Press Release
RCS MediaGroup: Three-Year Plan for 2011-2013 approved

Key features of the Plan:

- **Quality of publishing production and central importance of the reader - customer**
- **Focusing of investment and business model on multimedia and digital sectors**
- **Strengthening of the Group's sustainability through an efficient cost structure and a sound balance sheet**

The forecasts for 2010-2013*:

- **Revenue rising from EUR 2,259 million to EUR 2,453 million; CAGR 2.8%**
- **EBITDA improving from EUR 197 million to EUR 296 million; CAGR 14.5%**
- **Debt reduction from EUR 979 million to EUR 677 million, not including any asset disposals;**
- **Over the three years, cash flow generation before capex of around EUR 530 million; investments of around EUR 160 million**

THE THREE-YEAR PLAN WILL BE PRESENTED TO THE FINANCIAL COMMUNITY AT 4 P.M. TODAY IN MILAN. The presentation will be streamed on the Group's website www.rcsmediagroup.it, and it will be possible to connect via conference call.

Milan, 17 December 2010 – The Board of Directors of RCS MediaGroup met today under the chairmanship of Piergaetano Marchetti. Opening the proceedings, the Chairman was joined by the entire Board of Directors and Board of Statutory Auditors in remembering the life and work of board member Berardino Libonati, who passed away recently. The Board acknowledged the letter of resignation submitted by Marco De Luca, and thanked him warmly for all his hard work. With the resolution approved by the Board of Statutory Auditors, the Board of Directors co-opted:
- Roland Berger, having acknowledged the renunciation of the unelected candidate from the majority shareholder list presented at the shareholders' meeting on 28 April 2009; Mr. Berger is judged to fulfil the requirements for a independent director – both pursuant to article 148 paragraph 3 of Legislative Decree 58/1998 and the guidelines of the Code of Conduct for listed companies, incorporated by the Company, albeit not into its articles of association – on the basis of the information provided by the person in question and the information available to the Company, and
- Giuseppe Rotelli, as a replacement for Marco De Luca, who was elected from the minority shareholder list presented at the above-mentioned shareholders' meeting; Mr. Rotelli was the first of the unelected candidates on this list (and has an indirect shareholding of 7.546% in the Company's ordinary share capital, through Pandette S.r.l., and a further "potential" shareholding of 3.522%, in virtue of a stock option).
The co-opted directors** will remain in office until the next shareholders' meeting. Mr. Rotelli will join the Executive Committee, while Mr. Berger will sit on the Internal Audit Committee.

The Board of Directors then proceeded to approve the Three-Year Plan for 2011-2013 presented by the CEO, Antonello Perricone.

*** The 2010 results on which the Plan is based refer to the latest provisional estimates.**

** who accepted the positions and whose CVs will shortly be made available on the Company's website

The main markets in which the RCS Group operates are facing a period of radical transformation, largely as a result of technological innovation, changes in the behaviour of readers and advertising investors and the emergence of new competitors, triggering a crisis in the traditional business model, with the worst effects being felt in the magazines sector. In this scenario, which is also marked by a global recession, there are increasing opportunities to develop revenue from digital activities, whereas the market for traditional media continues to shrink, with the exception of books. The drop in advertising revenue from traditional businesses has been partly offset by growth in digital media. RCS forecasts of expected trends in the advertising market between 2011 and 2013 show the situation in Italy remaining broadly stable for newspapers, with a 4% decline for magazines and a 15.3% rise in the online segment, while estimates for Spain show a 3% increase for newspapers, 18.9% growth in the online segment and a 4.9% rise for free-to-air TV.

In this constantly changing and uncertain environment, the main objectives set by RCS MediaGroup in the Three-Year Plan are digital revenue growth, a flexible cost structure, an ongoing efficiency drive and a review of the organisational structure. The **five strategic pillars** are:

- consolidating and strengthening the **output of high-quality publishing content** by enhancing the multimedia product range, continuing to focus closely on content value and product structure, improving interaction with the reader and protecting circulation

- promoting the **central importance of the relationship with the reader** by developing lasting relationships and encouraging loyalty through integrated programmes at both Group and brand level

- enhancing the **multimedia and digital product range**: developing pay model for digital content and services for the power brands of Newspapers Italy and Newspapers Spain, developing Vertical Magazines and further expanding eBooks and online videos

- **redesigning the business model**, with a particular focus on digital revenue, cost structure flexibility and a review of the organisational structure

- **focusing investments** in Italy and abroad to support traditional publishing and to develop the multimedia business, disinvesting solely in non-core assets

Specifically:

- **Newspapers Italy**: multiplatform development of revenue from power brands by strengthening pay model for digital editions, growth of online videos and the realignment of the organisational structure and advertising product range. For *Corriere della Sera*, which is of fundamental value for the entire Group, the additional efforts necessary to sustain expected growth will be supported by targeted and ongoing investment, starting with a publishing review and the development of local online and offline editions. The objectives for *La Gazzetta dello Sport* are to consolidate its leadership position and further expand non-publishing revenue, while for *City*, the aim is to break even. EBITDA margin expected to rise from 14.7% in 2010 to 16.1% in 2013.

- **Unidad Editorial**: multiplatform development of the revenue of newspaper power brands by strengthening paid-for digital content on Orbyt, raising cover prices and consolidating the new publishing organization and advertising house. Further growth is also expected in DTT with Veo7 and Marca TV, with non-publishing revenue also expected to rise. EBITDA margin expected to rise from 8.3% in 2010 to 18% in 2013.

- **Magazines**: concentration on Vertical Magazines in Italy and abroad, focusing and strengthening of multimedia system publications for women on the Internet and TV (*Amica* restyling), development of the interior design multimedia system (*Bravacasa* restyling) and the travel multimedia system (strengthening of the brand *Dove*), expansion of the infancy multimedia system (digital revenue and international development) and improvement in the profitability of family multimedia system publications (development of *Oggi* system). Further cost-efficiency measures and streamlining activities are also planned. EBITDA margin expected to rise from 1.9% in 2010 to 6.3% in 2013.

- **Books**: strengthening of competitive position in Italy and France, also through potential acquisitions and digital innovation. In particular, Italian Fiction/Non-Fiction will be focused on the most attractive segments and the range of eBooks will be enhanced (with trials of new pricing and distribution strategies); French Fiction/Non-Fiction will be focused on the most attractive segments; the School Textbooks division will consolidate its market position and expand its multimedia and digital product range; Partworks will focus on restoring profitability. EBITDA margin expected to rise from 8.9% in 2010 to 9.7% in 2013.
- **Advertising**: restructuring of the organisational model to increase market consolidation and penetration, and development of a new product range based on integrated projects, the enhancement of power brands and new multimedia formats.

The Group is determined to bring its **organisational structure** into line with its strategic objectives, by pushing through efficiency measures in all areas in order to leverage synergies across the organisation and acquiring the resources it needs to meet the new challenges posed by the Plan through internal development and by bringing in skills from outside the Group.

For the three-year period between 2011 and 2013, RCS MediaGroup therefore expects – based on the assumptions above – to achieve the following results, estimated using the II Forecast 2010.
Group **revenue** is expected to grow from EUR 2,259 million in 2010 to EUR 2,453 million in 2013. Revenue is expected to register a CAGR of 2.8%, with revenue from traditional business broadly stable and revenue from digital activities up 20.8%.
Group **EBITDA** is forecast to improve from EUR 197 million in 2010 to EUR 296 million in 2013, with a CAGR of 14.5% and EBITDA margin rising from 8.7% in 2010 to 12% in 2013, partly as a result of continued efficiency measures.
Group **EBIT** is expected to grow from EUR 80 million in 2010 to EUR 201 million in 2013.

In relation to cash flow management, the Group expects to generate **cash flow** before capex of around EUR 530 million over the three-year period, while **investment** is forecast at around EUR 160 million. Net debt will be reduced from EUR 979 million to EUR 677 million, not including any asset disposals. The Plan does not take into account the effects of any changes to the basis of consolidation; moreover, the Board of Directors confirmed its intention to come to an arrangement on selling all or part of assets deemed to be non-strategic – including in relation to market trends – or exploiting the value of these assets by some other means. In this regard, particularly in relation to Dada, the work of monitoring the market, which has, as previously announced, been entrusted to a leading financial advisor, will continue.

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* including GE Fabbri and impairment test at 30 June. Subject to further verification of the impairment test at 31 December 2010.
** excluding impairment test.

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