



Press Release

RCS MediaGroup Board of Directors: results at 31 December 2011 approved

- **Consolidated revenue at EUR 2,075 million (-2.7% compared with 2010 on a like-for-like basis), of which EUR 121 million from digital activities (+16% compared with 2010), excluding Dada and TV activities**
- **Advertising revenue at EUR 730.9 million (-3.8% compared with 2010)**
- **EBITDA before non-recurring expense/income at EUR 188.6 million (EUR 186 million in 2010 on a like-for-like basis)**
- **EBITDA after non-recurring expense/income at EUR 167.5 million (EUR 186 million in 2010 on a like-for-like basis)**
- **Write-downs of intangible assets at EUR 349.2 million (EUR 30.5 million in 2010)**
- **Net loss of EUR 322 million, compared with a net profit of EUR 7.2 million in 2010**
- **Net debt at EUR 938.2 million, an improvement of EUR 32.6 million compared with 2010**
- **Flammarion: decision taken to open the data room**

Ordinary Shareholders' Meeting called for a single meeting only on 2 May 2012.

Milan, 16 March 2012 – At its meeting today, the Board of Directors of RCS MediaGroup, under the chairmanship of Piergaetano Marchetti, examined and approved the results at 31 December 2011. The main consolidated results for 2011 compared with those of the same periods of 2010 are shown below.

| Consolidated figures* (EUR million) | 31/12/2011 | 31/12/2010 LIKE-FOR-LIKE¹ | 31/12/2010 REPORTED² | 4Q11 | 4Q10 LIKE-FOR-LIKE¹ | 4Q10 REPORTED² |
|--------------------------------------------|-------------------|-------------------------------------------------|--------------------------------------------|-------------|-------------------------------------------|--------------------------------------|
| Consolidated Group revenue | 2,075 | 2,131.8 | 2,255.3 | 563.1 | 577.7 | 610.6 |
| EBITDA before non-recurring expense/income | 188.6 | 186 | 199.4 | 93.6 | 72.3 | 77.1 |
| EBITDA after non-recurring expense/income | 167.5 | 186 | 197.8 | 84.7 | 70.2 | 73.7 |
| EBIT | (283.8) | n.a. | 69.8 | (289.9) | n.a. | 29.3 |
| Net profit/loss | (322) | n.a. | 7.2 | (296.5) | n.a. | 6.5 |

| Balance sheet figures* (EUR million) | 31/12/2011 | 31/12/2010 |
|---------------------------------------------|-------------------|-------------------|
| Net financial debt | 938.2 | 970.8 |

1 - On 31 May 2011, the sale of the entire share capital of Dada.net S.p.A. was completed. This resulted in a drop in revenue in 2011 versus 2010 of EUR 40.8 million, and a fall in EBITDA of EUR 5.7 million, including non-recurring expenses of EUR 1.6 million, as well as a drop in revenue of EUR 16.4 million in 4Q11 compared with 4Q10 and a fall in EBITDA of EUR 0.6 million. GE Fabbri Ltd was sold on 21 January 2011, while Delagrave was sold on 9 December 2010. In 2010, these two companies reported revenue of EUR 79 million and EUR 3.7 million respectively, as well as EBITDA of EUR 8.4 million and EUR -0.7 million respectively. In 4Q10, these companies reported revenue of EUR 16.1 million and EUR 0.4 million respectively, as well as EBITDA of EUR 3.2 million and EUR -0.3 million respectively.

2 - Figure as reported in the draft financial statements at 31 December 2011.

Alternative performance indicators:

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

- Net financial debt, an indicator of financial structure, is calculated as current and non-current financial liabilities, less cash and equivalents, current financial assets and non-current financial assets recognised for derivatives.



Group performance in 2011

During 2011, with the macroeconomic context lacking visibility and continuing to show signs of recession, especially in Spain where the Group has a strong presence, the crisis in the publishing sector deteriorated. In this scenario, the RCS Group managed the change required with determination, continuing to invest and strengthening its focus on multi-media operations to outperform the overall advertising market. Careful management of costs and ongoing organisational efficiency measures enabled the Group to maintain EBITDA in 2011 in line with that in 2010, despite a significant drop in revenue, and to further reduce debt, ensuring an appropriate level of investment for the growth of the core business.

The Group's **consolidated net revenue** was EUR 2,075 million (EUR 2,255.3 million in 2010): the EUR 180.3 million decline – which reduces to EUR 56.8 million on a like-for-like basis – is due to the fall in advertising and circulation revenue, principally relating to the activities of Unidad Editorial Group, which was only partially offset by the like-for-like increase in other publishing revenue.

Revenue from digital activities rose 16% compared with 2010 to EUR 121 million (excluding the contribution of Dada and television activities).

Advertising revenue totalled EUR 730.9 million (EUR 759.6 million in 2010), mainly due to the performances of the Spanish Newspapers and Italian Newspapers divisions, which were hit by factors including the absence of major international sporting events. Excluding this effect, advertising revenue of Italian Newspapers was broadly stable, due in particular to the growth in on-line advertising revenue.

Circulation revenue amounted to EUR 1,101.1 million (EUR 1,217.1 million in 2010); on a like-for like basis, the decline reduces to EUR 33.8 million, principally due to the negative trend in Spanish Newspapers, which was partially offset by the results of Italian Newspapers.

Other publishing revenue fell EUR 35.6 million, but excluding the effect of selling Dada.net, GE Fabbri and Delagrave, increased by EUR 5.7 million.

EBITDA before non-recurring expense/income was EUR 188.6 million, which on a like-for-like basis was an improvement on the EUR 186 million achieved in 2010; this was mainly due to the contribution of the Italian Newspapers and Books divisions.

EBITDA after non-recurring income/expense fell on a like-for-like basis from EUR 186 million in 2010 to EUR 167.5 million. Non-recurring net expense came to zero in 2010 and EUR 21.1 million in 2011.

EBIT was negative at EUR -283.8 million, compared with a positive result of EUR 69.8 million at 31 December 2010; in particular this reflected – apart from the above-mentioned factors – write-downs on intangible assets of EUR 349.2 million (EUR 30.5 million in 2010), of which EUR 321.8 million was attributable to the impairment test on the intangible assets of the Unidad Editorial Group.

Net financial charges came in at EUR 30.8 million (EUR 29.2 million in 2010).

The Group made a net loss for the year of EUR 322 million, mainly due to the above-mentioned factors and after recognising third-party losses of EUR 12.6 million (mainly due to the negative results of Unidad Editorial and Dada).

Net financial debt fell by a further EUR 32.6 million compared with 31 December 2010, coming in at EUR 938.2 million, thanks to the contribution of cash flow from ordinary operations.

The **average headcount** was 5,932, down 264 compared with 2010, which was mainly due to the implementation of reorganisation plans involving all areas of the Group and changes in the basis of consolidation; this was partially offset by the continuing increase in staff numbers in digital activities.



Comments on performance in 2011

Italian Newspapers posted **revenue** of EUR 634 million, 1.2% higher than in 2010. Taking into account the fact that the previous year benefited from the knock-on effect of major sporting events, growth in total revenue would have been 4.3% on a like-for-like basis, mainly due to the positive performance of publishing revenue. **Advertising revenue** amounted to EUR 283.8 million (-2.8% compared with 2010). Excluding the higher revenue relating to sporting events in 2010, this was in line with the previous year, thanks to 17.5% growth in **revenue from online media** to EUR 40.6 million, or 14.2% of the division's advertising revenue. **Circulation revenue** increased 2.9% from EUR 308.9 million in 2010 to EUR 317.8 million in 2011, with **digital publishing revenue** up 62%, supported by the expansion of the new multimedia platform range.

Corriere della Sera and *La Gazzetta dello Sport* retained their leading positions in their sectors as regards total circulation, with average figures in the period of 498,000 (+2.3% compared with 2010) and 310,000 (a decline on 2010 due to the absence of major sporting events) respectively, including digital editions.

In line with the plan to strengthen the multimedia systems centred around the two publications, the Group continued its growth measures; these included: for *Corriere della Sera*, the launch of a new section, *La Lettura*, two local sections, *Brescia* and *Bergamo*, and the addition of new content to numerous web channels; and for *La Gazzetta dello Sport*, the restyling of the website and the launch of the multi-channel subscribers' area *GazzaStar*. All online traffic and readership indicators for both sites continued to register growth, exceeding in total 30 million non-duplicate monthly average unique users (up 19% compared with 2010). The websites *corriere.it* and *gazzetta.it* recorded average daily unique users on weekdays of 1.9 million (up 22% compared with 2010) and 913,000 (up 1% compared with 2010) respectively. *Corriere.it* made 190 million videos available (+38%), and *gazzetta.it* 80 million (+36%). Paying subscriptions to the two newspapers for smartphones exceeded 49,000, with more than 1.2 million applications downloaded. In July, the new digital editions for iPad were released, with more than 64,000 active subscriptions and 700,000 applications downloaded.

Other publishing revenue grew 27.6% to EUR 32.4 million, which was also due to the new activities of RCS Sport.

EBITDA was positive at EUR 106.6 million (EUR 108.2 million in 2010); excluding non-recurring expense/income it came to EUR 103.3 million, up EUR 5.9 million on the previous year. This was principally due to the growth in publishing revenue and cost containment measures.

In Spain, **Unidad Editorial** recorded **revenue** of EUR 495.6 million, compared with EUR 531.3 million in 2010. **Advertising revenue** was down 4.6% to EUR 214.4 million, mainly as a result of the drop in revenue at *El Mundo* and *Marca*, which was affected in part by the lack of major sporting events; this was offset by the good performance of magazines and **revenue from online media**, which accounted for 18% of total advertising revenue (+9.2% compared with 2010 after stripping out sporting events). **Publishing revenue** totalled EUR 229.9 million (EUR 254.7 million in 2010) due to the overall drop in circulation and the change in the marketing of add-on products.

El Mundo confirmed its position as Spain's second-largest daily, with an average daily circulation of 253,000 copies. The average circulation of leading sports daily *Marca* was 245,000 copies (source: OJD).

In the online business, the number of users continued to increase across all the Group's websites, further strengthening Unidad Editorial's leadership position. The website *elmundo.es* confirmed its position as both a national and global leader in Spanish language general news websites, with an average of 28.8 million unique users (+13% compared with 2010). The website *marca.com* experienced constant growth, averaging 31.9 million unique users (+15% compared with 2010) and confirming its position as outright leader amongst information websites in Spain, while *expansion.com* recorded 37% growth compared with the year before, with an average of 3.5 million unique users. The Group's digital platform *ORBYT* confirmed its position as leader in the online business, reaching a total of 50,000 subscribers (20,500 in 2010). In order to create the digital equivalent of a newsstand, the Group has also opened up the platform to newspapers of external publishers. More than 200,000 iPhone apps were downloaded in 2011 and in excess of 237,000 iPad apps since June 2010.

EBITDA was EUR 27.1 million (EUR 41 million in 2010), mainly due to the widespread decline in advertising and circulation revenue; excluding non-recurring expense/income, it totalled EUR 36 million, compared with EUR 44.5 million in 2010.



Revenue in the **Books** division was EUR 513.3 million, a decrease of EUR 93 million compared with 2010; on a like-for-like basis the decrease fell to EUR 10.3 million, almost all of which was attributable to the Partworks segment. Despite the difficult economic environment, Books performed well, especially in the United States via Rizzoli International Publications (+11%). The most successful titles to be published in Italy included the winner of the 2011 Strega Prize “*Storia della mia gente*” by Edoardo Nesi, “*Una e indivisibile. Riflessioni sui 150 anni della nostra Italia*” by Italy's President, Giorgio Napolitano, “*Il silenzio dell'onda*” by Gianrico Carofiglio, “*Il centenario che saltò dalla finestra e scomparve*” by Jonas Jonasson and “*I menù di Benedetta*” by Benedetta Parodi.

EBITDA came in at EUR 36.8 million, an improvement of EUR 0.8 million compared with 2010 on a like-for-like basis. Excluding non-recurring expense, the improvement was EUR 3.1 million.

Revenue from the **Magazines** division was EUR 231.1 million (EUR 238 million in 2010), mainly due to the dip in publishing revenue, which was in line with the market. Advertising revenue amounted to EUR 116.8 million (EUR 118.1 million in 2010), outperforming the market.

The multimedia system publications for women saw growth in advertising revenue of 2%, reflecting good circulation figures for A (+9%) and 15.8% higher revenue for the *Leiweb* website, with 2.5 million unique users. The home furnishings multimedia system posted a 3.5% increase in revenue, due to the positive contribution of its Chinese subsidiary Rizzoli Beijing Advertising, while the *AtCasa* portal (+12.1% in revenue) confirmed its position as market leader with 489,000 unique users (+18%). Digital editions have been launched for all products in Magazines, resulting in 7,000 active subscriptions and 70,000 individual copies sold.

At EUR 4.6 million, **EBITDA** was broadly in line with the previous year; excluding non-recurring expense/income, EBITDA improved from EUR 4.7 million in 2010 to EUR 7.3 million.

The **Television division (Digicast)** posted **revenue** of EUR 23.9 million (EUR 27.3 million in 2010), mainly due to the interruption of programming on the *Jimmy* channel and the sale of the *Yacht & Sail* channel. The *Lei* channel continued to perform well, with a 30% increase in audience compared with 2010.

EBITDA amounted to EUR 8.6 million (EUR 11.2 million in 2010); excluding non-recurring expense/income, EBITDA fell from 11.6 million to EUR 9.4 million.

The **Dada group** posted **revenue** of EUR 111.2 million (EUR 151.5 million in 2010). On a like-for-like basis, revenue was broadly stable. **EBITDA** fell from EUR 9.9 million to EUR 7.9 million; on a like-for-like basis, before non-recurring expense, it grew EUR 3.4 million from EUR 8.1 million in 2010 to EUR 11.5 million in 2011, mainly due to higher revenue and cost containment measures.

The Board of Directors also approved the draft financial statements of the **parent company RCS MediaGroup S.p.A.**, which showed a **net loss** of EUR 112.8 million (compared with a net loss of EUR 43.2 million in 2010), due mainly to write-downs which were only partially offset by the contribution of dividends.

Lastly, the Board of Directors noted and evaluated the non-binding expressions of interest received by the Advisor in relation to the sale of the French publishing group **Flammarion**. It has decided by majority to continue in the sale process by giving access to the data room to a number of potential buyers, in order to collect binding offers to be submitted to the Board, and by giving to the Advisor the additional task of providing the Group with further financial advice during the process. Within the scope of increasing its focus on its strategic businesses, this does not rule out a further assessment in 2012 of revisions to the basis of consolidation of the Group (or of individual segments), depending on the market situation, in relation to non-core activities and taking into account the outlook for each sector.



Outlook

The macroeconomic environment in Italy remains in recession, characterised in particular by the sovereign debt crisis, a series of austerity measures at both an EU and domestic level and the consequent dampening effects on consumption and investment. The latest forecasts for GDP growth (European Commission, February 2012) suggest that it will remain negative in Italy and Spain in 2012.

RCS MediaGroup, in order to continue facing the destabilisation within the environment, will increasingly focus its activities on its strategic businesses, as well as accelerating the transition towards innovative and challenging business models, with a further increase in digital planning (which posted more than EUR 121 million in revenue in 2011, up 16% compared with the previous year). Among the Group's activities, advertising revenue will continue to see a progressive increase from the online channel, which in 2011 confirmed the double-digit growth rates it had achieved in previous years. However, in light of macroeconomic trends, total advertising revenue could contract.

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 Books division is expected to be broadly stable, with the contribution to multimedia development receiving a gradual boost from the recent implementation of new publishing distribution platforms and the steady increase in popularity of e-books.

As previously stated, the sale of Dada.net during 2011 brought about a reduction in the risk profile of the Dada Group due to the resulting withdrawal from valued-added services (VAS). Revenue is expected to be in line with the market in 2012.

The positive, structural effects of the Intervention Plan launched in 2009, the costs of which were almost entirely booked in 2009, continued to be felt in 2011, ensuring a better organisation and allocation of resources for growth. The initial target of EUR 200 million has been far exceeded; at the end of 2011, total benefits were around EUR 255 million.

In view of on-going market uncertainty, the RCS Group launched additional efficiency measures in both Spain and Italy, which will generate total benefits of EUR 70 million compared with 2011 (EUR 100 million compared with the assumptions contained in the Three-Year Plan for 2011-2013), and further measures may become necessary in terms of revising the business model and on the organisational front.

During 2011 – as previously noted – as part of the programme to streamline and simplify the Group's shareholding structure, ten companies were merged by incorporation into RCS MediaGroup (with effect for statutory, accounting and tax purposes from 1 January 2012), thereby simplifying the Group's procedures and processes and reducing administrative, legal and corporate requirements.

Finally, the Group will continue its careful monitoring of net debt, which is expected to improve further in 2012.

Barring unforeseen events, and notwithstanding the concerns raised by deteriorating macroeconomic conditions and the difficulty in estimating future developments in the economy, revenue is forecast to be lower in 2012 than in 2011, with the Group's profitability 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. Net profit/loss, barring unforeseen events, is likely to be better than in 2011, with a significant effect coming from write-downs on intangible assets.



Ordinary Shareholders' Meeting

The Board of Directors of RCS MediaGroup S.p.A. has called the Ordinary Shareholders' Meeting for a single meeting on Wednesday 2 May 2012 at 10.30 a.m., at the company's offices, Via Balzan 3, Milan.

The Shareholders' Meeting will be required to pass resolutions on:

- the approval of the company's financial statements for 2011 (with a proposal to cover the related loss) and the statements of the previously directly or indirectly wholly controlled companies that were merged by incorporation with effect from 1 January 2012, as well as the Report on Remuneration, prepared in accordance with the provisions of art. 123-ter of Legislative Decree 58/1998;
- the appointment of the Board of Directors and the Board of Auditors, which shall be undertaken, pursuant to law and the company's articles of association, on the basis of lists of candidates presented by one or more shareholders who own at least 2.5% of the company's ordinary share capital on the date the lists are presented;
- the update of the financial terms and conditions relating to the financial audit of the accounts for the years 2012-2017;
- the renewal of the authorisation to sell own shares, at a price that is no more than 10% lower than the average book value at the time of the transaction. The sale of ordinary or savings shares that are already in the portfolio or that may be acquired based on the authorisation to purchase shares approved by the shareholders' meeting held on 28 April 2011 and currently in force, may be carried out in one or more transactions within the authorisation period of 18 months from the date of approval through sales on the stock market, share blocks, public offers or as payment for the purchase of shareholdings and/or assignment to shareholders.

Web/Telephone Conference Call - The 2011 Results will be presented to the financial community at 4 p.m. (CET) today. For further details, please visit www.rcsmediagroup.it.

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.

The annual financial statements and the consolidated financial statements for 2011, which will be published in accordance with the specified procedures and timescales, are examined by the independent auditors.

For further information:

RCS MediaGroup – Media Relations

Maria Verdiana Tardi – +39 02 2584 5412 – verdiana.tardi@rcs.it

RCS MediaGroup – Investor Relations

Federica De Medici – +39 02 2584 5508 – federica.demedici@rcs.it

Arianna Radice – +39 02 2584 4023 - arianna.radice@rcs.it

www.rcsmediagroup.it



RCS MediaGroup
Restated consolidated income statement at 31 December 2011

Unaudited figures

| (EUR million) | 31 December 2011 (4) A | % | 31 December 2010 (4) B | % | Difference A-B |
|---------------------------------------------------------------------|------------------------------------|---------------|------------------------------------|--------------|-------------------|
| Revenue | 2,075.0 | 100.0 | 2,255.3 | 100.0 | (180.3) |
| <i>Circulation revenue</i> | <i>1,101.1</i> | <i>53.1</i> | <i>1,217.1</i> | <i>54.0</i> | <i>(116.0)</i> |
| <i>Advertising revenue (1)</i> | <i>730.9</i> | <i>35.2</i> | <i>759.6</i> | <i>33.7</i> | <i>(28.7)</i> |
| <i>Other publishing revenue (2)</i> | <i>243.0</i> | <i>11.7</i> | <i>278.6</i> | <i>12.4</i> | <i>(35.6)</i> |
| Operating expense | (1,423.3) | (68.6) | (1,564.7) | (69.4) | 141.4 |
| Personnel expense | (448.7) | (21.6) | (453.0) | (20.1) | 4.3 |
| Impairment losses on receivables | (23.5) | (1.1) | (24.2) | (1.1) | 0.7 |
| Increases in provisions for risks | (12.0) | (0.6) | (15.6) | (0.7) | 3.6 |
| EBITDA (3) | 167.5 | 8.1 | 197.8 | 8.8 | (30.3) |
| Amortisation of intangible assets | (64.1) | (3.1) | (57.1) | (2.5) | (7.0) |
| Depreciation of property, plant and equipment | (37.3) | (1.8) | (40.4) | (1.8) | 3.1 |
| Depreciation of investment property | (0.7) | (0.0) | 0.0 | 0.0 | (0.7) |
| Other impairment losses on non-current assets | (349.2) | (16.8) | (30.5) | (1.4) | (318.7) |
| Operating profit (loss) | (283.8) | (13.7) | 69.8 | 3.1 | (353.6) |
| Net financial income (expense) | (30.8) | (1.5) | (29.2) | (1.3) | (1.6) |
| Net gains (losses) from financial assets/liabilities | (2.7) | (0.1) | 3.4 | 0.2 | (6.1) |
| Share of profits (losses) of equity-accounted investees | (6.0) | (0.3) | 0.0 | 0.0 | (6.0) |
| Profit (loss) before tax | (323.3) | (15.6) | 44.0 | 2.0 | (367.3) |
| Income taxes | (11.3) | (0.5) | (41.6) | (1.8) | 30.3 |
| Profit (loss) from continuing operations | (334.6) | (16.1) | 2.4 | 0.1 | (337.0) |
| Profit/(loss) from assets held for sale and discontinued operations | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Profit (loss) for the year | (334.6) | (16.1) | 2.4 | 0.1 | (337.0) |
| (Profit) loss attributable to non-controlling interests | 12.6 | 0.6 | 4.8 | 0.2 | 7.8 |
| Group profit (loss) for the period | (322.0) | (15.5) | 7.2 | 0.3 | (329.2) |

(1) Advertising revenue at 31 December 2011 includes EUR 403 million realised through RCS Pubblicità (of which EUR 288.4 million from Italian Newspapers, EUR 107.2 million from Magazines and EUR 7.4 million from the sale of advertising space on behalf of external publishers) and EUR 328 million generated directly by the Group's publishers (of which EUR 212.8 million by Spanish Newspapers, EUR 39 million by Italian Newspapers, EUR 25.3 million by Magazines, EUR 23.6 million by Dada, EUR 3.7 million by Digicast and EUR 2.5 million by eliminations between Group companies) and by the foreign media advertising concession Blei (EUR 26.1 million).

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 Italian 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 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 Digicast and EUR 2.7 million by eliminations between Group companies) and by the foreign media advertising concession Blei (EUR 35.1 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 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) 31 May 2011 saw the completion of the sale of the entire share capital of Dada.net S.p.A., a company operating in the sector of paid-for products and services offered to Community, Entertainment & Gaming industries that can be accessed from personal computers, mobile phones and smartphones. Dada.net S.p.A. operates through a number of direct subsidiaries. This operation resulted in a drop in revenue of EUR 40.8 million in 2011 compared with 2010, and a fall in EBITDA of EUR 5.7 million, before non-recurring expense of EUR 1.6 million. GE Fabbri Ltd., a partwork publisher operating in foreign markets, including through various direct subsidiaries, was sold on 21 January 2011, while Delagrave, a French scholastic publisher, was sold on 9 December 2010. In 2010, these two companies reported revenue of EUR 79 million and EUR 3.7 million respectively, as well as EBITDA of EUR 8.4 million and EUR -0.7 million respectively.



RCS MediaGroup
Restated consolidated income statement – 4Q11
Unaudited figures

| (EUR million) | 4Q 2011 (4) A | % | 4Q 2010 (4) B | % | Difference A-B |
|---------------------------------------------------------------------|---------------------|---------------|---------------------|--------------|-------------------|
| Revenue | 563.1 | 100.0 | 610.6 | 100.0 | (47.5) |
| <i>Circulation revenue</i> | 293.2 | 52.1 | 313.4 | 51.3 | (20.2) |
| <i>Advertising revenue (1)</i> | 215.1 | 38.2 | 232.3 | 38.0 | (17.2) |
| <i>Other publishing revenue (2)</i> | 54.8 | 9.7 | 64.9 | 10.6 | (10.1) |
| Operating expense | (352.9) | (62.7) | (400.0) | (65.5) | 47.1 |
| Personnel expense | (111.9) | (19.9) | (119.5) | (19.6) | 7.6 |
| Impairment losses on receivables | (7.6) | (1.3) | (8.2) | (1.3) | 0.6 |
| Increases in provisions for risks | (6.0) | (1.1) | (9.2) | (1.5) | 3.2 |
| EBITDA (3) | 84.7 | 15.0 | 73.7 | 12.1 | 11.0 |
| Amortisation of intangible assets | (17.0) | (3.0) | (15.1) | (2.5) | (1.9) |
| Depreciation of property, plant and equipment | (7.8) | (1.4) | (10.4) | (1.7) | 2.6 |
| Depreciation of investment property | (0.7) | (0.1) | 0.0 | 0.0 | (0.7) |
| Other impairment losses on non-current assets | (349.1) | (62.0) | (18.9) | (3.1) | (330.2) |
| Operating profit (loss) | (289.9) | (51.5) | 29.3 | 4.8 | (319.2) |
| Net financial income (expense) | (9.6) | (1.7) | (7.7) | (1.3) | (1.9) |
| Net gains (losses) from financial assets/liabilities | (2.0) | (0.4) | (1.5) | (0.2) | (0.5) |
| Share of profits (losses) of equity-accounted investees | 0.8 | 0.1 | 0.9 | 0.1 | (0.1) |
| Profit (loss) before tax | (300.7) | (53.4) | 21.0 | 3.4 | (321.7) |
| Income taxes | (4.0) | (0.7) | (19.3) | (3.2) | 15.3 |
| Profit (loss) from continuing operations | (304.7) | (54.1) | 1.7 | 0.3 | (306.4) |
| Profit/(loss) from assets held for sale and discontinued operations | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Profit (loss) before non-controlling interests | (304.7) | (54.1) | 1.7 | 0.3 | (306.4) |
| (Profit) loss attributable to non-controlling interests | 8.2 | 1.5 | 4.8 | 0.8 | 3.4 |
| Group profit (loss) for the period | (296.5) | (52.7) | 6.5 | 1.1 | (303.0) |

(1) Advertising revenue in 4Q11 includes EUR 124.8 million realised through RCS Pubblicità (including EUR 88 million from Italian Newspapers, EUR 34.6 million from Magazines and EUR 2.2 million from the sale of advertising space on behalf of external publishers), as well as EUR 90.3 million generated directly by the Group's publishers (of which EUR 62 million by Spanish Newspapers, EUR 7.5 million by Italian Newspapers, EUR 7.3 million by Blei, EUR 6.7 million by Magazines, EUR 6.4 million by Dada, EUR 1.4 million by Digicast and EUR 1 million by eliminations between Group companies).

Advertising revenue in 4Q10 includes EUR 128.6 million realised through RCS Pubblicità (including 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), as well as EUR 103.7 million generated directly by the Group's publishers (of which EUR 69.2 million by Spanish Newspapers, EUR 12.5 million by Blei, EUR 6.9 million by Magazines, EUR 7.1 million by Dada, EUR 1.7 million by Digicast, EUR 7.1 million by Italian Newspapers and EUR 0.8 million by 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) 31 May 2011 saw the completion of the sale of the entire share capital of Dada.net S.p.A., a company operating in the sector of paid-for products and services offered to Community, Entertainment & Gaming industries that can be accessed from personal computers, mobile phones and smartphones. Dada.net S.p.A. operates through a number of direct subsidiaries. This operation resulted in a drop in revenue of EUR 16.4 million in 4Q11 compared with 4Q10, and a fall in EBITDA of EUR 0.6 million. GE Fabbri Ltd., a partwork publisher operating in foreign markets, including through various direct subsidiaries, was sold on 21 January 2011, while Delagrave, a French scholastic publisher, was sold on 9 December 2010. In 4Q10, these companies reported revenue of EUR 16.1 million and EUR 0.4 million respectively, as well as EBITDA of EUR 3.2 million and EUR -0.3 million respectively.



RCS MediaGroup
Restated consolidated balance sheet at 31 December 2011

Unaudited figures

| (EUR million) | 31 December 2011 | % | 31 December 2010 | % |
|---------------------------------------------------------|------------------|--------------|------------------|--------------|
| Intangible assets | 1,191.4 | 72.6 | 1,588.9 | 78.1 |
| Property, plant and equipment | 315.2 | 19.2 | 364.9 | 17.9 |
| Investment property | 22.7 | 1.4 | 1.0 | 0.0 |
| Non-current financial assets | 347.8 | 21.2 | 344.7 | 16.9 |
| Non-current assets | 1,877.1 | 114.4 | 2,299.5 | 113.0 |
| Inventories | 141.9 | 8.6 | 163.4 | 8.0 |
| Trade receivables | 601.7 | 36.7 | 668.1 | 32.8 |
| Trade payables | (652.5) | (39.8) | (699.9) | (34.4) |
| Other assets/liabilities | (75.0) | (4.6) | (94.4) | (4.6) |
| Working capital | 16.1 | 1.0 | 37.2 | 1.8 |
| Provisions for risks and charges | (66.0) | (4.0) | (87.0) | (4.3) |
| Deferred tax liabilities | (125.3) | (7.6) | (144.9) | (7.1) |
| Employee benefits | (61.0) | (3.7) | (69.9) | (3.4) |
| Net capital employed: operations | 1,640.9 | 100.0 | 2,034.9 | 100.0 |
| Net capital employed: assets held for sale | - | - | 3.3 | 0.2 |
| Net capital employed | 1,640.9 | 100.0 | 2,038.2 | 100.0 |
| Equity | 702.7 | 42.8 | 1,067.4 | 52.4 |
| Non-current financial liabilities | 946.3 | 57.7 | 860.6 | 42.2 |
| Current financial liabilities | 91.9 | 5.6 | 182.2 | 8.9 |
| Non-current financial assets recognised for derivatives | (0.2) | (0.0) | (3.1) | (0.2) |
| Cash and cash equivalents and current financial assets | (99.8) | (6.1) | (68.9) | (3.4) |
| Net financial debt (1) | 938.2 | 57.2 | 970.8 | 47.6 |
| Net debt (cash) pertaining to assets held for sale (1) | - | - | - | - |
| | - | - | - | - |
| Total sources of funding | 1,640.9 | 100.0 | 2,038.2 | 100.0 |

(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 938.4 million (EUR 973.9 million in the previous year).



RCS MediaGroup
Breakdown of revenue and margins by business
Unaudited figures

| (EUR million) | Figures at 31/12/2011 | | | | | Figures at 31/12/2010 | | | | |
|-------------------------|-----------------------|--------------|--------------|----------------|----------------|-----------------------|--------------|--------------|-------------|--------------|
| | Revenue | EBITDA | % of revenue | EBIT | % of revenue | Revenue | EBITDA | % of revenue | EBIT | % of revenue |
| Italian Newspapers | 634,0 | 106,6 | 16,8% | 87,0 | 13,7% | 626,4 | 108,2 | 17,3% | 88,4 | 14,1% |
| Spanish Newspapers | 495,6 | 27,1 | 5,5% | (330,8) | (66,7)% | 531,3 | 41,0 | 7,7% | 13,1 | 2,5% |
| Books (1) | 513,3 | 36,8 | 7,2% | 31,1 | 6,1% | 606,3 | 43,7 | 7,2% | 36,6 | 6,0% |
| Magazines | 231,1 | 4,6 | 2,0% | 1,8 | 0,8% | 238,0 | 4,7 | 2,0% | 2,3 | 1,0% |
| Advertising | 431,2 | (10,3) | (2,4)% | (11,9) | (2,8)% | 454,7 | (8,7) | (1,9)% | (10,5) | (2,3)% |
| Dada (2) | 111,2 | 7,9 | 7,1% | (9,7) | (8,7)% | 151,5 | 9,9 | 6,5% | (27,9) | (18,4)% |
| Television | 23,9 | 8,6 | 36,0% | (13,1) | (54,8)% | 27,3 | 11,2 | 41,0% | (1,4) | (5,1)% |
| Corporate | 50,9 | (13,8) | (27,1)% | (33,7) | n.a. | 54,6 | (12,2) | (22,3)% | (32,2) | n.a. |
| Sundry and eliminations | (416,2) | 0,0 | n.a. | (4,5) | n.a. | (434,8) | (0,0) | n.a. | 1,4 | n.a. |
| Total | 2,075.0 | 167.5 | 8.1% | (283.8) | (13.7)% | 2,255.3 | 197.8 | 8.8% | 69.8 | 3.1% |

(1) GE Fabbri Ltd., a partwork publisher operating in foreign markets, including through various direct subsidiaries, was sold on 21 January 2011, while Delagrave, a French scholastic publisher, was sold on 9 December 2010. In 2010, these two companies reported revenue of EUR 79 million and EUR 3.7 million respectively, as well as EBITDA of EUR 8.4 million and EUR -0.7 million respectively.

(2) 31 May 2011 saw the completion of the sale of the entire share capital of Dada.net S.p.A., a company operating in the sector of paid-for products and services offered to Community, Entertainment & Gaming industries that can be accessed from personal computers, mobile phones and smartphones. Dada.net S.p.A. operates through a number of direct subsidiaries. This operation resulted in a drop in revenue of EUR 40.8 million in 2011 compared with 2010, and a fall in EBITDA of EUR 5.7 million, before non-recurring expense of EUR 1.6 million. The Dada Group's EBIT at 31 December 2011 includes consolidated goodwill write-downs of EUR 4.7 million, reported following the execution of an impairment test, and goodwill write-downs made by the Dada Group totalling EUR 1.8 million.

The Dada Group's EBIT at 31 December 2010 includes consolidated goodwill write-downs of EUR 17.2 million reported following the execution of an impairment test and goodwill write-downs made directly by the Dada Group, 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.



RCS MediaGroup

Consolidated statement of cash flows (*)

Figures not yet fully audited

| (EUR million) | 2011 | 2010 |
|-------------------------------------------------------------------------------|---------------|---------------|
| A | | |
|) Cash flows from operating activities | | |
| Pre-tax profit (loss) from continuing operations | (323.3) | 44.0 |
| Depreciation, amortisation and impairment losses | 451.3 | 128.0 |
| (Gains) losses and other non-monetary items | (7.5) | (7.3) |
| Impairment losses (reversal of impairment losses) on equity investments | 0.8 | 1.4 |
| Net financial expense including dividend income | 30.5 | 28.8 |
| - of which with related parties | 12.9 | (0.2) |
| Increase (decrease) in employee benefits and provisions for risks and charges | (11.1) | (27.9) |
| Changes in working capital | 21.6 | 25.4 |
| - of which with related parties | (0.6) | (1.2) |
| Income taxes paid | (50.6) | (21.2) |
| Total | 111.7 | 171.2 |
| B | | |
|) Cash flow used in investing activities | | |
| Purchase of equity investments (net of dividends received) | 1.5 | (9.7) |
| Purchase of property, plant and equipment and intangible assets | (75.0) | (88.0) |
| Purchase/sale of other non-current financial assets | 2.6 | 1.2 |
| Proceeds from sale of equity investments | 45.9 | 16.2 |
| Proceeds from sale of property, plant and equipment and intangible assets | 0.5 | 4.0 |
| Total | (24.5) | (76.3) |
| <i>Free cash flow (A+B)</i> | <i>87.2</i> | <i>94.9</i> |
| C | | |
|) Cash flows used in financing activities | | |
| Net change in financial liabilities and other financial assets | (11.0) | (63.9) |
| - of which with related parties | 28.6 | (5.8) |
| Net interest | (27.6) | (24.6) |
| - of which with related parties | (13.2) | (0.2) |
| Dividends paid | (1.4) | (1.7) |
| Change in equity reserves | (32.6) | (7.2) |
| Total | (72.6) | (97.4) |
| Net decrease in cash and cash equivalents (A+B+C) | 14.6 | (2.5) |
| Opening cash and cash equivalents | (4.2) | (1.7) |
| Closing cash and cash equivalents consisting of: | 10.4 | (4.2) |
| Increase (decrease) for the year | 14.6 | (2.5) |
| RECONCILIATION OF CASH AND CASH EQUIVALENTS | | |
| (EUR million) | | |
| Opening cash and cash equivalents consisting of: | (4.2) | (1.7) |
| Cash and cash equivalents | 32.9 | 38.3 |
| Current bank loans and overdrafts | (37.1) | (40.0) |
| Closing cash and cash equivalents consisting of: | 10.4 | (4.2) |
| Cash and cash equivalents | 50.9 | 32.9 |
| Current bank loans and overdrafts | (40.5) | (37.1) |
| Increase (decrease) for the year | 14.6 | (2.5) |

(*) Also pursuant to Consob Resolution. 15519 of 27 July 2006.



RCS MediaGroup S.p.A.
Restated income statement
Unaudited figures

| (EUR million) | 2011 | 2010 | Difference |
|------------------------------------------------------|----------------|---------------|---------------|
| | A | B | A-B |
| Revenue | 5.1 | 6.3 | (1.2) |
| Operating expense | (7.0) | (4.5) | (2.5) |
| Personnel expense | (14.0) | (14.3) | 0.3 |
| Increases in provisions for risks | (0.3) | (0.2) | (0.1) |
| EBITDA (1) | (16.2) | (12.7) | (3.5) |
| Amortisation of intangible assets | - | - | - |
| Depreciation of property, plant and equipment | (1.3) | (1.4) | 0.1 |
| Depreciation of investment property | (1.3) | (1.3) | - |
| Impairment losses on non-current assets | - | (0.5) | 0.5 |
| Operating profit (loss) | (18.8) | (15.9) | (2.9) |
| Net financial income (expense) | (5.6) | (8.1) | 2.5 |
| Net gains (losses) from financial assets/liabilities | (94.4) | (25.3) | (69.1) |
| Profit (loss) before tax | (118.8) | (49.3) | (69.5) |
| Income taxes | 6.0 | 6.1 | (0.1) |
| Profit (loss) from continuing operations | (112.8) | (43.2) | (69.6) |
| Profit/loss from assets held for sale | - | - | - |
| Profit (loss) for the year | (112.8) | (43.2) | (69.6) |

(1) Earnings before amortisation and depreciation.

RCS MediaGroup S.p.A.
Restated balance sheet
Unaudited figures

| (EUR million) | 31 December | % | 31 December | % |
|-----------------------------------------|----------------|-------------|----------------|-------------|
| | 2011 | | 2010 | |
| Property, plant and equipment | 8.2 | 1% | 9.4 | 1% |
| Investment property | 97.5 | 6% | 98.8 | 6% |
| Non-current financial assets | 1,442.6 | 95% | 1,464.7 | 94% |
| Non-current assets | 1,548.3 | 102% | 1,572.9 | 101% |
| Trade receivables | 4.5 | 0% | 7.3 | 0% |
| Trade payables | (9.5) | (1)% | (7.0) | (0)% |
| Other assets/liabilities | (11.2) | (1)% | (5.2) | (0)% |
| Working capital | (16.2) | (1)% | (4.9) | (0)% |
| Employee benefits | (1.5) | (0)% | (1.8) | (0)% |
| Provisions for risks and charges | (3.1) | (0)% | (4.2) | (0)% |
| Deferred tax liabilities | (7.0) | (0)% | (7.8) | (1)% |
| Net capital employed: operations | 1,520.5 | 100% | 1,554.2 | 100% |
| Equity | 1,051.4 | 69% | 1,188.7 | 76% |
| Net debt (cash) (2) | 469.1 | 31% | 365.5 | 24% |
| Total sources of funding | 1,520.5 | 100% | 1,554.2 | 100% |

(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 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 469.2 million (EUR 368.3 million in the previous year).



RCS MediaGroup S.p.A.

Statement of cash flows

Figures not yet fully audited

| (EUR million) | 31/12/11 | 31/12/10 |
|-----------------------------------------------------------------|---------------|---------------|
| A) Cash flows from operating activities | | |
| Pre-tax profit (loss) from continuing operations | (118.8) | (49.3) |
| Depreciation, amortisation and impairment losses | 2.6 | 3.2 |
| (Gains) losses and other non-monetary items | - | (4.9) |
| Write-downs/write-ups on shareholdings | 135.1 | 32.3 |
| - of which with related parties | 134.9 | 31.9 |
| Net financial expense including dividend income | (35.0) | 6.0 |
| - of which with related parties | (40.6) | (1.8) |
| Increase (decrease) in provisions | (1.5) | (0.8) |
| Changes in working capital | 12.1 | (0.2) |
| - of which with related parties | 15.1 | (20.2) |
| Income taxes paid | (26.4) | (0.1) |
| Change in working capital for tax refund/tax consolidation | 31.9 | 3.7 |
| Total | 0.0 | (10.1) |
| B) Cash flow used in investing activities | | |
| Purchase of equity investments (net of dividends received) | (69.0) | 1.4 |
| - of which with related parties | (69.2) | (11.4) |
| Purchase of property, plant and equipment and intangible assets | (0.2) | (1.1) |
| Total | (69.2) | 0.3 |
| <i>Free cash flow (A+B)</i> | <i>(69.2)</i> | <i>(9.8)</i> |
| C) Cash flows used in financing activities | | |
| Net change in financial liabilities and other financial assets | 71.5 | 17.9 |
| - of which with related parties | 79.6 | (46.8) |
| Net interest (paid)/received | (5.2) | (5.7) |
| - of which with related parties | 13.6 | 10.9 |
| Change in equity reserves | (12.6) | - |
| Total | 53.7 | 12.2 |
| Net decrease in cash and cash equivalents (A+B+C) | (15.5) | 2.4 |
| Opening cash and cash equivalents | (20.3) | (22.7) |
| Closing cash and cash equivalents consisting of: | (35.8) | (20.3) |
| Decrease for the year | (15.5) | 2.4 |
| RECONCILIATION OF CASH AND CASH EQUIVALENTS | | |
| (EUR million) | 31/12/11 | 31/12/10 |
| Opening cash and cash equivalents consisting of: | (20.3) | (22.7) |
| Cash and cash equivalents | 3.2 | 2.6 |
| Current bank loans and overdrafts | (23.5) | (25.3) |
| Closing cash and cash equivalents consisting of: | (35.8) | (20.3) |
| Cash and cash equivalents | 0.7 | 3.2 |
| Current bank loans and overdrafts | (36.5) | (23.5) |
| Decrease for the year | (15.5) | 2.4 |