



Press Release: RCS MediaGroup Board of Directors

Results at 31 March 2018¹ Approved

STRONG GROWTH OF EBITDA, EBIT AND NET PROFIT, ALL POSITIVE IN Q1 2018

Consolidated revenue at EUR 216.3 million²

EBITDA at EUR 20.2 million, +67% versus March 2017

EBIT positive at EUR 11.2 million

Net profit at EUR 6 million

Net Financial Debt down to EUR 259.2 million (-28.2 million versus 31 December 2017)

2018 TARGETS CONFIRMED

FURTHER EBITDA AND NET CASH FLOW GROWTH

NET DEBT AT YEAR END BELOW EUR 200 MILLION

Milan, 9 May 2018 – The Board of Directors of RCS MediaGroup met today under the chairmanship of Urbano Cairo to examine and approve the consolidated results at 31 March 2018.

Consolidated Figures (EUR million)	31/03/2018	31/03/2017
Consolidated revenue ^{1,2}	216,3	213,4
EBITDA	20,2	12,1
EBIT	11,2	(0,6)
Net profit (loss)	6,0	(5,7)

Equity Figures (EUR million)	31/03/2018	31/12/2017
Net financial debt	259,2	287,4

¹Figures as at 31 March 2018 reflect the adoption of IFRS 15 and IFRS 9, which entered into effect as of 1 January 2018. For the first-time adoption of both, the Group exercised the option of not restating the comparative data provided. As such, the economic figures for 2018, particularly for revenue concerned by IFRS 15, are not immediately comparable to the values shown for the same period of the previous year, particularly for those concerning IFRS 15. The adoption of the new accounting standards had no impact on EBITDA and subsequent items in the income statement.

Alternative performance ratios: EBITDA – intended as operating income before depreciation and amortization. This includes income and expenses from investments accounted for using the equity method. Net Financial Debt – indicator of financial structure, calculated as current and non-current payables net of cash and cash equivalents, as well as current assets and non-current financial assets relative to derivatives.

²Consolidated revenue at 31 March 2018 totalled EUR 207.9 million net of the impact of the new accounting standard IFRS 15 (EUR 213.4 million at 31 March 2017).



The Group's consolidated net revenue at 31 March 2018 amounted to EUR 216.3 million. Excluding from the comparison with first quarter 2017 figures the impact of the first-time adoption of IFRS 15 (+8.4 million) and one-off events such as the termination of some advertising sales agreements with third-party publishers (-1.3 million), on a like-for-like basis the figure would have shown **an overall drop in revenue of EUR 4.2 million compared to the first quarter of 2017 (-2%).**

Advertising revenue totalled EUR 84 million compared to EUR 92.8 million for the same period of 2017. On a like-for-like basis, advertising revenue **were substantially stable** (-1% versus the first quarter of 2017), despite a more significant drop in advertising markets in Italy and in Spain.

Publishing revenue totalled EUR 106 million, showing a growth on the EUR 86.1 million figure posted for the first quarter of 2017. On a like-for-like basis, the figure would have shown a drop of EUR 5 million, driven primarily by the lower circulation of print newspapers, affected by shrinking markets in both Italy and Spain. **In terms of circulation, the newspapers *Corriere della Sera*, *La Gazzetta dello Sport*, *Marca* and *Expansión* confirmed their leadership in their respective segments**, while *El Mundo* confirmed its second-place ranking among Spanish general newspapers in the news-stand market. **Growth was shown in the digital performance of the Group's newspaper websites**, with digital subscriptions of *Corriere della Sera* posting growth of 11%, reaching 78 thousand paying subscribers, including *digital edition*, *membership* and *m-site* subscribers.

Other revenue amounted to EUR 26.3 million, compared to EUR 34.5 million in the first quarter of 2017. On a like-for-like basis, other revenue show **a rise of EUR 1.7 million.**

Alongside the ongoing success of initiatives launched last year, which had a positive effect on revenue, in 2018 the Group has continued its focus on enriching and enhancing editorial contents. In this direction, a new monthly supplement of *Corriere della Sera*, ***Corriere Innovazione***, was launched, spotlighting various aspects of innovation in science, technology, culture, and research and development. The newspaper itself was enriched with a new column, "Letti da rifare", edited by Alessandro D'Avenia, and the new "Dataroom" project by Milena Gabanelli.

On 16 March, the new "L'Economia" of *Corriere della Sera* celebrated its first anniversary, while *Corriere Fiorentino* celebrated its first decade on 21 March, inaugurating a whole year of major events in the local area. Also in March, Milan hosted the seventh "Cibo A Regola D'Arte" event, a major itinerant fair dedicated to food and cuisine, organised by *Corriere della Sera*.

La Gazzetta dello Sport offer continues to grow in the back system with **new newspaper sections dedicated to Torino and Cagliari football teams**. The website was also enhanced with the two new sections *Alimentazione*, focused on diet and nutrition, and *E-sports*, dedicated to the world of virtual sports.

In April "SOLFERINO - I libri del Corriere della Sera" published the first titles bringing them to the newsstands and bookshops, including Giovanni Floris' essay "Ultimo banco".

New content were introduced by the Spanish newspaper *El Mundo*, with the weekly offering enhanced by the **sale of the *Actualidad Economica* supplement**, a publication on economic and financial matters.

EBITDA for the first three months of 2018 reached 20.2 million, improving by 8.1 million compared to 12.1 million in the first quarter of 2017. However, it should be noted that RCS activity presents a seasonal trend that normally penalizes the results of the first and third quarter of the year. Growth was mainly driven by the positive results of **investments in editorial content**, the ongoing enrichment of offerings, the **leveraging of the sport events portfolio** and the continued **pursuit of efficiencies, which delivered savings on operating costs of over EUR 5.5 million**, including EUR 2.9 million in Italy and EUR 2.6 million in Spain. Non-recurring net income in the first quarter of 2018 amounted to EUR 2.2 million, attributable mainly to RCS Sport.



The table below shows the breakdown of EBITDA and revenue performance for the individual business areas.

(EUR million)	Figures at 31/03/2018			Figures at 31/03/2017		
	Revenue ¹	EBITDA	% of revenue	Revenue ¹	EBITDA	% of revenue
Newspapers Italy	104.9	12.5	11.9%	90.4	11.8	13.1%
Magazines Italy	20.4	0.0	0.0%	20.8	0.8	3.8%
Advertising and Sport	57.3	4.4	7.7%	75.0	0.6	0.8%
Unidad Editorial	72.5	6.9	9.5%	68.3	3.9	5.7%
Other Corporate Activities	5.4	(3.6)	n.a.	5.9	(4.9)	n.a.
Sundry and eliminations	(44.2)	0.0	n.a.	(47.0)	(0.1)	n.a.
Consolidated	216.3	20.2	9.3%	213.4	12.1	5.7%

¹ Revenue as at 31 March 2018 reflects the first-time adoption of IFRS 15. The Group exercised the option of not restating the comparative data provided.

EBIT amounted to EUR 11.2 million, being positive in this quarter for the first time since 2008, versus a negative 0.6 million for the same period of 2017. The result was driven by the improvement in EBITDA and by lower depreciation and amortisation, which fell by 3.7 million (of which EUR 2.2 million relating to the revision of the useful life of the newspapers *Marca* and *Expansion* from finite to indefinite, already implemented in the 2017 consolidated financial statements).

The result, for the first time after ten years, was a net profit of EUR 6 million (loss of EUR 5.7 million in the first quarter of 2017), reflecting the trends above reported.

Net financial debt amounted to EUR 259.2 million (-28.2 million compared to 31 December 2017), thanks to a positive cash flow of over EUR 30 million from operating activities. Compared to 31 March 2017, the improvement in net financial debt is over EUR 108 million.

Outlook

While uncertainty persists, with reference markets continuing to decline (circulation and advertising in Italy and circulation in Spain), as in 2017 the Group improved its results strongly in the first quarter of 2018, year on year, achieving its margins targets and progressively reducing its financial debt.

Considering the actions already implemented and those planned to defend and grow revenue and in continuous pursuit of operational efficiency, and considering the positive performance of the first quarter, in the absence of events that cannot for the moment be foreseen, the Group confirms its outlook for growth in 2018 in EBITDA and cash flow from current operations compared to 2017, such as to reduce financial debt by the end of 2018 below EUR 200 million.

The evolution of the general economic situation and reference sectors could however affect the complete achievement of these objectives.

Riccardo Taranto, the Director responsible for company reporting, hereby declares, pursuant to article 154-bis, paragraph 2 of the Consolidated Law on Finance (Testo Unico della Finanza, TUF), that the information contained in this press release accurately represents the figures contained in the Group's accounting records.

RCS MediaGroup is a major multimedia publishing company operating chiefly in Italy and Spain, with operations covering all media segments, including newspapers, magazines, books, television and new media. It is also a major player in the market for advertising sales and organizer of iconic events and leading sports races, such as the Giro d'Italia. The RCS Group is the publisher of the newspapers *Corriere della Sera*, *La Gazzetta dello Sport*, *El Mundo*, *Marca* and *Expansion*, as well as numerous magazines, most notable *Oggi*, *Amica*, *Io Donna*, *7* and *Telva*.

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RCS MediaGroup

Reclassified consolidated income statement

(EUR million)	31 March 2018		31 March 2017		Difference A-B	Difference %
	A	%	B	%		
Net revenue	216.3	100.0	213.4	100.0	2.9	1.4%
<i>Publishing revenue</i>	106.0	49.0	86.1	40.3	19.9	23.1%
<i>Advertising revenue</i>	84.0	38.8	92.8	43.5	(8.8)	(9.5%)
<i>Other revenue (1)</i>	26.3	12.2	34.5	16.2	(8.2)	(23.8%)
Operating costs	(128.4)	(59.4)	(131.4)	(61.6)	3.0	2.3%
Cost of labour	(66.4)	(30.7)	(67.5)	(31.6)	1.1	1.6%
Provisions for risks	(2.0)	(0.9)	(1.4)	(0.7)	(0.6)	(42.9%)
Write-downs of receivables	(0.1)	(0.0)	(1.3)	(0.6)	1.2	92.3%
Income (expense) from equity investments equity method	0.8	0.4	0.3	0.1	0.5	>100%
EBITDA (2)	20.2	9.3	12.1	5.7	8.1	66.9%
Intangible asset amortisation	(5.8)	(2.7)	(8.8)	(4.1)	3.0	
Property, plant and equipment depreciation	(3.0)	(1.4)	(3.8)	(1.8)	0.8	
Real estate investment depreciation	(0.2)	(0.1)	(0.1)	(0.0)	(0.1)	
Other asset impairment	0.0	0.0	0.0	0.0	0.0	
EBIT	11.2	5.2	(0.6)	(0.3)	11.8	
Net financial income (expense)	(4.4)	(2.0)	(6.4)	(3.0)	2.0	
Income (expense) from financial assets/liabilities	0.0	0.0	0.0	0.0	0.0	
EBT	6.8	3.1	(7.0)	(3.3)	13.8	
Income taxes	(0.7)	(0.2)	1.3	0.6	(1.7)	
Profit (loss) from continuing operations	6.1	3.0	(5.7)	(2.7)	12.1	
Profit (loss) from discontinued operations	0.0	0.0	0.0	0.0	0.0	
Profit (loss) before non-controlling interests	6.1	3.0	(5.7)	(2.7)	12.1	
(Profit) loss pertaining to non-controlling interests	(0.1)	(0.0)	0.0	0.0	(0.1)	
Group net profit (loss) for the period	6.0	2.9	(5.7)	(2.7)	12.0	

- (1) Other revenue mainly contains revenue from television businesses, from event organisation, *e-commerce* activities, sale of customer lists and book sets, as well as in Spain for betting activities.
- (2) Considered as the operating income before depreciation, amortisation and write-downs. This includes income and expenses from investments accounted for using the equity method.



RCS MediaGroup
Reclassified consolidated balance sheet

	31 March 2018	%	31 December 2017	%
(EUR million)				
Intangible Assets	379.7	87.0	383.9	83.7
Property, plant and equipment	71.3	16.3	73.8	16.1
Real Estate Investments	20.6	4.7	20.7	4.5
Financial Assets	172.7	39.6	171.4	37.4
Net Non-current Assets	644.3	147.7	649.8	141.6
Inventories	18.8	4.3	15.9	3.5
Trade receivables	214.1	49.1	240.3	52.4
Trade payables	(243.5)	(55.8)	(236.3)	(51.5)
Other assets/liabilities	(54.0)	(12.4)	(66.6)	(14.5)
Net Working Capital	(64.6)	(14.8)	(46.7)	(10.2)
Provisions for risks and charges	(49.8)	(11.4)	(50.4)	(11.0)
Deferred tax liabilities	(56.0)	(12.8)	(55.4)	(12.1)
Employee benefits	(38.0)	(8.7)	(38.4)	(8.4)
Net invested capital	435.9	100.0	458.9	100.0
Shareholders' equity	176.7	40.6	171.5	37.4
Medium-long term financial payables	215.0	49.3	235.8	51.4
Short-term financial payables	53.3	12.2	67.0	14.6
Current financial liabilities for derivatives	0.5	0.1	1.0	0.2
Non-current financial liabilities for derivatives	0.5	0.1	0.1	0.0
Financial assets for derivatives	-	-	-	-
Cash and short-term financial receivables	(10.1)	(2.3)	(16.5)	(3.6)
Net financial debt (1)	259.2	59.4	287.4	62.6
Total sources of financing	435.9	100.0	458.9	100.0

(1) The financial ratio determined as the result of current and non-current financial payables net of cash and cash equivalents as well as current and non-current financial assets related to derivatives. The net financial position defined by CONSOB communication DEM/6064293 of 28 July 2006 excludes non-current financial assets. As non-current financial assets arising from derivative instruments amounted to zero at both 31 March 2018 and 31 December 2017, the financial ratio of RCS at 31 December 2018 and 31 December 2017 coincides with the net financial position as defined in the aforesaid CONSOB communication.

ADDITIONAL DISCLOSURES REQUESTED BY CONSOB ON 27 MAY 2013 UNDER ART. 114, PARAGRAPH 5 OF LEGISLATIVE DECREE 58/1998

a) The net financial position of the RCS Group and the Parent Company, highlighting short-term elements separately from medium-and long-term components.

(EUR million)	Carrying amount		Change
	31/03/2018	31/12/2017	
Cash and cash equivalents	9.2	15.6	(6.4)
Financial receivables	0.9	0.9	-
Securities	-	-	-
Current financial assets for derivatives	-	-	-
A) TOTAL CURRENT FINANCIAL ASSETS	10.1	16.5	(6.4)
Current financial payables and liabilities	(53.3)	(67.0)	13.7
Current financial liabilities for derivatives	(0.5)	(1.0)	0.5
B) TOTAL CURRENT FINANCIAL LIABILITIES	(53.8)	(68.0)	14.2
(A+B) Net current financial (debt)	(43.7)	(51.5)	7.8
Non-current financial assets arising from derivative instruments	-	-	-
C) TOTAL NON-CURRENT FINANCIAL ASSETS	-	-	-
Non-current financial payables and liabilities	(215.0)	(235.8)	20.8
Non-current financial liabilities for derivatives	(0.5)	(0.1)	(0.4)
D) TOTAL NON-CURRENT FINANCIAL LIABILITIES	(215.5)	(235.9)	20.4
(C+D) Total net non-current financial (debt)	(215.5)	(235.9)	20.4
Net financial debt¹	(259.2)	(287.4)	28.2

(1) The financial ratio determined as the result of current and non-current financial payables net of cash and cash equivalents as well as current and non-current financial assets related to derivatives. The net financial position defined by CONSOB communication DEM/6064293 of 28 July 2006 excludes non-current financial assets. As non-current financial assets arising from derivative instruments amounted to zero at both 31 March 2018 and 31 December 2017, the financial ratio of RCS at 31 December 2018 and 31 December 2017 coincides with the net financial position as defined in the aforesaid CONSOB communication.

Net financial debt amounted to EUR 259.2 million (287.4 million at 31 December 2017), showing a drop of around EUR 28 million compared to 31 December 2017. The improvement in the figure was mainly driven by the positive performance of core business operations (EUR 30.8 million), only partially offset by investment expenditure and non-recurring net expenses.

Below is the net financial debt of RCS MediaGroup S.p.A., highlighting short-term elements separately from long-term components.

(EUR million)	Carrying amount		
	31/03/2018	31/12/2017	Change
Cash and cash equivalents	0.6	0.7	(0.1)
Current financial receivables	268.0	270.3	(2.3)
A) TOTAL CURRENT FINANCIAL ASSETS	268.6	271.0	(2.4)
Payables due to c/a banks	(6.1)	(16.8)	10.7
Current financial payables	(117.0)	(110.0)	(7.0)
Current financial liabilities for derivatives	(0.5)	(1.0)	(0.5)
B) TOTAL CURRENT FINANCIAL LIABILITIES	(123.6)	(127.8)	3.2
(A+B) Total net current financial (debt)	145.0	143.2	0.8
Financial assets for derivatives	-	-	-
C) TOTAL NON-CURRENT FINANCIAL ASSETS	-	-	-
Non-current financial payables	(213.1)	(233.3)	20.2
Non-current financial liabilities for derivatives	(0.5)	(0.1)	0.6
D) TOTAL NON-CURRENT FINANCIAL LIABILITIES	(213.6)	(233.4)	20.8
(C+D) Total net non-current financial (debt)	(213.6)	(233.4)	20.8
Net financial debt	(68.6)	(90.2)	21.6

The net financial debt of RCS MediaGroup S.p.A. at 31 March 2018 was EUR 68.6 million, an improvement of EUR 21.6 million compared to 31 December 2017. A major contribution to the figure came from core business operations (EUR 26.9 million), partially offset by investment expenditure and non-recurring net expenses.

b) Mature debt positions distributed by category (financial, commercial, tax and social security) and connected to potential reactions from Group creditors (reminders, injunctions, suspensions of supplies).

(EUR million)								
Analysis overdue debt positions								
31/03/2018	30 days	31 - 90 days	91-180 days	181-360 days	> 360 days	Total Due	Total maturing	Total
Trade Debt Positions	8.3	17.6	7.7	4.1	14.4	52.1	191.4	243.5
Financial Debt Positions							53.8	53.8
Tax debt positions							8.9	8.9
Social security debt positions							8.0	8.0
Other debt positions		0.2	0.1	0.1	0.1	0.5	66.9	67.4
Total short-term debt positions	8.3	17.8	7.8	4.2	14.5	52.6	329.0	381.6

All of the debt positions with no contractual deadlines are eliminated, such as the short-term portion of provisions for risks and charges.

Short-term debt positions at 31 March 2018 totalled EUR 381.6 million and show an overall decrease of



EUR 18.5 million compared to 31 December 2017. The decline was driven by EUR 14.2 million in lower financial debt and EUR 11.5 million in lower tax, social security and other debt positions, which was partially offset by EUR 7.2 million in higher trade payables. Non-overdue positions, totalling EUR 329 million, represent approximately 86.2% of the total (at 31 December 2017 they totalled EUR 345.3 million and equalled 86.3% of the total). At 31 March 2018 there were no overdue accounts on financial, tax or social security debt positions.

Overdue debt positions amounted to EUR 52.6 million, down by EUR 2.2 million on December 2017 (EUR 54.8 million). The comparison with 31 December 2017 shows a decrease in overdue debt positions for the following past due brackets: EUR -2.3 million in the more than 360 days bracket; EUR -2 million in the 181–360 days bracket; and EUR -1.5 million in the less than 30 days bracket. Overdue debt positions in the 31–90 days bracket rose by EUR 2.8 million, as did those in the 91–180 days bracket by EUR 0.8 million.

Overdue debt positions include EUR 8.3 million in accounts less than 30 days past due (EUR 9.8 million at 31 December 2017), which essentially relate to the company's operations. The remaining EUR 44.3 million past due includes accounts payable to agents, totalling EUR 10.5 million (20% of the total overdue amount). In relations with agents, industry practice requires the payment of a monthly advance on their activities which is reported under other receivables on the balance sheet. Advances to agents, which refer to overdue debts, totalled EUR 10.2 million, an amount that is almost in line with the specific overdue amount. It should be noted that payables to agents past due by more than 360 days represent approximately 44% of this category of past due accounts.

It should also be noted that positions expiring on 31 March 2018 were conventionally classified as debts due for payment, amounting to approximately EUR 9.5 million.

Overdue trade accounts of EUR 52.1 million (EUR 54.3 million at 31 December 2017) mainly refer to the RCS MediaGroup S.p.A. (EUR 32.1 million).

As part of its usual activities, the Company received some reminders, warnings to comply, injunctions (for non-significant amounts to the state entirely restated), from suppliers regarding trade accounts, which have been restated when applicable.

c) Transactions with related parties of the RCS Group and the Parent Company.

As required by Consob under article 114, paragraph 5, of Legislative Decree 58/98, protocol 13046378 of 27 May 2013, transactions with related parties of the RCS Group are reported below.

In relation to the Consob Regulation adopted by resolution 17221 of 12 March 2010, as amended, it is reiterated that on 10 November 2010 RCS MediaGroup S.p.A. adopted a specific procedure for transactions with related parties, governing their authorisation and their disclosure to the market and to Consob. The procedure was subsequently reviewed with effect as of 1 January 2014, and again with effect as of 1 October 2015. The most recent amendments to the procedure took effect as of 4 August 2017. The procedure is published on the Company website under the "Governance" section and is specifically addressed, as are previous provisions, in the Report on Corporate Governance and Ownership Interests. Under the provisions of the procedure, both "significant" transactions and some "minor" transactions are referred for prior approval to the Committee for Related-Party Transactions, set up in accordance with the procedure.

As of July 2016, the Ultimate Parent Company of the Group is U.T. Communications S.p.A., the parent company that effectively controls the company Cairo Communication S.p.A., which in turn is the direct parent of RCS MediaGroup S.p.A. At 31 March 2018, Cairo Communication S.p.A. held an equity interest in RCS MediaGroup S.p.A. of 59.693% (59.831% including the equity interest held directly at 31 March 2018 by U.T. Communications S.p.A. – Source: Consob).

As such, the related parties of the Group include:

- the direct and indirect parent companies of RCS MediaGroup S.p.A., their subsidiaries, including joint ventures, and their associates;



- the subsidiaries (transactions with which are eliminated in the consolidation process), joint ventures and associates of RCS MediaGroup S.p.A.;
- key management personnel, their direct family members and any companies directly or indirectly controlled by them or subject to their joint control or significant influence.

Details of transactions conducted are provided below by financial statement area, together with the percentage they represent of each item. Intercompany transactions eliminated in the consolidation process have been excluded.

Financial dealings (in EUR million)	Trade receivables	Current financial payables and liabilities	Trade payables	Sundry payables and other current liabilities	Commitments
Parent companies	0.9	-	0.5	-	-
Joint ventures	22.1	11.4	2.3	-	-
Associates	0.2	-	13.1	-	0.8
Manager supplementary retirement fund	-	-	-	-	-
Other affiliates (1)	0.7	-	1.3	-	-
Other related parties (2)	0.8	-	-	2.9	2.3
Total	24.7	11.4	17.2	2.9	3.1
Total RCS Group	214.1	53.3	243.5	83.2	59.3
Related parties as a percentage of total RCS Group	11.5%	21.4%	7.1%	3.5%	5.2%

(1) Including the subsidiaries, associates and joint ventures of Cairo Communication S.p.A. and U.T. Communications S.p.A.

(2) Mainly including dealings with key management personnel, their direct family members and any companies directly or indirectly controlled by them or subject to their joint control or significant influence.

Business dealings (in EUR million)	Revenue from sales	Costs for raw materials and services	Personnel costs	Other revenue and operating income
Parent companies	-	(0.1)	-	0.2
Joint ventures	49.1	(2.7)	-	0.2
Associates	0.4	(5.2)	-	-
Manager supplementary retirement fund	-	-	(0.1)	-
Other affiliates (1)	0.1	(0.5)	-	0.2
Other related parties (2)	0.5	(0.9)	(0.8)	-
Total	50.1	(9.4)	(0.9)	0.6
Total RCS Group	216.3	(132.3)	(66.4)	7.5
Related parties as a percentage of total RCS Group	23.2%	7.1%	1.4%	8.0%

Dealings with subsidiaries, associates and jointly controlled entities mainly relate to the exchange of goods, the provision of services, the sourcing and lending of funds and tax relations. Such transactions are conducted at arm's length, taking into account the quality of the goods and services provided.

Dealings with **parent companies** included EUR 0.1 million of costs for materials and services, EUR 0.2 million of other operating income, EUR 0.9 million of trade receivables and EUR 0.5 million of trade payables. Such accounts mainly refer to revenue for the lease of office space, charge-backs for RCS personnel that work at the Cairo Group and costs for the purchase of market research services.

Dealings with **joint ventures** refer to the company m-dis Distribuzione Media S.p.A. and its subsidiaries and included EUR 49.1 million of revenue earned by the Group, EUR 2.7 million of costs for materials and services, EUR 0.2 million of other revenue and operating income, EUR 22.1 million of trade receivables, EUR 11.4 million of current financial debt and EUR 2.3 million of trade payables.

The main business dealings with **associates** consisted of transactions with Bermont Group companies engaged for the printing of Unidad Editorial newspapers (totalling EUR 13.1 million of trade payables, EUR 0.2 million of trade receivables, EUR 0.4 million of revenue from sales and EUR 5.2 million of costs for materials and services).



Economic and financial dealings with “**other affiliates**” refer to transactions with Cairo Group companies (totalling EUR 0.5 million of cost for raw material and services, EUR 0.3 million of revenue from sales and other revenue and operating income, EUR 0.7 million of trade receivables and EUR 1.3 million of trade payables). Other revenue and operating income mainly refers to the sale of advertising space, charge-backs for RCS personnel that work at the Cairo Group and revenue from the lease of office space. Costs incurred mainly refer to the purchase of advertising space.

Dealing with “**other related parties**” include remuneration paid to key management personnel, as reported earlier, EUR 0.5 million of revenue and EUR 0.8 million of trade receivables due from Della Valle Group and Pirelli Group companies for the sale of advertising space.

IRES tax consolidation. In the first quarter of 2018, RCS MediaGroup S.p.A. continued to make use of a national tax consolidation arrangement, as permitted by Legislative Decree 344 of 12 December 2003, designed to deliver savings through the application of taxation on a single tax basis, enabling the immediate offsetting of tax credits and tax losses for the period. Intercompany dealings under the national tax consolidation arrangement are conducted with a view to ensuring neutrality and equal treatment. The companies that participate in the national tax consolidation arrangement, in which RCS MediaGroup S.p.A. is the consolidating company, as of the 2017 fiscal year, are: Trovolavoro S.r.l., RCS Sport S.p.A., RCS Produzioni Padova S.p.A., Sfera Service S.r.l., Blei S.r.l. in liquidation, RCS Edizioni Locali S.r.l., RCS Produzioni S.p.A., RCS Digital Ventures S.r.l., Digicast S.p.A., Digital Factory S.r.l., RCS Produzioni Milano S.p.A. and Editoriale del Mezzogiorno S.r.l.

VAT consolidation. In the first quarter of 2018, RCS MediaGroup S.p.A. continued to make use of a VAT consolidation arrangement for the RCS Group, which resulted in VAT payable of EUR 1.3 million. RCS MediaGroup S.p.A. contributed EUR 4.7 million in VAT payable to the VAT consolidation arrangement for the RCS Group in the first quarter of 2018.

For a list of **key management personnel**, see Section I of the Remuneration Report approved by the Shareholders’ Meeting on 26 April 2018 and published on the website www.rcsmediagroup.it.

Aggregate figures are provided below of remuneration paid to key managers identified.

(amounts in EUR million)	Costs for services	Personnel costs	Sundry payables and other current liabilities
Board of Directors	(0.8)	-	2.3
Board of Statutory Auditors	(0.1)	-	0.2
Key management personnel	-	(0.8)	0.4
Total related parties	(0.9)	(0.8)	2.9
Total RCS Group	(132.3)	(66.4)	85.3
Related parties as a percentage of total RCS Group	0.7%	1.2%	3.4%

Personnel costs include remuneration paid to key management personnel in the form of salaries for a total of EUR 0.8 million. Personnel costs relating to related parties accounted for 1.2% of total personnel costs.

Commitments to key management personnel totalled EUR 2.3 million, while commitments to other related parties amounted to EUR 0.8 million. As specifically concerns additional commitments to key management personnel of RCS MediaGroup S.p.A., see Section II, Part One, of the Remuneration Report published on the website www.rcsmediagroup.it.

Related parties of RCS MediaGroup S.p.A.

Details of transactions conducted are provided below by financial statement area, together with the percentage they represent of each item.

Statement of Financial Position – Assets

	Investments measured at cost	Trade receivables	Sundry receivables and other current assets	Current tax assets	Current financial receivables
Parent companies	-	0.9	-	-	-
Subsidiaries	408.8	13.4	0.4	2.4	267.5
Associates	8.1	22.1	-	-	-
Other affiliates	-	0.6	-	-	-
Other related parties (1)	-	0.8	-	-	-
Total related parties	408.9	37.8	0.4	2.4	267.5
Total on balance sheet	408.9	140.5	20.6	4.7	268.0
Percentage	100.0%	26.9%	1.9%	51.1%	99.8%

Statement of Financial Position – Liabilities

	Sundry payables and other non-current liabilities	Current financial payables	Current tax liabilities	Trade payables	Sundry payables and other current liabilities	Commitments
Parent companies	-	-	-	0.4	-	-
Subsidiaries	0.9	75.0	4.5	8.0	1.0	19.2
Associates	-	11.4	-	2.3	-	-
Other affiliates	-	-	-	1.3	-	-
Sub-holdings and their holding companies	-	-	-	-	-	-
Other related parties (1)	-	-	-	-	2.9	-
Total related parties	0.9	86.4	4.5	12.0	3.9	19.2
Total on balance sheet	1.8	117.0	5.1	135.0	51.1	55.4
Percentage	50.0%	73.8%	88.2%	8.9%	7.6%	34.7%

(1) Refers mainly to dealings with key management personnel and their direct family members.

Income statement

	Revenue	Costs for raw materials and services	Personnel costs	Other revenue and operating income	Financial income	Financial charges
Parent companies	-	(0.1)	-	0.2	-	-
Subsidiaries	2.0	(13.7)	-	2.0	1.8	(0.1)
Associates	49.0	(2.7)	-	0.2	-	-
Other affiliates	0.1	(0.5)	-	0.1	-	-
Manager supplementary retirement fund	-	-	(0.1)	-	-	-
Sub-holdings and their holding companies	-	-	-	-	-	-
Other related parties (1)	0.5	(0.9)	(0.6)	-	-	-
Total related parties	51.6	(17.9)	(0.7)	2.5	1.8	(0.1)
Total on balance sheet	109.4	(68.8)	(39.3)	6.1	1.9	(2.9)
Percentage	47.2%	26.0%	1.8%	41.0%	94.7%	3.4%

(1) Refers mainly to dealings with key management personnel and their direct family members.

Related-party transactions conducted by RCS MediaGroup S.p.A. mainly relate to the provision of services, as already explained in the Notes on the RCS Group, to which readers are referred for a more in-depth analysis. Other transactions concern dealings with subsidiaries, which are eliminated in the consolidation process. Those dealings mainly concerned the exchange of goods (primarily the purchase of advertising space), the provision of services (mainly administrative, ICT, financial, legal/corporate and tax services connected with the centralisation of such functions under the Other Corporate Activities area and printing and processing services), the sourcing and lending of funds, tax dealings and business dealings relating to the lease of office space and operational areas.

For dealings with key management personnel, see the information provided earlier.



Aggregate figures are provided below of ordinary remuneration in the various forms in which it was paid.

	Services costs	Personnel costs	Sundry payables and other current liabilities
Board of Directors – emoluments	(0.8)	-	2.3
Board of Statutory Auditors – emoluments	(0.1)	-	0.2
Chief Executive Officer, General Manager, Key Management Personnel, Director responsible for Company Reporting, other fees	-	(0.6)	0.4
Total related parties	(0.9)	(0.6)	2.9
Total on balance sheet	(42.3)	(39.3)	51.1
Percentage	2.1%	1.5%	5.7%

d) Any non-compliance with the Covenants, negative pledges and other clauses in the Group's borrowing commitments which could limit the use of financial resources, together with up-to-date details of the level of compliance with these clauses.

On 4 August 2017, RCS MediaGroup S.p.A. signed a New Financing Agreement with a pool of Banks for a total amount of EUR 332 million, expiring on 31 December 2022. The purpose of the agreement was to reschedule a previous agreement taken out on 14 June 2013 and renegotiated several times, the last time on 16 June 2016. The banks participating in the New Financing Agreement are: Banca IMI as arranging bank, agent and coordinator, Intesa Sanpaolo as lending bank, and Banco BPM, Mediobanca, UBI Banca and Unicredit as arranging and lending banks.

The main terms and conditions of the New Financing Agreement are:

- a. the subdivision of the Financing into a *Term Amortising* credit facility of EUR 232 million and a *Revolving* credit facility of EUR 100 million;
- b. an annual interest rate equal to the reference Euribor rate plus a variable spread tied to the *leverage ratio*, (NFP/EBITDA), which is more favourable than previous loan agreements. The initial spreads were reduced thanks to the improved *leverage ratio* (NFP/EBITDA) posted following the approval of the financial statements for 2017, with a 40 bps cut applied to the *Term Amortising* facility, effective as of 1 July 2018, and a 50 bps cut to the *Revolving* facility, effective as of 30 April 2018.
- c. the provision of a single covenant represented by the *leverage ratio*. The covenant; set at 3.45x at 31 December 2017 was actually 2,05x, and for future period such covenant must not exceed:
 - 3.25x at 31 December 2018;
 - 3.00x at 31 December of each subsequent year.
- d. a repayment plan for the *Term Amortising* facility, with EUR 15 million reimbursed at 31 December 2017, and thereafter six-monthly instalments of EUR 12.5 million.

In December 2017, the *Term Amortising* facility decreased to EUR 208 million following both the expected repayment and a mandatory early repayment of EUR 10 million as a portion of the proceeds deriving from the sale of the investment in IEO (European Institute of Oncology). This reimbursement also resulted in the review pursuant to the Financing Agreement of the amortisation plan, reducing the expected six-monthly instalment from EUR 12.5 million to EUR 11.6 million.

The New Financing Agreement contains provisions relating to mandatory early repayment events, representations, obligations, revocation events and materiality thresholds that are more favourable overall to RCS than under the amendments to the previous loan agreement. These clauses apply, by way of example, to



the provisions relating to treasury agreements and intragroup loans and guarantees, acquisitions, *joint ventures*, permitted investments and reorganisations, assumption of financial debt, provisions for disposal and reduction of capital.

e) Progress of the business plan, highlighting any deviation between forecast and actual data

For commentary on the Group's performance in the first quarter of 2018, reference should be made to the the information provided in the Interim Report, while for 2018 forecasts, it should be made to the "Outlook" section in this Press Release.