



Press Release

RCS MediaGroup Board of Directors

Results as at 30 June 2015 approved¹

Consolidated revenue totalling EUR 591.9 million (EUR 611.1 million like-for-like in 2014).

EBITDA before non-recurring income and expenses positive at EUR 5.1 million (negative EUR 4.2 million in the same 2014 period), thanks to the improvement in main Businesses. EBITDA after non-recurring income and expenses improves EUR 26 million.

EUR 25.6 million in benefits from structural efficiency measures in the first half of 2015, resulting in EUR 190 million in savings to date, in line with the objective for the three year period of EUR 220 million.

Net loss of EUR 95.4 million (negative EUR 70 million in the same 2014 period) due to write-downs of some assets.

Net financial debt totals EUR 526.3 million (EUR 518.2 at 30 June 2014).

Cash flow from current operations improves by EUR 30 million.

Consolidated Figures (EUR million)	30/06/2015	30/06/2014	Δ
Consolidated revenue	591.9	611.1	-3.1%
EBITDA before non-recurring income and expenses	5.1	(4.2)	100%
EBITDA after non-recurring income and expenses	(3.0)	(29.2)	+89.7%
EBIT	(85.5)	(65.1)	-31.34%
Net loss	(95.4)	(70.0)	-36.29%

Equity Figures (EUR million)	30/06/2015	30/06/2014	31/12/2014
Net financial debt	526.3	518.2	482.5

(1) The Casa Editrice La Tribuna business unit and brand was sold on 1 March 2014. This change resulted in a total of EUR 0.3 million less in consolidated revenue and an improvement of EBITDA of EUR 0.4 million.

At 30 June 2014 the Result from discontinued operations was retreated to take into account the result matured in the first half of 2014 related to the equity investments IGPDecaux sold on 30 June 2015 and the Gruppo Finelco classified as discontinued operations starting in 2014 and whose preliminary sales contract was stipulated on 30 July 2015.

Alternative performance ratios:

EBITDA - considered as the operating income before depreciation, amortisation and write-downs of assets.

Net financial debt - 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. Non-current financial assets at 30 June 2015, 30 June 2014 and 31 December 2014 are equal to zero and therefore the financial ratio of RCS at 30 June 2015, 30 June 2014 and 31 December 2014, coincided with the net financial position as defined in the aforesaid CONSOB communication.

Cash flow from operations – figure from management reporting.

Milan, 25 August 2015 – The Board Of Directors of RCS MediaGroup, met today chaired by Teresa Cremisi, in the unavoidable absence of the Chairman Maurizio Costa, and examined and approved the results as at 30 June 2015, as reported in the table above.

Group operations as at 30 June 2015

The Italian economy showed modest positive signs during the first months of 2015, even if the outlook is still characterised by uncertainty, while the positive trend already witnessed in 2014 continued in Spain. These trends are still not significantly impacting the Italian advertising market, which at the end of June 2015 was down 2.8% compared to the same period in the previous year. Print media reported a total decrease of 6.3%, with newspapers down 8%, and the on-line area also 3.1% lower compared to the previous year (Source: Nielsen), while in Spain a 1.9% increase in the newspaper advertising market was reported, with internet registering a positive performance of 12.1% compared to the same 2014 period (Source: i2p, Arce Media).

RCS Group continued to implement its business guidelines based on **strategic investments, efficiency measures and a focus** on the multimedia market to continue core business development. In the first months of 2015 the RCS Group continued to pursue reinforcement of its publishing core business, enrichment of its digital products, enhancement of the value of its publishing brands and the development of revenue from events, especially in sports, allocating approximately **EUR 24.2 million in investments** in the first half of the year. At the same time the Group pursued **structural efficiency measures**, that generated benefits of EUR 25.6 million, in the first six months of the year, resulting in 190 million in savings to date, in line with the objective for the three year period of EUR 220 million.

Actions aimed at improving publishing and enhancing the digital product range for the *Corriere della Sera* and *La Gazzetta dello Sport* systems continued during the half year and into the following months, to increase the total audience and reinforce vertical channels with the launch of new thematic projects and initiatives particularly linked to **Expo 2015**.

Corriere della Sera proposed a rich programme of events over the past few months at #CasaCorriere, the only daily newspaper pavilion presence at Expo, and the special May 1st edition of *Corriere della Sera*, 4.5 million copies of which were distributed on the opening of the event, as well as the dedicated app **City1Tap**.

In February *La Gazzetta dello Sport* revolutionized its offering with the launch of **Gazzetta Tv**, which - thanks to the acquisition of the exclusive rights to **Copa América 2015**, and the **Serie A** of **volleyball** and **basketball** – achieved good results during the half year in terms of ratings (average of 0.52% all day share and 1.15% in the late evening with peaks of over 18% - Auditel June 2015). For Expo 2015, *La Gazzetta dello Sport* along with AIC (Italian Football Association) mounted the *Football Heroes* exhibition, a meeting point for sports fans and special topic meetings.

The **new website** of *Expansión*, Spain's leading economic newspaper, was launched in March. The following month **Marca Buzz** debuted, *Marca's* new sports and entertainment portal aimed at a young target audience. Numerous initiatives involved magazines including: the restyling of the *iodonna.it* website, the launch of the new *Dove* and *Style Magazine*, the launch of *AIR*, **Abitare Instagram Residency**, the new online residency project of *Abitare* for Instagram, and many successful events, such as the 2015 edition of “**The Art of Living**”, the renewal of the *OGGI* magazine environment, with the new release of *oggi.it* and *OGGI Cucino* and the launch of the new monthly magazine *Oggi Cucino FREE – L'arte di vivere senza glutine*. In terms of advertising, the first half saw the debut of **RCS Communication Solutions**, the new organization of the Group's advertising division, and **NuMix Agency**, which revolutionizes the range of marketing services for companies. The latter has already established agreements and partnerships with Madai, Blurum and Mosaicoon, as well as with Warner Music Italia with whom an exclusive agreement has been signed for the sale of YouTube video channel advertising space throughout Italy. Major successful public events included the races, **Milano City Marathon, Color Run and Electric Run**, that will be joined by **Edenred Ekirun** in September, the Italian version of the famous relay races through Japanese streets, in addition to non-sports events like **Bimbinfiera 2015**, the biggest exhibition dedicated to families in Italy. In cycling, the 98th edition of the **Giro d'Italia** attracted a vast following while abroad the second **Dubai Tour** was a great success; meanwhile the first **Abu Dhabi Tour** is scheduled for October. In the world of books, two authors published by Rizzoli in Italy won the **2015 Pulitzer Prize**: “*The Pope and Mussolini. The Secret History of Pius XI and*

the Rise of Fascism in Europe” by David Kertzer for the best biography and “*All the Light We Cannot See*” by Anthony Doerr for fiction. The new **Rizzoli bookstore opened** its doors to the public at the end of July in **New York**, at its new site in Manhattan, in the heart of the NoMad district. In addition, **BooktoBook Magazine** was created, the blog of RCS Libri dedicated to readers. Lastly, in terms of corporate responsibility, the RCS Group with *Corriere della Sera*, *La Gazzetta dello Sport*, *GazzettaTV* and the Fondazione Candido Cannavò, was the press partner for the **Giochi Senza Barriere 2015** event, organized with the art4sport non-profit group to promote sports as a means of integration for able-bodied and disabled young people. An “Open Day dello Sport” event was also held on 14 June 2015 at Milan’s San Vittore prison where prisoners had the possibility of participating in various sports activities, including a football tournament organized in memory of Candido Cannavò.

The Group's **consolidated net revenues** at 30 June 2015 stood at EUR 591.9 million, compared to the EUR 611.1 million of the same period in 2014: the decrease is mainly due to the trend in advertising revenues and - to a lesser extent - to a fall in other publishing revenue. **Circulation revenue** totals EUR 287.2 million, basically in line with the same period in 2014, in which reported circulation revenue was EUR 288.1 million, thanks to the good performance of Italian newspapers, supported by cover price increases for the two publications and the positive trend of add-on revenues. **Advertising revenue** for the period stands at EUR 236 million, a decrease compared to the first half of 2014 (-5.9%), penalised by the persistent negative trend in the Italian market and the comparison with the second quarter of 2014 that included the FIFA World Cup. **Other publishing revenue reported** a slight reduction compared to 30 June 2014, decreasing from EUR 72.2 million to EUR 68.7 million.

Revenue from digital business represents 13.6% of the Group's total revenue (15.2% excluding components of the Books area) and at 30 June 2015 **had reached EUR 80.8 million, up 1.5% compared to the first half of 2014.**

EBITDA is negative for EUR 3 million, an improvement of EUR 26.2 million compared to the first half of 2014. If non-recurring expenses which totalled EUR 8.1 million in the first half of 2015 **were excluded**, **EBITDA would be positive by EUR 5.1 million** and would compare with an EBITDA for the first half of 2014 before non-recurring expenses of negative for EUR 4.2 million, an improvement of EUR 9.3 million of which more than EUR 6 million was achieved in the first quarter and EUR 2.6 million in the second quarter. EBITDA before non-recurring income and expenses of the first half of 2015 was affected by costs related to the launch of the *Gazzetta TV* channel and comparison with the first half of 2014, characterised by the presence of the FIFA World Cup and special editions of *Corriere della Sera* and *Gazzetta dello Sport*. Net of these phenomena and excluding the positive impact of Expo 2015 on the first half of 2015, EBITDA before non-recurring income and expense would have seen an improvement of more than EUR 20 million compared to the first half of 2014.

EBIT is negative by EUR 85.5 million compared with the negative EBIT of EUR 65.1 million for the first half of 2014. The difference, totalling EUR 20.4 million, is due to higher depreciation, amortization and write-downs, as well as the phenomena described above. Non-cash write-downs total EUR 50.8 million in the first six months of 2015 versus write-downs totalling EUR 6.9 million in the first half of the previous year. These mainly relate to a EUR 34.7 million write-down following the results of an impairment test at the Unidad Editorial group publications, due to the periodic updating of valuation linked to a basket of comparables, and EUR 14.9 million of write-downs of intangible assets in the Books area following measurement of the relative cash generating units at fair value. **Net financial expenses reduced by EUR 2.6 million**, and stood at EUR 18.3 million as at 30 June 2015, basically due to the interest rate component.

The net loss for the first half of 2015 totals EUR 95.4 million (compared to a loss of EUR 70 million for the first half of 2014) and reflects the trends described above, taking into account various expenses of EUR 6.3 million (income of EUR 1.7 million in the first half of 2014), adjusted other income for taxes and by the losses incurred by third parties (EUR 14.7 million).

Net financial debt stands at EUR 526.3 million (EUR 518.2 million as at 30 June 2014 and EUR 482.5 million as at 31 December 2014) and – despite being affected by seasonal cash flow in the first half of the year

– shows a significant **improvement in operations of approximately EUR 30 million** compared to the same period in 2014.

The **exact headcount** as at 30 June 2015 totalled **3,984** employees (before the current wage guarantee fund agreement), a decrease of 17 employees compared to the same period in 2014, as the net result of reorganisation plans which affected practically all Group areas, acquisitions and corporate consolidation transactions and hiring aimed at developing new businesses/activities. The **average headcount** totalled **4,009** employees, a reduction of 29 employees, including changes in the corporate perimeter and activities.

Comments on operations as at 30 June 2015

Italian Newspapers posted **revenues** of EUR 258.7 million in line with the same period in 2014: **digital revenue reached 14.3% of total revenues**. **Publishing revenue** totals EUR 145.3 million, a up 5.1% compared to the first half of 2014, thanks to the good performance of add-ons launched in recent months and driven by the positive effect of cover price increases at the two daily newspapers, which more than offset the drop in circulation.

Advertising revenue totals EUR 102.7 million, a decrease of 7.5% compared to the same period in the previous year. **Income from on-line media represents 22.7%** of the area's advertising revenue.

Other publishing revenue totals EUR 10.7 million basically in line with the same period in the previous year.

Corriere della Sera and **La Gazzetta dello Sport** confirmed their **leading circulation rankings** in their sectors. The Vertical System contributed with an increase in circulation revenue totalling EUR 1.1 million. During the first six months of 2015 **Corriere della Sera** sold an average of 454 thousand copies including digital copies (-3.8%, equal to an average of 18 thousand copies - Internal Source). Average digital copies total 141 thousand, up 18.5% compared to the first half of 2014. The total circulation of **La Gazzetta dello Sport** in the first half of 2015, totalling 245 thousand copies sold on average, dropped 9.3% compared to the first half of 2014; average digital copies also decreased (-12% compared to the same period in 2014). The **corriere.it** and **gazzetta.it** websites reached a total of 54.9 million unduplicated monthly average unique visitors, up 20.5% compared to the first half of 2014 (Source Adobe Sitecatalyst) and the digital editions of the two daily newspapers stood at around 145 thousand active subscribers, down 12.3% compared to the same period in 2014. A total of 3 million digital editions were downloaded in the first half of 2015, up 23.3% compared to the same period in 2014 (Internal Source). In terms of the mobile versions of the two websites, in the first six months of 2015 **Corriere Mobile** recorded 12.9 million unique visitors (+155% compared to the same period in 2014) and **Gazzetta Mobile** reached 8.7 million unique visitors in the month of June (+157% compared to the first half of 2014) (Source Adobe Sitecatalyst).

The Vertical System websites saw an excellent performance for **IoDonna.it** which underwent a restyling in April and **Oggi.it**, also renewed in June. In terms of the **Home Decorating** area, **Living.corriere.it**, retained its leadership in the online luxury market while in the **Men's, Travel and LifeStyle Area**, there were excellent performances by the **DoveClub.it** website and **Style.corriere.it**, launched in March 2014.

EBITDA in June 2015 stands at EUR 13.6 million, **an improvement of EUR 1.6 million**, compared to the EUR 12 million in the first half of 2014. If non-recurring expenses and income (totalling EUR 1.5 million in 2015 and EUR 2.8 million in 2014) are excluded, EBITDA is a positive EUR 15.1 million, ahead by EUR 0.3 million. Lower advertising revenue is more than offset by the increase in cover prices of print magazines and continuous actions aimed at improving efficiency.

If the costs incurred in the first half of 2015 for the launch of **GazzettaTV** are excluded from the comparison, as well as the impacts of the FIFA World Cup and special initiatives in the first half of 2014, EBITDA even excluding the positive impact of Expo, would show an improvement of EUR 10 million.

Spanish Newspapers posted **revenue** of EUR 160.2 million compared to the EUR 176.6 million of the first half of 2014: **digital revenue accounts for 16.4% of total revenues**, up 3% compared to the same period in 2014. **Advertising revenue** totals EUR 72.1 million (-4.1% compared to the same period in 2014); however, net of the reduction of advertising sales for third parties effective as of 2015 and net of sports events in the first half of 2014, advertising revenue would have posted a decrease of 0.9%. **The trend in income from on-line media was excellent**, reaching 29% of total net advertising revenue. **Publishing revenue** totals EUR 69.7, a decrease of EUR 11.3 million due to a general reduction in circulation. **Other revenue**, totalling EUR 18.4

million, registered a decrease of EUR 2 million compared to the same period in 2014, mainly due to the effect of lower revenues from the TV area, following the closing of two television channels in May 2014.

El Mundo was once again the second national daily newspaper with 159 thousand copies sold on average daily, including digital copies, while **Marca – a leading sports information publication** - reached 161 thousand copies, including its digital editions. The daily newspaper **Expansión**, with average daily circulation of around 40 thousand copies including digital copies, shows a decrease of 4.8% compared to the same period in 2014. The website *elmundo.es* has an average of 37.6 million monthly unique visitors (+16.3% compared to the first half of 2014), the website *marca.com* reached 40.8 million monthly average unique visitors at the end of June 2015 (+6.2% compared to the same period in 2014), while *expansion.com* recorded an increase of 29.9% compared to 30 June 2014, achieving an average of 7.9 million monthly unique visitors.

In terms of online business with the **ORBYT** digital platform, Unidad Editorial had 81 thousand subscribers in June, lower compared to December 2014 due to subscriptions linked to sales agreements which had expired.

EBITDA is positive by EUR 2.7 million compared with the result for the same period in 2014 which was negative by EUR -16.6 million, thus showing an improvement of EUR 19.3 million. Non-recurring expenses and income in June 2015 totalled EUR 5.1 million (EUR 20.7 million in the same 2014 period).

Revenue for the first half year for the **Books area** stands at EUR 76.6 million, up 6.2% on a like-for-like basis, recording a positive performance for revenue of Italian Miscellaneous Works (+6.5%) and Rizzoli International Publications (+20.2%) compared to 30 June 2014. **EBITDA before non-recurring income and expenses**, negative by EUR 6 million, saw an improvement of EUR 3.9 million compared to the same period in 2014 due both to the growth of digital products and e-books, as well as higher revenue from the sale of copyrights and the launch of special projects for Italian Illustrated Works and higher sales of Adelphi and Marsilio published products. EBITDA before non-recurring expenses of Education and Rizzoli International Publications also provided a positive contribution, increasing by EUR 1.7 million and EUR 0.3 million respectively.

In terms of **Italian Miscellaneous Works**, in the first six months of 2015 the *sell outs* of **Bompiani** and **Rizzoli BUR** generated a significantly increased value contribution of +10.5% and +9.8%, respectively. Of particular note is the result of the **Fabbri** publishing company, which reported a growth in value contribution of 26.6% thanks to the release of various successful titles in the second quarter. Bompiani reached the top of the charts in the first months and stayed in the top ten for several weeks with successful new books such as Umberto Eco's latest novel *Numero zero*, *Sottomissione* by Michel Houellebecq and *Il Miniaturista* by Jessie Burton. Rizzoli's new books which met with success with readers include *La destra siamo noi* by Giampaolo Pansa, *Possa il mio sangue servire* by Aldo Cazzullo and *La signora dei segreti* by Bruno Vespa, present for many weeks in the top spots of Non-fiction classifications; titles which had already met with success in 2014 continued to maintain a position in the charts. The value of e-books sold constitutes approximately 5.8% of the total revenue for Miscellaneous Books (printed and e-books), an increase of around one percentage point compared to the first quarter of 2015 and performing better than the market.

Rizzoli International Publications reported a growth in consolidated revenue totalling more than 20% compared to the first half of 2014, due to the appreciation of the dollar against the euro and an increase in sales that offset the lower revenue resulting from the temporary closure of the historic Rizzoli bookstore in New York, which reopened at the end of July in its new location.

The **Education** sector is characterized by its highly seasonal nature, with a strong concentration of business in the final quarter of the year: thus performance in terms of revenues and results at the end of June are not particularly significant in terms of the year as a whole, despite reporting stable revenue on a like-for-like basis.

RCS Libri continues to grow and confirm its position as the number two player in the Miscellaneous sector, with a **share of 12.2% in terms of value and 11.5% in terms of copies**. Among the major publishing groups, **the RCS Group was the only one to report an increase in the value of its market share, of 2.7%, despite a market which is weaker compared to the same period of last year.**

Outlook

The first half of 2015 showed modest positive signs for the Italian economy, even if its prospects are still characterized by uncertainty. Italian GDP in the second quarter grew compared to the second quarter of 2014 by 0.5% (Source: Istat). Italian GDP is expected to increase by 0.7% for the entire year of 2015 (Source: Istat). The positive trend strengthened in Spain in the second quarter (+3.1% compared to the same period in 2014), a



trend which started in the first half of 2014, and is in line with the growth forecasts for the Spanish GDP for the entire 2015 financial year (+2.8% Source: European Commission).

In terms of the Newspaper sector in Italy, and even taking into account the positive effects expected from Expo 2015, advertising sales for print media are forecast to continue to decline, even if more slowly than in previous years, while a slight increase in internet media advertising sales is expected; in Spain growth is forecast for both online advertising and to a lesser extent also for traditional newspaper advertising sales.

In this macroeconomic context **RCS forecasts that for 2015** as a whole (on a like-for-like basis), **consolidated revenue will be substantially stable compared to 2014**. In spite of lower volumes circulation revenue may be partly offset by increased cover prices. Revenue from the Books area is expected to increase slightly overall. To respond to the unfavourable performance of its markets, the RCS Group continued in 2015 to pursue additional efficiency measures. A total of EUR 220 million in savings, of which EUR 190 million have already been achieved at the end of June 2015 (EUR 26 million in the first half of 2015) are expected to be delivered by the end of the three year 2013-2015 Development Plan period. Benefits expected during the second half year include those resulting from recent trade union agreements signed by the Group in Italy.

In this context, **consolidated EBITDA (on a like-for-like basis) is expected to continue to rise for 2015 to profit margins (before non-recurring expense) totalling around 9% of 2015 revenue**, assuming that there is no further significant decrease in the advertising market, especially in Italy, compared to the contraction which is already forecast for 2015.

In terms of the **EBIT forecast for 2015 – excluding a total of EUR 50.8 million in write-downs taken in the first half of the year - this value should be positive**.

To further reduce consolidated NFP, the Company has continued and intensified its activities aimed at disposing of non-core assets (of note the recent sale of the shareholding in IGP Decaux and the signing of a preliminary sale agreement for the Group's shareholding in Gruppo Finelco) and is also engaged in additional discussions relating to other assets (including negotiations in connection with the divestment of the Group's shareholding in RCS Libri S.p.A. as mentioned various times above).

In terms of the contractual commitments contained in the Loan Agreement, including in light of the approval of RCS Group's Strategic Plan and taking into account decisions which may be adopted regarding the sale of the RCS Libri S.p.A shareholding, the Company has asked its Lending Banks to initiate joint discussions to redefine and improve the terms and conditions of the Loan Agreement for the Company.

The Board of Directors was therefore updated on progress with the ongoing negotiations with Arnoldo Mondadori Editore S.p.A. regarding the shareholding in RCS Libri S.p.A., for which the **exclusivity period has been extended until 30 September 2015**.

Roberto Bonalumi, the Director responsible for drawing up the company's accounting statements, 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.

The Interim Management Statement at 30 June 2015 will be made available to the public at the Company's registered office and at Borsa Italiana S.p.A., as well as published on the Company's website www.rcsmediagroup.it, within the required deadlines.

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RCS MediaGroup
Reclassified consolidated income statement

(tables not subject to audit)

(EUR million)	30 June 2015	%	30 June 2014	%	Difference	Difference
	A		B		A-B	%
			(4)	(5)		
Net revenue	591.9	100.0	611.1	100.0	(19.2)	(3.1%)
<i>Circulation revenue</i>	287.2	48.5	288.1	47.1	(0.9)	(0.3%)
<i>Advertising revenue (1)</i>	236.0	39.9	250.8	41.0	(14.8)	(5.9%)
<i>Other publishing revenue (2)</i>	68.7	11.6	72.2	11.8	(3.5)	(4.8%)
Operating costs	(418.8)	(70.8)	(444.5)	(72.7)	25.7	(5.8%)
Cost of labour	(165.4)	(27.9)	(186.0)	(30.4)	20.6	(11.1%)
Receivable impairment	(5.2)	(0.9)	(7.0)	(1.1)	1.8	(25.7%)
Provisions for risks	(5.5)	(0.9)	(2.8)	(0.5)	(2.7)	96.4%
EBITDA (3)	(3.0)	(0.5)	(29.2)	(4.8)	26.2	89.7%
Intangible asset amortisation	(21.1)	(3.6)	(17.8)	(2.9)	(3.3)	
Property, plant and equipment depreciation	(10.3)	(1.7)	(10.7)	(1.8)	0.4	
Real estate investment depreciation	(0.3)	(0.1)	(0.5)	(0.1)	0.2	
Other asset impairment	(50.8)	(8.6)	(6.9)	(1.1)	(43.9)	
EBIT	(85.5)	(14.4)	(65.1)	(10.7)	(20.4)	
Net financial income (expense)	(18.3)	(3.1)	(20.9)	(3.4)	2.6	
Income (expense) from financial assets/liabilities	(8.1)	(1.4)	0.0	0.0	(8.1)	
Income (expense) from equity investments equity method	0.7	0.1	(1.7)	(0.3)	2.4	
EBT	(111.2)	(18.8)	(87.7)	(14.4)	(23.5)	
Income taxes	14.5	2.4	13.9	2.3	0.6	
Profit (loss) from continuing operations	(96.7)	(16.3)	(73.8)	(12.1)	(22.9)	
Profit (loss) from discontinued operations (5)	1.1	0.2	3.4	0.6	(2.3)	
Profit (loss) before non-controlling interests	(95.6)	(16.2)	(70.4)	(11.5)	(25.2)	
(Profit) loss pertaining to non-controlling interests	0.2	0.0	0.4	0.1	(0.2)	
Group's profit (loss) for the period	(95.4)	(16.1)	(70.0)	(11.5)	(25.4)	

(1) Advertising revenue in the first half of 2015 includes EUR 134.8 million realised by the Group's Communication Solutions division (of which EUR 111.2 million from Italian Newspapers, EUR 22.1 million from space of third party publishers, EUR 1 million from Spanish newspapers and EUR 0.5 million from Advertising various Events) and EUR 101.2 million directly from publishers (of which EUR 71.3 million refer to Spanish Newspapers, EUR 15.7 million to Advertising and Events, EUR 7.9 million to Italian Newspapers, EUR 6.5 million from Corporate Functions and Other Activities and EUR 0.2 million to eliminations to Group companies).

Advertising revenue in the first half of 2014 includes EUR 148.2 million realised by the Group's Communication Solutions division (of which EUR 125.1 million from Italian Newspapers, EUR 21.9 million from space of third party publishers, EUR 0.7 million from Spanish newspapers and EUR 0.5 million from Advertising various Events) and EUR 102.6 million directly from publishers (of which EUR 74.5 million refer to Spanish Newspapers, EUR 16.5 million to Advertising and Events, EUR 5.2 million to Italian Newspapers, EUR 6.8 million from Corporate Functions and Other Activities and EUR 0.4 million to eliminations to Group companies).

(2) Other publishing revenue includes revenue from the sale of film rights of Unidad Editorial Group, revenue from the television business of Italian Newspapers and Spanish Newspapers, revenue from disposal of royalties to other companies, revenue from events and shows in Italy and Spain, revenue from e-commerce business, as well as revenue from the sale of customer lists and children's book sets of the Sfera group companies, under the Corporate Functions and Other activities.

(3) Considered as the operating income before depreciation, amortisation and write-downs.

(4) The Casa Editrice La Tribuna business unit and brand was sold on 1 March 2014. This change resulted in a total of EUR 0.3 million less in consolidated revenue and an improvement of EBITDA of EUR 0.4 million.

(5) On 30 June 2014 the profit and loss from discontinued operations (totalling EUR 7.1 million in the intermediate management report of 30 June 2014) was retreated to take into account the result of the first half of 2014 and related to the interests in IGPDecaux and the Fineco Group, classified as discontinued operations starting from the end of FY 2014.



RCS MediaGroup
Reclassified consolidated balance sheet
(tables not subject to audit)

(EUR million)	30 June 2015	%	31 December 2014	%
Intangible Assets	454.9	64.1	508.8	67.3
Property, plant and equipment	115.0	16.2	118.7	15.7
Real Estate Investments	24.6	3.5	24.9	3.3
Financial Assets	240.3	33.9	225.8	29.9
Net Non-current Assets	834.8	117.7	878.2	116.2
Inventories	94.7	13.3	78.8	10.4
Trade receivables	368.5	51.9	392.6	52.0
Trade payables	(374.2)	(52.7)	(395.2)	(52.3)
Other assets/liabilities	(38.1)	(5.4)	(22.8)	(3.0)
Net Working Capital	50.9	7.2	53.4	7.1
Provisions for risks and charges	(76.5)	(10.8)	(83.7)	(11.1)
Deferred tax liabilities	(70.7)	(10.0)	(75.6)	(10.0)
Employee benefits	(49.4)	(7.0)	(53.7)	(7.1)
Net Operating Capital Invested	689.1	97.1	718.6	95.1
Net invested capital - discontinued operations	20.3	2.9	36.9	4.9
Net invested capital	709.4	100.0	755.5	100.0
Shareholders' equity	183.1	25.8	273.0	36.1
Medium-long term financial payables	446.8	63.0	393.8	52.1
Short-term financial payables	93.8	13.2	97.7	12.9
Non-current financial liabilities for derivatives	13.5	1.9	16.5	2.2
Non-current financial liabilities recognised for derivatives	-	-	-	-
Cash and short-term financial receivables	(27.8)	(3.9)	(25.5)	(3.4)
Net financial debt (1)	526.3	74.2	482.5	63.9
Total sources of financing	709.4	100.0	755.5	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. Non-current financial assets at 30 June 2015 and 31 December 2014 are equal to zero and therefore the financial ratio of RCS at 30 June 2015 and 31 December 2014, coincided with the net financial position as defined in the aforesaid CONSOB communication.

RCS MediaGroup
Revenue breakdown by Business sectors
(tables not subject to audit)

(EUR million)	Figures at 30/06/2015						
	Revenue	EBITDA before non- recurring	% of revenue	EBITDA	% of revenue	EBIT	% of revenue
Italian Newspapers	258.7	15.1	5.8%	13.6	5.3%	5.9	2.3%
Spanish Newspapers	160.2	7.8	4.9%	2.7	1.7%	(42.0)	(26.2)%
Books (1)	76.6	(6.0)	(7.8)%	(6.9)	(9.0)%	(24.1)	(31.5)%
Advertising and Events	178.6	4.4	2.5%	3.9	2.2%	3.9	2.2%
Corporate Functions and Other Activities	36.9	(16.2)	(43.9)%	(16.3)	(44.2)%	(29.2)	n.a.
Sundry and eliminations	(119.1)		0.0%	(0.0)	0.0%	0.0	n.a.
Consolidated	591.9	5.1	0.9%	(3.0)	(0.5)%	(85.5)	(14.4)%

	Figures at 30/06/2014						
	Revenue	EBITDA before non- recurring	% of revenue	EBITDA	% of revenue	EBIT	% of revenue
Italian Newspapers	260.6	14.8	5.7%	12.0	4.6%	(2.5)	(1.0)%
Spanish Newspapers	176.6	4.1	2.3%	(16.6)	(9.4)%	(26.2)	(14.8)%
Books (1)	72.1	(9.9)	(13.7)%	(11.0)	(15.3)%	(11.6)	(16.1)%
Advertising and Events	194.0	1.2	0.6%	0.8	0.4%	0.7	0.4%
Corporate Functions and Other Activities	37.8	(14.4)	(38.1)%	(14.4)	(38.1)%	(25.5)	n.a.
Sundry and eliminations	(130.0)		0.0%	-	n.a.	0.0	n.a.
Consolidated	611.1	(4.2)	(0.7)%	(29.2)	(4.8)%	(65.1)	(10.7)%

(1) The Casa Editrice La Tribuna business unit and brand was sold on 1 March 2014. This change resulted in a total of EUR 0.3 million less in consolidated revenue and an improvement of EBITDA of EUR 0.4 million.

INTEGRATIONS REQUIRED BY CONSOB ON 27 MAY 2013, IN ACCORDANCE WITH ART. 114, PARAGRAPH 5 OF LEGISLATIVE DECREE 58/1998

- a) **The net financial position of the RCS Group and its subsidiary, highlighting short-term elements separately from medium-and long-term components**

(EUR million)	Carrying amount		Change
	30/06/2015	31/12/2014	
Non-current financial liabilities for derivatives	-	-	-
TOTAL NON-CURRENT FINANCIAL ASSETS	-	-	-
Securities	0.6	-	0.6
Financial receivables	5.7	11.8	(6.1)
Current financial assets for derivatives	-	-	-
Current financial receivables and assets	6.3	11.8	(5.5)
Cash and cash equivalents	21.5	13.7	7.8
TOTAL CURRENT FINANCIAL ASSETS	27.8	25.5	2.3
Non-current financial payables and liabilities	(446.8)	(393.8)	(53.0)
Non-current financial liabilities for derivatives	(13.5)	(16.5)	3.0
TOTAL NON-CURRENT FINANCIAL LIABILITIES	(460.3)	(410.3)	(50.0)
Current financial payables and liabilities	(93.8)	(97.7)	3.9
Current financial liabilities for derivatives	-	-	-
TOTAL CURRENT FINANCIAL LIABILITIES	(93.8)	(97.7)	3.9
Total net financial debt (1)	(526.3)	(482.5)	(43.8)

(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. Non-current financial assets at 30 June 2015 and 31 December 2014 are equal to zero and therefore the financial ratio of RCS at 30 June 2015 and 31 December 2014, coincided with the net financial position as defined in the aforesaid CONSOB communication.

The net financial position at 30 June 2015 is negative for EUR 526.3 million and registered an increase of EUR 43.8 million compared to 31 December 2014, primarily due to payments related to new investments and non-recurring expenses and the use of current cash flow of a seasonal nature. Current operations reduced the use of seasonal cash flow by EUR 30 million (Source: Management Reporting) compared to the first half of 2014.



Below is the net financial position of the parent company RCS MediaGroup S.p.A., highlighting short-term elements separately from medium-and long-term components.

(EUR million)	30 June 2015	31 December 2014	Change
Current financial receivables			
Cash and cash equivalents	6.1	0.7	5.4
Current financial receivables	51.4	47.9	3.5
A) Total current financial receivables	57.5	48.6	8.9
Current financial payables			
Payables due to c/a at banks	(42.6)	(36.8)	(5.8)
Current financial payables	(472.3)	(585.2)	112.9
Financial liabilities for derivatives	-	-	-
B) Total current financial payables	(514.9)	(622.0)	107.1
(A+B) Total net current financial (debt)	(457.4)	(573.4)	116.0
Non-current financial receivables			
Financial assets for derivatives	-	-	-
C) Total non-current financial receivables	-	-	-
Non-current financial payables			
Non-current financial payables	(520.3)	(380.8)	(139.5)
Non-current financial liabilities for derivatives	(13.4)	(16.6)	3.2
D) Total non-current financial payables	(533.7)	(397.4)	(136.3)
(C+D) Total net non-current financial (debt)	(533.7)	(397.4)	(136.3)
TOTAL Net Financial (Debt)	(991.1)	(970.8)	(20.3)

The Company's net financial debt as of 30 June 2015 was negative for EUR 991.1 million and recorded an increase over 31 December 2014 of EUR 20.3 million.

This change was primarily generated by payments for new investments, non-recurring expenses incurred for the ongoing restructuring process, payments to the capital reserve/to cover losses for subsidiaries plus the use of current cash flow due to the season, which has improved compared to the amount used in the first half of 2014.



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								
30/06/2015	30 days	31 - 90 days	91 - 180 days	181-360 days	> 360 days	Total Due	Total maturing	Total
Trade Debt Positions	18.8	18.8	4.1	8.5	20.8	71.0	303.1	374.1
Financial Debt Positions							93.9	93.9
Tax debt positions							16.9	16.9
Social security debt positions							11.3	11.3
Other debt positions	0.1				0.1	0.2	106.3	106.5
Total debt position	18.9	18.8	4.1	8.5	20.9	71.2	531.5	602.7

The total current liabilities of the RCS Group on 30 June totalled EUR 645 million (EUR 620.8 million on 31 March 2015), reporting an increase compared to the EUR 33.2 million on 31 March 2015. If posts with no contractual deadline are eliminated, such as the short term portion of provisions for risks and charges as well as payables resulting from measurement of Group investments at equity, this figure would amount to EUR 602.7 million. The non-overdue positions, of EUR 531.5 million, represent approximately 88% of the total. On 30 June 2015 there were no overdue accounts on financial, tax or social security debt positions.

Overdue debt positions, mainly commercial in nature, total EUR 71.2 million (EUR 68.6 million at 31 March 2015), reporting an increase of EUR 2.6 million.

Overdue debt positions include EUR 18.9 million in accounts less than 30 days overdue (EUR 11.4 million at 31 March 2015), which essentially relate to the company's operations (operating payables). The positions expiring on 30 June 2015 were conventionally classified among the debts due for payment, and amount to approximately EUR 26.7 million. The remainder, of EUR 52.3 million, includes accounts payable to agents, totalling EUR 17.2 million (32.9% of the total residual overdue amount). In relations with agents, industry practice requires the payment of a monthly advance on their activities which is reported under trade receivables on the balance sheet. Advances to agents, which refer to overdue debts, totalled EUR 23.2 million, an amount that is greater than the specific overdue amount. It should be noted that payables due to agents overdue more than 360 days represent approximately 69.2% of this category of overdue accounts.

Overdue trade accounts of EUR 71 million (EUR 68.3 million at 31 March 2015) mainly refer to the Parent Company (EUR 43.5 million).

Compared to March 2015 overdue accounts increased by EUR 2.6 million. This value is mainly the result of an increase in the accounts less than 30 days (EUR +7.5 million) and 181-360 day accounts (EUR +2.5 million). This increase is offset by the decrease in the 31-90 day accounts (EUR -2.9 million), 91-180 day accounts (EUR -2.6 million) and >360 days (EUR -1.9 million).

There were no legal actions for the recovery of significant sums allegedly due in respect of commercial relations.



c) Transactions with the Company and RCS Group related parties

For the details regarding transactions with Company and RCS MediaGroup S.p.A. related parties, see the specific note in the Interim Management Statement.

d) Potential non-compliance with 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

The Loan Agreement signed in June 2013 for a total maximum amount of EUR 600 million decreased to EUR 447.6 million as of 30 June 2015.

The Loan is composed of three separate credit facilities:

- Line of Credit A (bullet), term line of EUR 225,000,000.00 to repay in a lump sum at the earlier date between (i) the third anniversary of the relative date of use and (ii) 31 July 2016 and whose use at 30 June 2015 has remained unchanged from 31 December 2014 at EUR 95.6 million. It should be noted that this line is repaid early with the income from the sale of non-core assets;
- Line of Credit B (amortizing), term line of EUR 275,000,000 to repay at the earlier date between (i) the fifth anniversary of the relative date of use and (ii) 31 July 2018, based on an amortization plan attached to the Loan Agreement and whose use has remained unchanged from 31 December 2014 at EUR 252 million; and
- Revolving Line of Credit, revolving line of EUR 100,000,000 to repay at the earlier date between (i) the fifth anniversary of the relative first date of use and (ii) 31 July 2018.

The Loan Agreement includes a default covenant of NFP not greater than EUR 440 million at the end of 2015. The covenant was determined based on the provisions of the 2013-2015 Development Plan and forecast sale of non-core assets for an amount not less than EUR 250 million by the end of the year. The Company signed an agreement amending some of the terms of the same Loan Agreement with the lending banks on 11 August 2014.

Specifically, the Loan agreement requires compliance with the following financial covenants, which the Company considers in line with the economic and financial forecasts of the Development Plan:

Reference Date	Financial Covenant (at Group consolidated financial statement level)
31 December 2015	(i) Net Financial Position < or equal to EUR 440 million; (ii) Net Financial Position / EBITDA ratio (Leverage Ratio), less than 3.50x.
31 December 2016	(i) Net Financial Position < or equal to EUR 410 million; (ii) Net Financial Position / EBITDA ratio (Leverage Ratio), less than 3.25x.
31 December 2017	(i) Net Financial Position < or equal to EUR 380 million; (ii) Net Financial Position / EBITDA ratio (Leverage Ratio), less than 3.00x.



In the event of violation of the applicable financial covenants, if other qualifying events occur such as, among others, failure to pay the amounts due under the Loan Agreement, cross default in relation to the Group's financial debt or starting of proceedings by creditors, for amounts over certain thresholds, violations of obligations undertaken pursuant to the Loan Agreement, change of control or the occurrence of events which have a significant negative effect as defined herein, the banks have the right to ask for repayment of lines of credit as per the Loan Agreement. In terms of Change of Control, the cancellation of the Shareholders' Agreement which occurred last October is not considered change of control as governed by the loan agreement.

The amended agreement signed on 11 August 2014, changed some of the terms and conditions of the loan agreement. In order to obtain greater flexibility for the deadlines for the sale of non-core assets, the deadlines for the following obligations have been changed from the end of 2014 to the end of September 2015:

- (i) obligation to exercise – by 31 December 2015 and within time for permitting the subscription and actual payment of the capital injection subject of the Mandate by 31 March 2016 - the mandate granted on 30 May 2013 to the Company's Board of Directors for a rights issue, which may be performed separately, and up to the maximum amount of EUR 190,000,000.00 (the "Mandate"), an amount equal to the difference between EUR 600,000,000.00 and the amount of the capital injection of the Company subscribed and actually paid before the first disbursement as per the Loan Agreement, if one of the following events occurs (known as *Triggering Events*):
 - (a) on the date of approval for the quarterly consolidated statements related to the quarter closing 30 September 2015 and based on such figures (and, in terms of EBITDA calculation, also based on the consolidated financial statements of the Company at 31 December 2014 and the consolidated quarterly financial statements of the same at 30 June 2015), the Net Financial Positions / EBITDA ratio (to be calculated before non-recurring expense up to an amount equal to EUR 40 million) and on a rolling last twelve months basis based on the above quarterly financial statements at 30 September 2015 (as well as in relation to EBITDA, of the consolidated financial statements at 31 December 2014 and half-year at 30 June 2015) is greater than 4.5x and/or
 - (b) the income actually collected by the company from the date of signing the Loan Agreement and by 30 September 2015 from documents to dispose of the Non-Core Assets is less than EUR 250,000,000.00 (net of any amounts already paid for voluntary early repayment of Line of Credit A); and/or

with the understanding that, if by 31 March 2016 the capital injection which is the subject of the Mandate has been paid for an amount less than EUR 200,000,000.00 the Company will have the obligation to sell assets other than Non-Core Assets (x) for cash (without extension of payment and earn out) and the sales contracts for the above must be finalised by 31 March 2016; (y) the collection of the relative income must actually occur by 31 March 2016 for a total amount equal to the difference between (a) EUR 200,000,000.00 and (b) the amount actually paid as well as earmarked for early repayment of the Loan in compliance with the Loan Agreement following performance of the rights issue subject of the Mandate actually subscribed; (z) the income from the sale must be used for obligatory early repayment of Line of Credit "A", until it is fully repaid and Line of Credit "B", to perform by reducing the amount of the instalments starting from the next instalment.

It should be noted that on 30 June the sale of the equity investment in IGP Decaux was finalised. It was on the list on non-core assets slated for sale to repay line A. Activities aimed at the disposal of the other non-core assets are in progress.

- e) **Progress of the industrial plan implementation, showing any discrepancies between the forecast and actual data**

The Italian GDP in the second quarter of 2015 increased compared to the second quarter of 2014 by 0.5% (+0.2% compared to the previous quarter) - Source Istat estimate.

The advertising market in Italy was down 2.8% at the end of June 2015 versus the same period the previous year. Printed media registered a total drop of 6.3%, with newspapers down 8%, with a negative trend both for national and local sales, and magazines down by 3.4% (Source: Nielsen) further confirming the negative performance reported in March. The *on-line* area also decreased by 3.1% (excluding the Search and Social components) compared to the same period the previous year (Source: Nielsen). The generic television advertising market (Source: Nielsen) fell 3% overall compared to the same 2014 period.

An unfavourable trend continued for circulation with printed products due to the acceleration of sales in digital and multimedia versions, which, however, do not offset the loss of traditional copies, and due to the increase in the prices of the main publications applied at the end of 2014 and start of 2015.

Specifically, general information newspapers (with circulation greater than 90 thousand copies) reported a 10% drop in printed circulation in 2015 (Source: January-June 2015 ADS figures). If digital copies are included the market decrease is 5.3%.

On the contrary, the positive trend in Spain, demonstrated by the country's GDP and which had already begun in the first half of 2014, continues. Specifically, growth was 1% for the second quarter of 2015 compared to the previous quarter and 3.1% on an annual basis (Source Ine).

The total advertising market reported an increase of 7.5% compared to the first half of 2014, and in particular internet media rose by 12.1% (source I2P/ArceMedia) and newspapers by 1.9% driven by the good performance of local newspapers while national newspapers decreased (-4.3%). On the contrary the negative trend in circulation also continued in Spain for newspaper sales (Source OJD).

The RCS Group continued in the first half of 2015 to search for additional efficiency measures, to hedge against a decrease of revenue due to the aforesaid market dynamics, managing to maintain profit results in line with the Budget.

Revenue for the first half of the year is slightly less compared to the goals set by the 2015 Budget, affected in Italy by the advertising market context which is still in a recession and in Spain by the drop in printed circulation, as well as the closing of two television channels following regulatory provisions which entailed blocking of two of the four channels.

Despite the decrease in revenue, EBITDA is in line with the goals set for the Budget and has improved compared to the first half of 2014, with the main Business Units closing the year with an EBITDA higher than that reported for the first half of 2014, with a year end EBITDA before consolidated non-recurring expense still on the rise, confirming the indication of a consolidated EBITDA margin before non-recurring expense totalling around 9%.

Consolidated net financial debt at 30 June 2015, totalled EUR 526.3 million (EUR 518.2 million at 30 June 2014) and – despite the seasonal use of cash flow in the first half year – shows a significant improvement in operations for approximately EUR 30 million compared to the same 2014 period.

The forecast times to reduce NFP (consolidated net debt) as progress in made in obtaining value from the Non-Core Assets have been prolonged, as already stated in recent announcement to the market.

Specifically, negotiations continue aimed at obtaining value from Non-Core assets, in particular with:

- the finalization of the sale of 34.5% of the share capital of IGPDecaux S.p.A. to JCDecaux Europe Holding SAS and IDA S.p.A. on 30 June 2015. The financial impact of this transaction, which is part of those for the non-core asset disposal process, is positive for approximately EUR 18 million plus a potential earn out of an additional EUR 2 million within 3 years of reaching certain objectives.
- signing on 30 July 2015 of a preliminary contract with Blue Ocean Srl – a consortium of entrepreneurs – for the sale of RCS' 44.45% shareholding in Gruppo Fineco. The agreed price is EUR 21 million, payable at the closing of the transaction (expected by the end of September 2015) as well as an additional EUR 1 million contingent on certain conditions to be met by 31 December 2015.

In addition, the Board of Directors, as part of broader assessments on the Group's strategies on 30 July 2015, acknowledged the letter from Arnoldo Mondadori Editore S.p.A. integrating the offer sent on 29 June 2015 in relation to the purchase of the entire shareholding in RCS Libri S.p.A. and – despite postponing any decision of the sale of the shareholding – unanimously voted to grant the Chief Executive Officer the power to continue the negotiations and define the contractual aspects.

During the same 30 July meeting the Board of Directors unanimously approved RCS Group's Strategic Plan based on the guidelines already disclosed to the market and summarized below. In addition to confirming the already strong presence of the New sector, divided into News Italy – thanks to the strength of the *Corriere della Sera* System and Vertical Systems – and News Spain – through *El Mundo* and *Expansión*, the Group will reinforce its presence in the Sports sector through the creation of a specific business unit, which will combine



all of the activities of the *Gazzetta dello Sport* and *Marca* Systems as well as sports events organization activities for *RCS Sport* and *Last Lap*. The new business unit's plan includes a progressive international expansion over time of the Sports Sector's activities. In this framework, the RCS Group is aiming to reach a profit margin in line with that of the best international operators of the sector, as well as complete sustainability of its financial structure. The Strategic Plan will be presented next September.