



RCS MediaGroup Press release

Milan, 17 May 2016 – This press release and the information set forth herein are published at CONSOB’s request pursuant to article 114, paragraph 5, of Legislative Decree 58/1998.

Through notifications dated 28 April 2016 and 11 May 2016, Banca IMI S.p.A., as agent bank under the loan agreement dated 14 June 2013 (the “**Existing Loan Agreement**”), informed the Company that with regard to the main terms and conditions related to the process of amending the Existing Loan Agreement (i) two of the lending banks have passed favorable resolutions and (ii) the remaining lending banks will proceed to submit such amendment process to their respective decision-making bodies over the period from 20 May 2016 through 7 June 2016.

In consideration of the foregoing, the Company envisages that the decision-making process of the lending banks concerning the process of amending the Existing Loan Agreement may be successfully concluded within the timeframe indicated above.

As a supplement to the press release issued by the Company on 11 May 2016, set forth below are the main terms and conditions agreed between the Company and the lending banks, of the Term Sheet concerning the amendments to the Existing Loan Agreement.

1. Amount of the Loan	The total amount, up to a maximum amount of Euro 352 million (comprised of a term credit line for a maximum amount of up to Euro 252 million and a revolving credit line for a maximum amount of up to Euro 100 million); on a net basis after deducting the full repayment of credit line A referred to in the Existing Loan Agreement, for a total amount of Euro 71,601,122.45, which will take place contemporaneously upon the execution of the agreement amending the Existing Loan Agreement as a result of the sale of RCS Libri S.p.A.
2. Final Maturity	With reference to both credit lines, 31 December 2019.
3. Repayment	- <u>term credit line</u> : such credit line shall be repaid, over the course of 2017, through the following installments: (i) Euro 10,000,000 on 31 March 2017; (ii) Euro 10,000,000 on 30 June 2017; and (iii) Euro 15,000,000 on 31 December 2017; thereafter, in 4 half yearly installments, in accordance with the following amortization plan:

	<p>(A) Euro 25,000,000 on 30 June 2018;</p> <p>(B) Euro 25,000,000 on 31 December 2018; and</p> <p>(C) Euro 25,000,000 on 30 June 2019;</p> <p>(D) The balance on the Final Maturity.</p> <p>- <u>revolving credit line</u>: each drawdown will be repaid at the end of the relevant preselected drawdown period and, in any case, by the Final Maturity.</p>																					
<p>4. Interest Rate</p>	<p>Floating rate equal to the sum of:</p> <p>(i) with regard to the term credit line: Euribor 3m from the date of execution until the Final Maturity + Spread (see following paragraph);</p> <p>(ii) with regard to the revolving credit line: Euribor 1m, 3m or 6m for a term equal to that of the relevant Interest Period + Spread (see following paragraph),</p> <p>provided, however, that if Euribor were lower than zero, it would be deemed equal to zero.</p>																					
<p>5. Spread</p>	<p>- term credit line: initially equal to 422.5 bps p.a., it being agreed that the applicable spread will be amended as specified below.</p> <p>- revolving credit line: initially equal to the spread applicable to the term credit line less 25 bps p.a. (i.e. 397.5 bps p.a.), it being agreed that the applicable spread will be amended as specified below.</p> <p>In the event that the financial covenants are honored on the valuation date of 31 December 2016, the spread on the credit lines will be amended as illustrated in the following table:</p> <table border="1" data-bbox="810 1503 1445 1845"> <thead> <tr> <th>Leverage</th> <th>Term credit line</th> <th>Revolving credit line</th> </tr> </thead> <tbody> <tr> <td>>4.00x</td> <td>422.5</td> <td>397.5</td> </tr> <tr> <td><=4.00x</td> <td>397.5</td> <td>372.5</td> </tr> <tr> <td><=3.75x</td> <td>372.5</td> <td>347.5</td> </tr> <tr> <td><=3.25x</td> <td>332.5</td> <td>307.5</td> </tr> <tr> <td><=2.75x</td> <td>292.5</td> <td>267.5</td> </tr> <tr> <td><=2.25x</td> <td>252.5</td> <td>227.5</td> </tr> </tbody> </table> <p>The Net Financial Position/EBITDA ratio for purposes of the determination of the Spread will be calculated, on an annual basis, with reference to the data set forth in the certified consolidated financial statements of the RCS Group as of 31 December of each year.</p>	Leverage	Term credit line	Revolving credit line	>4.00x	422.5	397.5	<=4.00x	397.5	372.5	<=3.75x	372.5	347.5	<=3.25x	332.5	307.5	<=2.75x	292.5	267.5	<=2.25x	252.5	227.5
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<p>6. Guarantees</p>	<p>Upon the execution of the agreement amending the</p>																					

	<p>Existing Loan Agreement, the Loan, like the loan currently in place, will be secured by a pledge over the bank account (the “Revenues Account”) to which the proceeds deriving from any permitted deeds of disposal and other sums to be applied toward mandatory repayment will be credited.</p>
<p>7. Financial covenants</p>	<p>Starting on (and including) 31 December 2016 and for the entire term of the Loan, the following financial covenants will have to be honored on an annual basis (with the exception of the NFP which will also be verified on a half yearly basis):</p> <p>(I) NFP (i.e. Net Financial Position):</p> <ul style="list-style-type: none"> (a) in 2016: Euro 430 million; or Euro 410 million (in the event of completed sale of non-core asset) (b) in 2017: Euro 410 million; or Euro 385 million (in the event of completed sale of non-core asset), (c) in 2018: Euro 340 million; or Euro 315 million (in the event of completed sale of non-core asset); <p>with reference to the NFP referred to in points (b) and (c) above, the Company states that one of the lending banks – whose decision-making process is in the process of being completed – has requested to provide for solely the lowest threshold.</p> <p>The annual PFN referred to in points (a), (b) and (c) above shall be deemed increased by headroom of Euro 25 million on each immediately following half yearly valuation date.</p> <p>(II) Leverage Ratio (i.e. Net Financial Position/ EBITDA):</p> <ul style="list-style-type: none"> (a) in 2016: headroom of 10% with respect to the objectives set forth in the Business Plan 2016 – 2018 of the RCS Group (as announced to the market, the “Business Plan 2016-2018”) (i.e.: 4.40x); (b) in 2017: headroom of 15% with respect to the objectives set forth in the Business Plan 2016 – 2018 (i.e.: 3.45x); (c) in 2018: headroom of 15% with respect to the objectives set forth in the Business Plan



	<p>2016 – 2018 (i.e.: 2.30x).</p> <p>(III) MINIMUM EQUITY: headroom of up to Euro 10 million on the value of Euro 105.2 million set forth in the consolidated financial statements as of 31.12.2015.</p> <p>In the event that any Financial Covenant is exceeded, an equity cure will be permitted at the terms, conditions and limitations substantially in line with the Existing Loan Agreement.</p>
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The Term Sheet does not provide for any commitments and/or restrictions concerning the exercise by the Company's Board of Directors of the delegation of powers – resolved upon on 16 December 2015 - to call for a divisible share capital increase for cash of up to a maximum amount of Euro 200 million until 30 June 2017. Furthermore, no obligations on the part of the Company to divest assets are envisaged. Upon the successful conclusion of the decision-making process by the competent bodies of the lending banks and the Company, the perfection of the amendments to the Existing Loan Agreement will take place once the parties reach an agreement on text of the agreement amending the Existing Loan Agreement and satisfaction of the conditions for the execution and effectiveness of the same amendment agreement, as are standard in this type of transaction.

The Term Sheet further provides that, upon the perfection of the agreement amending the Existing Loan Agreement, the Company will have available bilateral credit lines granted by the lending banks totaling approximately Euro 85 million, without prejudice to the Company's right to request an increase in the same, even after the finalization of the agreement amending the Existing Loan Agreement, up to the level of the value of the bilateral credit lines as of 30 June 2015.

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