficiency measures and the constant focus on costs, making it possible to absorb the drop in revenue and the higher costs generated by sending subscriptions.

The **Television division (Digicast Group)** posted **revenue** of EUR 27.3 million, in line with the trend in 2009 (EUR 27.6 million). Advertising revenue was on the rise. The division experimented continually with TV formats and products, particularly as regards the *Lei* and *Dove* channels. **EBITDA** rose from EUR 11 million to EUR 11.2 million.

The **Dada Group** posted **revenue** of EUR 151.5 million compared with EUR 155.1 million in 2009; on a like-for-like basis, revenue fell by 11.3%. **EBITDA** fell by 38.1% (39.4% on a like-for-like basis) to EUR 9.9 million, from EUR 16 million in 2009, primarily due to the downturn in the mobile business (VAS) and the start-up costs of new online gaming services. Write-downs on goodwill for the Dada Group totalled EUR 23.8 million following impairment tests.

The Board of Directors also approved the draft financial statements of the parent **RCS MediaGroup S.p.A.**, which showed a **net loss** of EUR 43.2 million (versus a net loss of EUR 36.1 million in 2009), due to the low contribution of dividends received from subsidiaries, deriving from their poor performance in 2009. Such dividends do not offset the parent's operating loss, also impacted by impairment losses and financial expense for 2010.

## Outlook

Although aware of the risks and uncertainties that still exist in macroeconomic trends, RCS MediaGroup regards 2011 as a year of stabilisation and continuing transition towards innovative and challenging business models, following the guidelines set out in the Three-Year Plan and focusing even greater attention on Customer Relationship Management, across all business areas, with the aim of prioritising the relationship with the reader and encouraging loyalty through integrated programmes at both Group and brand level.

Among the Group's activities, advertising revenue will continue to see a progressive increase in revenue from the online channel. In 2010, the gross national online commercial advertising revenue of Italian Newspapers and Spanish Newspapers amounted to 19% of national commercial advertising, with double-digit growth compared to the previous year. Overall, taking into account the performance in the first few months of 2011, total advertising revenue is forecast to be in slight increase compared to 2010. Circulation figures will

continue to be influenced by the ongoing development of the business model. The sharp acceleration in cross-media and digital projects will offset the drop in paper-based products, without ruling out a trend reversal for certain publications. The further development of the Books division will also play an important role, following the recent implementation of new publishing distribution platforms and the launch of the multimedia book.

The Three-Year Plan approved last December by the Board of Directors is focused on products' portfolio development. However it does not rule out – as noted – an assessment of revisions to the basis of consolidation of the Group (or of individual segments) in line with the market situation and in relation to non-core activities, taking into account the outlook for each sector.

The Dada Group is operating in a difficult environment. The continuation of this scenario, the measures to rationalise the Group's portfolio of activities and the consequent decision to sell the Dada.net division in order to focus the Dada Group's financial and managerial resources more effectively make it particularly difficult at the present time to provide an outlook for the whole of 2011. The Buongiorno Group has initiated due diligence activities for the Dada.net division on the basis of the 45-day exclusivity agreement granted by Dada on 11 February.

The positive, structural effects of the Intervention Plan launched in 2009, which far exceeded the original target of EUR 200 million and the costs of which were almost entirely booked in 2009, will still be felt beyond the current year, ensuring better organisation and resources for growth. However, given the continuing market uncertainty, it is important not to regard the efficiency measures as complete: these require an additional, ongoing focus on costs and the improvement of production processes.

Finally, careful monitoring will continue of net debt, which is expected to improve further in 2011.

Barring unforeseen events and underlining the lack of visibility, net profit is forecast to be better in 2011 than in 2010, sustained by structural interventions and the ongoing, determined pursuit of cost containment measures, accompanied as ever by investment and above all by actions to support the development of the Group's multimedia activities and to safeguard and enhance the quality of its products.

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### **Appointment of a director**

Following the resignation of the director Claudio De Conto, the Board of Directors, pursuant to article 2386, para. 1 and article 12 of the articles of association, decided – with a resolution approved by the Board of Statutory Auditors and on the basis of the previously expressed waives of the unelected candidate from the majority shareholder list presented at the shareholders' meeting on 28 April 2009 – to co-opt as a director of the Company Vittorio Malacalza (whose CV will shortly be made available on the Company's website), as well as appointing him as a member of the Executive Committee.

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### **Ordinary and extraordinary shareholders' meeting**

The Board of Directors has called the shareholders' meeting for 28 April 2011 (and 29 April in the absence of a quorum) to pass resolutions regarding

#### *ordinary shareholders' meeting:*

- the approval of the 2010 financial statements, which closed the year on a loss of EUR 43,176,408, proposing, with regard to the allocation of this loss, to cover it with the same amount drawn from retained earnings;
- the appointment of three directors, due to the expiration with this shareholders' meeting of the mandate of Roland Berger (independent director, member of the Internal Audit Committee), Vittorio Malacalza and Giuseppe Rotelli (both members of the Executive Committee), proposing that they be confirmed until the end of the current Board of Directors' mandate. Note in this regard that article 12 of the articles of association on directors who cease to hold office during their mandate applies to the shareholders' meeting resolutions in question, and that Mr. Berger and Mr. Malacalza were appointed to replace directors elected from the majority

shareholder list presented at the time of the appointment of the current Board of Directors, bearing in mind, as mentioned above, the confirmed waives by the sole unelected candidate from that list at the time of the appointment, while Mr Rotelli was appointed to replace a director drawn from the minority shareholder list;

- the proposal to renew the authorisation to buy and dispose own shares. With regard to this proposal, the Board of Directors proposes that the shareholders' meeting renew the authorisation to purchase own shares (ordinary and/or savings shares) in the same terms of current authorization, to a maximum number of shares with a total nominal value not exceeding 10% of the share capital, so that the company – which currently holds around 0.6% of the ordinary share capital – can retain a significant degree of operational and strategic flexibility, and, in particular, capitalise on investment opportunities or if necessary, improve the company's financial structure, as well as for the purposes of the potential sales set out below. The proposal provides for own shares to be acquired in one or several purchases, during a period of 18 months from the date of authorisation by the shareholders' meeting, at a price that is no more than 10% lower or higher than the average market price in the two trading sessions preceding each transaction and to be done through the same means provided by the current authorization. The proposal also provides for the renewal of the authorisation to dispose own shares, at a price that is no more than 10% lower than the average carrying amount at the time of the transaction. The sale of own shares may be effected in one or more transactions within the authorisation period of 18 months from the date of approval, even before the completion of purchases, and have to be done through the same means provided by the current authorization. A proposal is also presented for the cancellation of the resolution of shareholders made at their meeting of 28 April 2010 relating to the current authorisation for the purchase and sale of own shares (ordinary and/or savings shares).

*extraordinary shareholders' meeting:*

- the proposal to amend certain provisions of the articles of association (articles 8, 11, 21 and 23), mainly with regard to the provisions contained in Legislative Decree n.27/2010;
- the proposal to authorise the Board of Directors, pursuant to article 2443 of the Italian Civil Code and in renewal of the previous authorisation that has since expired, to resolve paid share capital increases up to a maximum nominal value of EUR 10,731,334 by issuing up to the same number of ordinary shares, to be made available for subscription by the beneficiaries of the options granted under the already adopted Stock Option Plan 2005-2013, with the resulting amendment to article 5 of the articles of association.

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**Web/Telephone Conference Call** - The 2010 results will be presented to the financial community at 16.00 (CET) today. For more details please visit [www.rcsmediagroup.it](http://www.rcsmediagroup.it).

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*Riccardo Stilli, the director responsible for drawing up the company's accounting statements, hereby declares, pursuant to article 154-bis, paragraph 2 of the Testo Unico della Finanza law, that the information contained in this press release accurately represents the figures contained in the Group's accounting records.*

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*The annual financial statements and the consolidated financial statements for 2010, which will be published in accordance with the specified procedures and timescales, are examined by the independent auditors.*

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## RCS MediaGroup

### Reclassified consolidated income statement for the year ended 31 December 2010

Unaudit

(EUR million)	31	%	31	%	Difference
	December		December		
	2010		2009		
	(5)		(5)		A-B
	A		B		
<b>Revenue</b>	<b>2,255.3</b>	<b>100.0</b>	<b>2,206.4</b>	<b>100.0</b>	<b>48.9</b>
<i>Circulation revenue</i>	<i>1,217.1</i>	<i>54.0</i>	<i>1,216.7</i>	<i>55.1</i>	<i>0.4</i>
<i>Advertising revenue (1)</i>	<i>759.6</i>	<i>33.7</i>	<i>709.7</i>	<i>32.2</i>	<i>49.9</i>
<i>Other publishing revenue (2)</i>	<i>278.6</i>	<i>12.4</i>	<i>280.0</i>	<i>12.7</i>	<i>(1.4)</i>
Operating expense	(1,564.7)	(69.4)	(1,575.2)	(71.4)	10.5
Personnel expense	(453.0)	(20.1)	(549.7)	(24.9)	96.7
Impairment losses on receivables	(24.2)	(1.1)	(21.4)	(1.0)	(2.8)
Increases in provisions for risks	(15.6)	(0.7)	(24.4)	(1.1)	8.8
<b>EBITDA (3)</b>	<b>197.8</b>	<b>8.8</b>	<b>35.7</b>	<b>1.6</b>	<b>162.1</b>
Amortisation of intangible assets	(57.1)	(2.5)	(58.3)	(2.6)	1.2
Depreciation of property, plant and equipment	(40.4)	(1.8)	(41.1)	(1.9)	0.7
Impairment losses on non-current assets	(30.5)	(1.4)	(33.4)	(1.5)	2.9
<b>Operating profit (loss)</b>	<b>69.8</b>	<b>3.1</b>	<b>(97.1)</b>	<b>(4.4)</b>	<b>166.9</b>
Net financial expense	(29.2)	(1.3)	(33.4)	(1.5)	4.2
Net losses from financial assets/liabilities	3.4	0.2	(1.7)	(0.1)	5.1
Share of profits (losses) of equity-accounted investees	0.0	0.0	(1.2)	(0.1)	1.2
<b>Profit (loss) before tax</b>	<b>44.0</b>	<b>2.0</b>	<b>(133.4)</b>	<b>(6.0)</b>	<b>177.4</b>
Income taxes	(41.6)	(1.8)	15.8	0.7	(57.4)
<b>Profit (loss) from continuing operations</b>	<b>2.4</b>	<b>0.1</b>	<b>(117.6)</b>	<b>(5.3)</b>	<b>120.0</b>
Profit (loss) from assets held for sale and discontinued operations (4)	0.0	0.0	(5.9)	(0.3)	5.9
<b>Profit (loss) for the year</b>	<b>2.4</b>	<b>0.1</b>	<b>(123.5)</b>	<b>(5.6)</b>	<b>125.9</b>
(Profit) loss attributable to non-controlling interests	4.8	0.2	(6.2)	(0.3)	11.0
<b>(Profit) loss attributable to owners of the parent</b>	<b>7.2</b>	<b>0.3</b>	<b>(129.7)</b>	<b>(5.9)</b>	<b>136.9</b>

(1) Advertising revenue in the year ended 31 December 2010 includes EUR 416.9 million realised through RCS Pubblicità (of which EUR 300.7 million from Italian Newspapers, EUR 107.5 million from Magazines and EUR 8.7 million through the sale of advertising space on behalf of external publishers) and EUR 342.7 million generated directly by the Group's publishers (of which EUR 223.3 million by Spanish Newspapers, EUR 35.1 million by Italian Newspapers, EUR 25.5 million by Magazines, EUR 22.1 million by Dada, EUR 4.3 million by Digidcast and EUR 2.7 million by eliminations between Group companies) and by the foreign media advertising concession Blei (EUR 35.1 million).

Advertising revenue at 31 December 2009 includes EUR 402.1 million realised through RCS Pubblicità (of which EUR 285.1 million from Italian Newspapers, EUR 108 million from Magazines and EUR 9 million from the sale of advertising space on behalf of external publishers) and EUR 307.7 million generated directly by the Group's publishers (of which EUR 197.9 million by Spanish Newspapers, EUR 31.6 million by Italian Newspapers, EUR 25.4 million by Magazines, EUR 21.1 million by Dada, EUR 3.5 million by Digidcast and EUR 3.5 million by eliminations between Group companies) and by the foreign media advertising concession Blei (EUR 31.7 million).

(2) Other publishing revenue mainly refers to the revenue of the Dada Group, revenue from the sale of film rights by Unidad Editorial, revenue from the television activities of Digidcast and the Unidad Editorial Group, royalty revenue from third parties, revenue associated with sporting events in Italy and Spain, and revenue from the sale of customer lists and children's boxed sets by companies in the Sfera Group.

(3) Earnings before interest, tax, depreciation, amortisation and impairment.

(4) At 31 December 2009, the "Profit from assets held for sale and discontinued operations" was restated to include profit from the printing activities of the Unidad Editorial Group and the activities of the subsidiary La Coccinella.

(5) Following a strategic agreement between Dada and Sony Music Entertainment, Dada Entertainment, a US company, is no longer equity accounted, but has instead been fully consolidated since June 2009. On 18 January 2010, the Group also acquired Poundhost, a key player in dedicated, virtual hosting services. At 31 December 2010, these transactions had an impact of EUR 13.7 million on revenue and EUR 3 million on EBITDA.

**RCS MediaGroup**  
**Reclassified consolidated income statement – 4Q10**

Unaudit

(EUR millions)	4Q 2010 (4) A	%	4Q 2009 (4) B	%	Difference A-B
<b>Revenue</b>	<b>610.6</b>	<b>100.0</b>	<b>585.3</b>	<b>100.0</b>	<b>25.3</b>
<i>Circulation revenue</i>	<i>313.4</i>	<i>51.3</i>	<i>295.7</i>	<i>50.5</i>	<i>17.7</i>
<i>Advertising revenue (1)</i>	<i>232.3</i>	<i>38.0</i>	<i>212.9</i>	<i>36.4</i>	<i>19.4</i>
<i>Other publishing revenue (2)</i>	<i>64.9</i>	<i>10.6</i>	<i>76.7</i>	<i>13.1</i>	<i>(11.8)</i>
Operating expense	(400.0)	(65.5)	(399.2)	(68.2)	(0.8)
Personnel expense	(119.5)	(19.6)	(166.8)	(28.5)	47.3
Impairment losses on receivables	(8.2)	(1.3)	(7.0)	(1.2)	(1.2)
Increases in provisions for risks	(9.2)	(1.5)	(6.9)	(1.2)	(2.3)
<b>EBITDA (3)</b>	<b>73.7</b>	<b>12.1</b>	<b>5.4</b>	<b>0.9</b>	<b>68.3</b>
Amortisation of intangible assets	(15.1)	(2.5)	(16.0)	(2.7)	0.9
Depreciation of property, plant and equipment	(10.4)	(1.7)	(11.2)	(1.9)	0.8
Impairment losses on non-current assets	(18.9)	(3.1)	(19.0)	(3.2)	0.1
<b>Operating profit (loss)</b>	<b>29.3</b>	<b>4.8</b>	<b>(40.8)</b>	<b>(7.0)</b>	<b>70.1</b>
Net financial expense	(7.7)	(1.3)	(7.0)	(1.2)	(0.7)
Net losses from financial assets/liabilities	(1.5)	(0.2)	(1.8)	(0.3)	0.3
Share of profits (losses) of equity-accounted investees	0.9	0.1	3.5	0.6	(2.6)
<b>Profit (loss) before tax</b>	<b>21.0</b>	<b>3.4</b>	<b>(46.1)</b>	<b>(7.9)</b>	<b>67.1</b>
Income taxes	(19.3)	(3.2)	(4.2)	(0.7)	(15.1)
<b>Profit (loss) from continuing operations</b>	<b>1.7</b>	<b>0.3</b>	<b>(50.3)</b>	<b>(8.6)</b>	<b>52.0</b>
Profit/(loss) from assets held for sale and discontinued operations	0.0	0.0	0.0	0.0	0.0
<b>Profit (loss) for the year</b>	<b>1.7</b>	<b>0.3</b>	<b>(50.3)</b>	<b>(8.6)</b>	<b>52.0</b>
(Profit) loss attributable to non-controlling interests	4.8	0.8	(6.2)	(1.1)	11.0
<b>(Profit) loss attributable to owners of the parent</b>	<b>6.5</b>	<b>1.1</b>	<b>(56.5)</b>	<b>(9.7)</b>	<b>63.0</b>

(1) Advertising revenue in 4Q10 includes EUR 128.6 million realised through RCS Pubblicità (of which EUR 91.1 million from Italian Newspapers, EUR 34.9 million from Magazines and EUR 2.6 million from the sale of advertising space on behalf of external publishers), and EUR 103.7 million received directly from external publishers (of which EUR 69.2 million relates to Spanish Newspapers, EUR 12.5 million to Blei, EUR 6.9 million to Magazines, EUR 7.1 million to Dada, EUR 1,7 million to Digicast, EUR 7.1 million to Italian Newspapers and EUR 0.8 million to eliminations between Group companies).

Advertising revenue in 4Q09 includes EUR 127.5 million realised through RCS Pubblicità (of which EUR 90.2 million from Italian Newspapers, EUR 35 million from Magazines and EUR 2.3 million from the sale of advertising space on behalf of external publishers) and EUR 85.4 million received directly from external publishers (of which EUR 61.4 million relates to Spanish Newspapers, EUR 10.1 million to Blei, EUR 6.6 million to Magazines, EUR 1.6 million to Dada, EUR 0.9 million to Digicast, EUR 6.5 million to Italian Newspapers and EUR 1.7 million to eliminations between Group companies).

(2) Other publishing revenue mainly refers to the revenue of the Dada Group, revenue from the sale of film rights by the Unidad Editorial Group, revenue from television activities of Digicast and the Unidad Editorial Group, royalty revenue from third parties, revenue associated with sporting events in Italy and Spain, and revenue from the sale of customer lists and children's boxed sets by companies in the Sfera Group.

(3) Earnings before interest, tax, depreciation, amortisation and impairment.

(4) On 18 January 2010, the Group acquired Poundhost, a key player in dedicated, virtual hosting services. In 4Q10, this transaction had an impact of EUR 0.9 million on revenue and EUR 0.5 million on EBITDA.

## RCS MediaGroup

### Reclassified consolidated statement of financial position at 31 December 2010

Unaudit

(EUR millions)	31 December 2010	%	31 December 2009	%
Intangible assets	1,588.9	78.0	1,620.0	75.7
Property, plant and equipment	364.9	17.9	375.0	17.5
Investment property	1.0	0.0	1.0	0.0
Non-current financial assets	344.7	16.9	361.4	16.9
<b>Non-current assets</b>	<b>2,299.5</b>	<b>112.8</b>	<b>2,357.4</b>	<b>110.1</b>
Inventories	163.4	8.0	170.7	8.0
Trade receivables	668.1	32.8	674.8	31.5
Trade payables	(699.9)	(34.3)	(652.4)	(30.5)
Other assets/liabilities	(94.4)	(4.6)	(73.5)	(3.4)
<b>Working capital</b>	<b>37.2</b>	<b>1.8</b>	<b>119.6</b>	<b>5.6</b>
Provisions for risks and charges	(87.0)	(4.3)	(110.5)	(5.2)
Deferred tax liabilities	(144.9)	(7.1)	(147.0)	(6.9)
Employee benefits	(69.9)	(3.4)	(78.8)	(3.7)
<b>Net capital employed: operations</b>	<b>2,034.9</b>	<b>99.8</b>	<b>2,140.7</b>	<b>100.0</b>
<b>Net capital employed: assets held for sale</b>	<b>3.3</b>	<b>0.2</b>	<b>-</b>	<b>-</b>
<b>Net capital employed</b>	<b>2,038.2</b>	<b>100.0</b>	<b>2,140.7</b>	<b>100.0</b>
<b>Equity</b>	<b>1,067.4</b>	<b>52.4</b>	<b>1,083.6</b>	<b>50.6</b>
Non-current financial liabilities	860.6	42.2	992.2	46.3
Current financial liabilities	182.2	8.9	142.9	6.7
Non-current financial assets recognised for derivatives	(3.1)	(0.2)	(3.7)	(0.2)
Cash and cash equivalents and current financial assets	(68.9)	(3.4)	(74.3)	(3.5)
<b>Net financial debt (1)</b>	<b>970.8</b>	<b>47.6</b>	<b>1,057.1</b>	<b>49.4</b>
<b>Total sources of funding</b>	<b>2,038.2</b>	<b>100.0</b>	<b>2,140.7</b>	<b>100.0</b>

(1) Indicator of financial structure, calculated as current and non-current financial liabilities, less cash and cash equivalents, current financial assets and non-current financial assets recognised for derivatives. Net financial position as defined by Consob in its Communication DEM/6064293 dated 28 July 2006 excludes non-current financial assets and is therefore equal to EUR 973.9 million (EUR 1,060.7 million in the previous year).

## RCS MediaGroup Breakdown of revenue by business

Unaudit

(EUR million)	Figures at 31/12/2010					Figures at 31/12/2009				
	Revenue	EBITDA	% of revenue	EBIT	% of revenue	Revenue	EBITDA	% of revenue	EBIT	% of revenue
Italian Newspapers (1)	626.4	108.2	17.3%	88.4	14.1%	621.5	11.4	1.8%	(22.3)	(3.6)%
Spanish Newspapers	531.3	41.0	7.7%	13.1	2.5%	511.7	12.4	2.4%	(17.9)	(3.5)%
Books	606.3	43.7	7.2%	36.6	6.0%	579.1	30.5	5.3%	20.3	3.5%
Magazines	238.0	4.7	2.0%	2.3	1.0%	246.4	(6.7)	(2.7)%	(10.2)	(4.1)%
Advertising (2)	454.7	(8.7)	(1.9)%	(10.5)	(2.3)%	435.8	(11.0)	(2.5)%	(12.4)	(2.8)%
Dada (3)	151.5	9.9	6.5%	(27.9)	(18.4)%	155.1	16.0	10.3%	1.4	0.9%
Television	27.3	11.2	41.0%	(1.4)	(5.1)%	27.6	11.0	39.9%	(8.0)	(29.0)%
Corporate	54.6	(12.2)	(22.3)%	(32.2)	n.a.	58.8	(26.5)	(45.1)%	(46.8)	n.a.
Sundry and eliminations	(434.8)	(0.0)	n.a.	1.4	n.a.	(429.6)	(1.4)	n.a.	(1.2)	n.a.
<b>Consolidated</b>	<b>2,255.3</b>	<b>197.8</b>	<b>8.8%</b>	<b>69.8</b>	<b>3.1%</b>	<b>2,206.4</b>	<b>35.7</b>	<b>1.6%</b>	<b>(97.1)</b>	<b>(4.4)%</b>
Assets held for sale and discontinued operations (4)						13.4	3.4		(4.7)	
Sundry and eliminations										
<b>Total</b>	<b>2,255.3</b>	<b>197.8</b>	<b>8.8%</b>	<b>69.8</b>	<b>3.1%</b>	<b>2,219.8</b>	<b>39.1</b>	<b>1.8%</b>	<b>(101.8)</b>	<b>(4.6)%</b>

(1) On 12 October 2009, RCS Digital sold its subsidiary Fueps to Dada, so the income statement relating to Fueps is consolidated in Dada for 12 months of 2010, with revenue of EUR 0.3 million and EBITDA of EUR -2.9 million. At 31 December 2009, Fueps was consolidated in Italian Newspapers for the first nine months of the year, with revenue of EUR 0.2 million and EBITDA of EUR -0.9 million. In the fourth quarter of 2009, the income statement relating to Fueps is consolidated in Dada, with revenue of EUR 0.2 million and EBITDA of EUR -2.3 million.

(2) EBITDA and EBIT recorded by the Advertising division at 31 December 2009 include a EUR 1.4 million capital gain from the transfer of the Classified divisions to Italian Newspapers. The intragroup elimination of the capital gain is included under sundry and eliminations.

(3) Following a strategic agreement between Dada and Sony Music Entertainment, Dada Entertainment, a US company, is no longer equity accounted, but has instead been fully consolidated since June 2009. On 18 January 2010, the Group also acquired Poundhost, a key player in dedicated, virtual hosting services. At 31 December 2010, these transactions had an impact of EUR 13.7 million on revenue and EUR 3 million on EBITDA. The Dada Group's EBIT for 2010 includes consolidated goodwill write-downs of EUR 17.2 million reported following the execution of an impairment test (EUR 3.2 million at 31 December 2009), but does not include the goodwill write-downs on Fueps of EUR 1.2 million included in the financial statements of Dada at 31 December 2010 as the majority of the goodwill results from an intragroup transaction.

(4) At 31 December 2009, this refers to the printing activities of the Unidad Editorial Group and the activities of the subsidiary La Coccinella.

**RCS MediaGroup**  
**Consolidated statement of cash flows**  
*Not completely audited data*

(EUR million)	2010	2009
<b>A) Cash flows from operating activities</b>		
Pre-tax profit (loss) from continuing operations	44.0	(133.4)
Profit (loss) from assets held for sale and discontinued operations	-	(1.3)
Depreciation, amortisation and impairment losses	128.0	132.8
(Gains) losses and other non-monetary items	(7.3)	(10.5)
Impairment losses (reversal of impairment losses) on equity investments	1.4	1.8
Grant of stock options	-	3.1
<i>- of which to related parties</i>	-	1.3
Net financial expense including dividend income	28.8	32.8
<i>- of which with related parties</i>	(0.2)	0.0
Increase (decrease) in employee benefits and provisions for risks	(27.9)	34.6
Changes in working capital	25.4	93.7
<i>- of which with related parties</i>	(1.2)	13.0
Income taxes paid	(21.2)	(34.3)
Change in working capital for tax refund	-	1.6
<b>Total</b>	<b>171.2</b>	<b>120.9</b>
<b>B) Cash flow used in investing activities</b>		
Purchase of equity investments (net of dividends received)	(9.7)	(37.8)
Purchase of property, plant and equipment and intangible assets	(88.0)	(74.2)
Purchase/sale of other non-current financial assets	1.2	3.0
Proceeds from sale of equity investments	16.2	8.3
Proceeds from sale of property, plant and equipment and intangible assets	4.0	24.6
Other changes	-	0.1
<b>Total</b>	<b>(76.3)</b>	<b>(76.0)</b>
<i>Free cash flow (A+B)</i>	<i>94.9</i>	<i>44.9</i>
<b>C) Cash flows used in financing activities</b>		
Net change in financial liabilities and other financial assets	(63.9)	(12.2)
<i>- of which with related parties</i>	(5.8)	(4.7)
Net interest	(24.6)	(31.1)
<i>- of which with related parties</i>	(0.2)	(0.7)
Dividends paid	(1.7)	(2.0)
Change in equity reserves	(7.2)	0.1
<b>Total</b>	<b>(97.4)</b>	<b>(45.2)</b>
<b>Net decrease in cash and cash equivalents (A+B+C)</b>	<b>(2.5)</b>	<b>(0.3)</b>
Opening cash and cash equivalents	(1.7)	(1.4)
Closing cash and cash equivalents consisting of:	(4.2)	(1.7)
<b>Decrease for the year</b>	<b>(2.5)</b>	<b>(0.3)</b>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS</b>		
(EUR million)		
<b>Opening cash and cash equivalents consisting of:</b>	<b>(1.7)</b>	<b>(1.4)</b>
Cash and cash equivalents	38.3	38.5
Current bank loans and overdrafts	(40.0)	(39.9)
<b>Closing cash and cash equivalents consisting of:</b>	<b>(4.2)</b>	<b>(1.7)</b>
Cash and cash equivalents	32.9	50.6
Current bank loans and overdrafts	(37.1)	(52.3)
<b>Decrease for the year</b>	<b>(2.5)</b>	<b>(0.3)</b>



**RCS MediaGroup S.p.A.**  
**Restated income statement at 31 December 2010**  
*Unaudit*

(€millions)	Year ended		Year ended		Difference
	Dec-31-2010	%	Dec-31-2009	%	
	A		B		A-B
Revenue	6,3	100%	7,9	100%	(1,6)
Operating expenses	(4,5)	(71)%	(7,0)	(89)%	2,5
Personnel expense	(14,3)	>100%	(17,9)	>100%	3,6
Increases in provisions for risks	(0,2)	(3)%	(0,8)	(10)%	0,6
<b>EBITDA (1)</b>	<b>(12,7)</b>	<b>&gt;100%</b>	<b>(17,8)</b>	<b>&gt;100%</b>	<b>5,1</b>
Amortization of intangible assets	-	-	(0,1)	(1)%	0,1
Depreciation of property, plant and equipment	(1,4)	(22)%	(1,3)	(16)%	(0,1)
Depreciation of investment property	(1,3)	(21)%	(1,3)	(16)%	0,0
Impairment losses on non-current assets	(0,5)	(8)%	-	-	(0,5)
<b>Operating profit (loss)</b>	<b>(15,9)</b>	<b>&gt;100%</b>	<b>(20,5)</b>	<b>&gt;100%</b>	<b>4,6</b>
Net financial income (expense)	(8,1)	>100%	(9,6)	>100%	1,5
Gains (losses) on financial assets/liabilities	(25,3)	>100%	(13,0)	>100%	(12,3)
<b>Profit (loss) before tax</b>	<b>(49,3)</b>	<b>&gt;100%</b>	<b>(43,1)</b>	<b>&gt;100%</b>	<b>(6,2)</b>
Income taxes	6,1	97%	7,0	89%	(0,9)
<b>Profit (loss) from continuing operations</b>	<b>(43,2)</b>	<b>&gt;100%</b>	<b>(36,1)</b>	<b>&gt;100%</b>	<b>(7,1)</b>
Profit (loss) from non-current assets and discontinued operations	-	-	-	-	-
<b>Profit (loss) for the year</b>	<b>(43,2)</b>	<b>&gt;100%</b>	<b>(36,1)</b>	<b>&gt;100%</b>	<b>(7,1)</b>

(1) Earning before interest, tax, depreciation, amortization and impairment losses.

**RCS MediaGroup S.p.A.**  
**Restated balance sheet at 31 December 2010**  
*Unaudit*

(€millions)	Dec-31-2010	%	Dec-31-2009	%
Property, plant and equipment	9,4	1%	11,0	1%
Investment property	98,8	6%	100,1	6%
Non-current financial assets	1.464,7	94%	1.494,6	94%
<b>Non-current assets</b>	<b>1.572,9</b>	<b>101%</b>	<b>1.605,7</b>	<b>101%</b>
Trade receivables	7,3	0%	3,2	0%
Trade payables	(7,0)	(0)%	(4,8)	(0)%
Other assets/liabilities	(5,2)	(0)%	(7,6)	(0)%
<b>Net working capital</b>	<b>(4,9)</b>	<b>(0)%</b>	<b>(9,2)</b>	<b>(1)%</b>
Employee benefits	(1,8)	(0)%	(2,1)	(0)%
Provisions for risks and charges	(4,2)	(0)%	(4,7)	(0)%
Deferred tax liabilities	(7,8)	(1)%	(7,3)	(0)%
<b>Net capital employed</b>	<b>1.554,2</b>	<b>100%</b>	<b>1.582,4</b>	<b>100%</b>
Equity	1.188,7	76%	1.231,2	78%
Net financial debt (2)	365,5	24%	351,2	22%
<b>Total sources of financing</b>	<b>1.554,2</b>	<b>100%</b>	<b>1.582,4</b>	<b>100%</b>

(2) Indicator of financial structure, calculated as current and non-current financial liabilities less cash and cash equivalents, current financial assets and non-current financial assets recognized for derivatives. Net financial position as defined by Consob in its Communication DEM/6064293 dated 28 July 2006 excludes non-current financial assets and is therefore equal to EUR 368.3 million (EUR 354.2 million in the previous year).

## RCS MediaGroup S.p.A.

### Statement of cash flows

Not completely audited data

(€millions)	2010	2009
<b>A) Cash flows from (used in) operating activities</b>		
Pre-tax profit (loss) from continuing operations	(49,3)	(43,1)
Amortization, depreciation and impairment losses	3,2	2,7
(Gains) losses and other non-monetary items	(4,9)	-
Impairment losses (reversal of impairment losses) on equity investments	32,3	68,1
- of which with related parties	31,9	68,0
Grant of stock options	-	1,3
- of which to related parties	-	0,4
Net financial income including dividend income	6,0	(45,5)
- of which from related parties	(1,8)	(54,7)
Increase (decrease) in provisions for risks	(0,8)	0,9
Changes in working capital	(0,2)	(0,5)
- of which with related parties	(20,2)	3,5
Income taxes paid	(0,1)	(9,6)
Change in working capital for tax refund/group tax filing	3,7	15,2
<b>Total</b>	<b>(10,1)</b>	<b>(10,5)</b>
<b>B) Cash flows used in investing activities</b>		
Purchase of equity investments (net of dividends received)	1,4	47,2
- of which from related parties	(11,4)	46,9
Purchase of property, plant and equipment and intangible assets	(1,1)	(2,1)
<b>Total</b>	<b>0,3</b>	<b>45,1</b>
<i>Free cash flow (A+B)</i>	<i>(9,8)</i>	<i>34,6</i>
<b>C) Cash flows used in financing activities</b>		
Net change in financial liabilities and other financial assets	17,9	(4,0)
- of which with related parties	(45,6)	(147,4)
Net interest paid	(5,7)	(21,3)
- of which with related parties	10,9	12,6
Dividends paid	-	(1,4)
Change in equity reserves	-	0,3
<b>Total</b>	<b>12,2</b>	<b>(26,4)</b>
<b>Net increase (decrease) in cash and cash equivalents (A+B+C)</b>	<b>2,4</b>	<b>8,2</b>
Opening cash and cash equivalents	(22,7)	(30,9)
Closing cash and cash equivalents	(20,3)	(22,7)
<b>Increase (decrease) for the year</b>	<b>2,4</b>	<b>8,2</b>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS</b>		
(€millions)	Dec-31-2010	Dec-31-2009
<b>Opening cash and cash equivalents consisting of:</b>	<b>(22,7)</b>	<b>(30,9)</b>
Cash and cash equivalents	2,6	0,9
Current bank loans and overdrafts	(25,3)	(31,8)
<b>Closing cash and cash equivalents consisting of:</b>	<b>(20,3)</b>	<b>(22,7)</b>
Cash and cash equivalents	3,2	2,6
Current bank loans and overdrafts	(23,5)	(25,3)
<b>Increase (decrease) for the year</b>	<b>2,4</b>	<b>8,2</b>