



## Press Release: RCS MediaGroup Board of Directors

### Results at 30 September 2018 approved<sup>1</sup>

### STRONG GROWTH RESULTS IN THE NINE MONTHS 2018<sup>2</sup>

**Consolidated revenues totalling EUR 713.3 million<sup>3</sup>, stable on a like-for-like basis (net of IFRS 15)  
Revenues from digital activities totalling EUR 112,2 million, up 15.9% compared to September 2017  
EBITDA of EUR 101.8 million  
Net profit of EUR 52.1 million (more than doubled compared to 2017)**

**Net financial debt decreased to EUR 215.9 million (EUR -71.5 million compared to 31 December 2017)**

### 2018 TARGETS CONFIRMED

**EBITDA AND NET CASH FLOW ON THE RISE  
NET FINANCIAL DEBT OF LESS THAN EUR 200 MILLION.**

*Milan, 9 November 2018* – The Board of Directors of RCS MediaGroup met today under the chairmanship of Urbano Cairo to examine and approve the consolidated results at 30 September 2018.

<b>Consolidated Figures (EUR million)</b>	<b>30/09/2018</b>	<b>30/09/2017</b>
Consolidated revenue <sup>3</sup>	713.3	657.7
EBITDA	101.8	84.4
EBIT	77.3	47.1
Net profit	52.1	19.8

<b>Balance sheet Figures (EUR million)</b>	<b>30/09/2018</b>	<b>31/12/2017</b>
Net financial debt	215.9	287.4

<sup>1</sup> For the definitions of EBITDA, EBIT and Net financial debt, please refer to the paragraph “Alternative performance indicators” in this press release.

<sup>2</sup> The figures as at 30 September 2018 include the adoption of the new IFRS 15 and IFRS 9 accounting standards, which came into force from 1 January 2018. For both said principles, the Group has availed itself of the right not to recalculate the comparative data compared: the economic values of 2018, in particular for revenues linked to the new IFRS 15 accounting standard, are therefore not immediately comparable with the corresponding values of the same period of the previous financial year. The adoption of the new accounting standards did not have any significant effects on EBITDA and the subsequent items in the Income Statement.

<sup>3</sup> Consolidated revenues as at 30 September 2018, net of the implementation of the new IFRS 15 accounting standard, would amount to EUR 656 million (EUR 657.7 million as at 30 September 2017).



**The Group's consolidated net revenue** at 30 September 2018 was **EUR 713.3 million**. On a like-for-like basis, excluding from the comparison with the figures for the first nine months of 2017 the effects deriving from the adoption of the new accounting standard IFRS 15 (EUR +57.3 million, relating to publishing revenue of EUR +75.9 million, advertising revenue of EUR -8.1 million and other revenue of EUR -10.5 million), **revenues** would be **substantially stable** compared with the same period of 2017

**Advertising revenue totalled EUR 281 million** compared to EUR 284.4 million for the same period in 2017. On a like-for-like basis (net of the effects of IFRS 15 of EUR -8.1 million), **it increased by EUR 4.7 million** compared with the first nine months of 2017, in particular due to higher advertising revenues generated by Unidad Editorial and Newspaper Italy. The driving effect of the growth in digital revenues, which reached EUR 86 million as at 30 September 2018 (+18.1% compared to the same period of 2017), is worth noting

**Publishing revenue** amounted to EUR 326.6 million, compared to publishing revenue for the first nine months of 2017 of EUR 263.2 million. On a like-for-like basis (net of the effects of IFRS 15 of EUR +75.9 million), there would have been an overall decrease of EUR 12.5 million (EUR 8.4 million in Spain and EUR 4.1 million in Italy), mainly due to the decline in the reference markets in the two countries, which led to a decline in the circulation of newspapers on paper, and a fall in revenues from add-on products in Spain (EUR -1 million) even following the choice to focus on the most profitable issues. In terms of circulation, leadership was confirmed in the respective reference sectors for the daily newspapers *Corriere della Sera*, *La Gazzetta dello Sport*, *Marca* and *Expansión*, while *El Mundo* confirmed its second place among Spanish general newspapers. In Italy in particular, newsstand circulation (channels required by law) of *Corriere della Sera* and *La Gazzetta dello Sport*, down respectively by -2.5% and -6.6% compared with the first nine months of 2017, are compared with a contraction in the reference market of -7.5% and -10.8% (Source: ADS January-September 2018).

**Other revenues** amounted to EUR 105.7 million, compared to EUR 110.1 million in the first nine months of 2017. On a like-for-like basis (net of the effects of IFRS 15 amounting to EUR -10.5 million), sundry revenues **increased by EUR 6.1 million**, thanks in particular to the driving effect of higher revenues from sports events.

**The significant growth in the digital performance indicators of the Group's newspaper sites continued:** in the first nine months of 2018, the site **gazzetta.it** recorded an increase of 25.8% in the average monthly unique browsers (35.8 million), while **corriere.it** recorded an increase of 6.7% compared to the same period in 2017 (49.5 million) (source: Adobe Analytics). In September, the active customer base of **Corriere** is 133 thousand subscribers. Also in Spain, the average monthly unique browsers of **elmundo.es** (+16.2% to 55.2 million) and **marca.com** (+31.2% to 58.3 million) grew compared to the same period of the previous year (source: Omniture).

In this context, the Group's **revenues from digital activities grew by 15.9%** compared to the same period of 2017, reaching EUR 112.2 million.

In 2018, in addition to the success of the initiatives launched last year, the Group's editorial content continued to be enhanced and strengthened, with positive effects on revenues. On **23 February**, the new monthly attached to *Corriere della Sera*, **Corriere Innovazione**, was launched, focusing on various aspects of innovation such as science, technology, culture, research and development. On **19 April** came the launch of **Solferino- books from Corriere della Sera**, a publishing initiative with an offering of fiction, non-fiction, poetry and books for children, both Italian and foreign. On **18 May** came the debut of **Liberi Tutti**, the new free weekly supplement on Fridays, dedicated to the pleasure of living. In July the cultural supplement **laLetture** was renewed, with the creation of a richer version, characterised by a pagination of up to 64 pages. On **19 September COOK**, the new monthly back dedicated to the world of cooking and food, was launched, while on **29 September** the women's weekly **Io Donna**, underwent a renewal of its content, being presented in a larger format and on better paper to enhance the images and graphics. On **3 October Vivimilano**, the weekly back dedicated to the city of Milano, has been renewed making the information even more usable by readers.

The offering for readers of *La Gazzetta dello Sport* in the first nine months of 2018 continued to expand, strengthening the system of back pages with daily spaces dedicated to **Turin, Cagliari, Genoa** and



**Sampdoria.** There are also the new initiatives *Gazza Mondo*, a free international football insert available at newsstands on Tuesdays, and *Time Out*, a free weekly insight on the Italian basketball championship, available at newsstands on Wednesdays. From **1 July**, *Fuorigioco* is on sale, the new free weekly Sunday publication in conjunction with *La Gazzetta dello Sport*, focused on the sporting environment, its celebrities and its myths and legends.

In Spain, from **23 February** this year, the newspaper *El Mundo* has renewed the supplement *Su Vivienda*, a reference point for the real estate market, distributed every Friday along with the local Madrid edition of the newspaper. From **5 March** of this year, the main publication by Unidad Editorial in economic and financial matters, *Actualidad Económica*, has become *El Mundo*'s reference economic weekly. On **19 April**, *Marca Motor* has renewed its format to respond to the new demands of the market, investing in innovation through a new, fresher, more dynamic and orderly design and the aim for a more modern style. The launch of the **MarcaClaro** portals in **Colombia** and **Argentina** in January and June 2018, respectively, after the launch of MarcaClaro in Mexico in 2017, has allowed a growth of 59% of the average number of monthly unique users of traffic in Latin America.

**EBITDA** for the first nine months of 2018 **improved by EUR 17.4 million** over the figure of EUR 84.4 million in the same period of 2017, amounting to EUR 101.8 million. The change is mainly due to the positive results deriving **from the activity of development of the editorial content**, the continuous enrichment of the offering and the **enhancement of the portfolio of sporting events**, in addition to the continuous commitment to the **pursuit of efficiency, which allowed to obtain benefits on operating costs for EUR 17.7 million**, of which EUR 7.9 million in Italy and EUR 9.8 million in Spain. It should be noted that in the first nine months of 2018 the total net effect of non-recurring charges was essentially equal to zero.

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

(EUR million)	Figures at 30/09/2018 (1)			Figures at 30/09/2017		
	Revenue	EBITDA	% of revenue	Revenue	EBITDA	% of revenue
Newspapers Italy	331,7	52,8	15,9%	277,3	56,0	20,2%
Magazines Italy	68,3	6,2	9,1%	65,9	7,9	12,0%
Advertising and Sport	220,4	31,1	14,1%	229,8	19,8	8,6%
Unidad Editorial	221,0	24,6	11,1%	213,0	14,9	7,0%
Other corporate activities	16,2	(12,9)	n/a	17,6	(14,3)	n/a
Other and eliminations	(144,3)	0,0	n/a	(145,9)	0,1	n/a
<b>Consolidated</b>	<b>713,3</b>	<b>101,8</b>	<b>14,3%</b>	<b>657,7</b>	<b>84,4</b>	<b>12,8%</b>

(1) The adoption of the IFRS 15 accounting standard starting from 1 January 2018, without restating the balances as at 30 September 2017, involved an overall increase in revenues of EUR 57.3 million in the first nine months, made up of higher revenues of Newspapers Italy for EUR 55.1 million, Magazines Italy for EUR 6.5 million, Unidad Editorial for EUR 11.5 million and a decrease in Advertising and Sports for EUR 15.8 million.

**EBIT totalled EUR 77.3 million**, compared to EUR 47.1 million in the same period of 2017. In addition to the improvement in EBITDA, the operating result benefits of lower amortization for EUR 12.8 million (of which EUR 6.6 million was due to the shift from finite useful life to indefinite useful life of the daily titles *Marca* and *Expansión*, that in 2017 were already included in the last quarter).

The **net result for the first nine months of 2018 was a positive EUR 52.1 million** (EUR 19.8 million in the same period of 2017) and reflects the trends described above.

In particular, **in the third quarter of 2018, EBITDA was equal to EUR 18.6 million, EBIT amounted to EUR 11.5 million and the net result was positive for EUR 6.8 million**, up respectively by EUR 3.2 million, EUR 8.4 million and EUR 10.9 million compared to the third quarter of 2017. It is worth noting with reference, in particular, to continuing operations, that **the net result for the third quarter was positive for the first time since 2010**. It should be borne in mind that RCS has a seasonal trend in its activities that normally penalises the results of the first and third quarters of the year.



The main economic data for the third quarter are shown below:

(EUR million)	3rd quarter 2018	%	3rd quarter 2017	%	Difference	Difference
	(1)					
	A		B		A-B	%
<b>Net revenue</b>	<b>209,7</b>	<b>100,0</b>	<b>186,0</b>	<b>100,0</b>	<b>23,7</b>	<b>12,7%</b>
<i>Publishing revenue</i>	<i>114,1</i>	<i>54,4</i>	<i>90,4</i>	<i>48,6</i>	<i>23,7</i>	<i>26,2%</i>
<i>Advertising revenue</i>	<i>74,9</i>	<i>35,7</i>	<i>71,9</i>	<i>38,7</i>	<i>3,0</i>	<i>4,2%</i>
<i>Other revenue</i>	<i>20,7</i>	<i>9,9</i>	<i>23,7</i>	<i>12,7</i>	<i>(3,0)</i>	<i>(12,7%)</i>
<b>EBITDA</b>	<b>18,6</b>	<b>8,9</b>	<b>15,4</b>	<b>8,3</b>	<b>3,2</b>	<b>20,8%</b>
<b>EBIT</b>	<b>11,5</b>	<b>5,5</b>	<b>3,1</b>	<b>1,7</b>	<b>8,4</b>	<b>&gt;100%</b>
<b>Group's profit (loss) for the period</b>	<b>6,8</b>	<b>3,2</b>	<b>(4,1)</b>	<b>(2,2)</b>	<b>10,9</b>	<b>&gt;100%</b>

(1) The adoption of the IFRS 15 accounting standard starting from 1 January 2018, without restating the balances as at 30 September 2017, involved in the third quarter an overall increase in revenues of EUR 25.4 million compared to the third quarter 2017, made up of higher publishing revenue for EUR 26 million, lower advertising revenue for EUR 0.4 million and lower other revenue for 0.2 million.

**Net financial debt decreased at EUR 215.9 million** (EUR -71.5 million compared to 31 December 2017), thanks to the contribution of over EUR 85 million of the positive cash flows from typical operations.

On 10 October the Amending Agreement to the existing Loan Agreement was signed with the Pool of Banks, the main terms of which are: (i) the extension of the duration of the loan by 12 months with consequent postponement of the final maturity date from 31 December 2022 to 31 December 2023 and (ii) the reduction of the rate spread applied to both credit lines starting from 10 October 2018, and subsequently recalculated as the occasion arises in relation to a *margin grid* determined by the Leverage Ratio (NFP/EBITDA) more favourable compared to the original one.

### Business outlook and prospects for the current year

In a context still characterised by uncertainty, with the main reference markets falling (with the exception of online advertising), in the first nine months of 2018 as well the Group's performance showed a strong improvement in results compared to the same period of the previous year and achieved its margin targets and a progressive reduction of its financial debt.

In consideration of the actions already implemented and those envisaged, for the maintenance and development of revenues as well as for the continued pursuit of operating efficiency, as well as the positive results from the first nine months, in the absence of events that are currently unforeseeable, the Group confirms that it considers an increase achievable in EBITDA and cash flow from current operations compared to the 2017 financial year, such as to allow the reduction of financial debt at the end of 2018 to less than EUR 200 million.

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

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

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RCS MediaGroup is one of the leading multimedia publishing groups active mainly in Italy and Spain in all publishing sectors, from newspapers to magazines, from digital to books, from TV to new media. It is also one of the main operators in the advertising sales market and organises iconic events and sporting formats of the utmost importance, such as the Giro d'Italia.

The RCS Group publishes the *Corriere della Sera*, *La Gazzetta dello Sport*, *El Mundo*, *Marca* and *Expansion* newspapers, as well as numerous periodicals, including the main ones *Oggi*, *Amica*, *Io Donna*, *7*, *Yo Dona* and *Telva*.

For additional information:

#### **RCS MediaGroup – Corporate Communications**

*Maria Verdiana Tardi* +39 02 2584 5412 +39 347 7017627 - [verdiana.tardi@rcs.it](mailto:verdiana.tardi@rcs.it)

#### **RCS MediaGroup - Investor Relations**

*Arianna Radice* +39 02 2584 4023 +39 335 6900275 – [arianna.radice@rcs.it](mailto:arianna.radice@rcs.it)

[www.rcsmediagroup.it](http://www.rcsmediagroup.it)



## RCS MediaGroup Reclassified consolidated income statement

(tables not subject to audit)

(EUR million)	30 September 2018		30 September 2017		Difference A-B	Difference %
	A (3)	%	B	%		
<b>Net revenue</b>	<b>713,3</b>	<b>100,0</b>	<b>657,7</b>	<b>100,0</b>	<b>55,6</b>	<b>8,5%</b>
<i>Publishing revenue</i>	326,6	45,8	263,2	40,0	63,4	24,1%
<i>Advertising revenue</i>	281,0	39,4	284,4	43,2	(3,4)	(1,2%)
<i>Other revenue (1)</i>	105,7	14,8	110,1	16,7	(4,4)	(4,0%)
Operating costs	(410,2)	(57,5)	(374,7)	(57,0)	(35,5)	(9,5%)
Cost of labour	(196,7)	(27,6)	(192,5)	(29,3)	(4,2)	(2,2%)
Provisions for risks	(4,1)	(0,6)	(3,9)	(0,6)	(0,2)	(5,1%)
Receivable impairment	(2,1)	(0,3)	(2,6)	(0,4)	0,5	19,2%
Income (expense) from equity investments equity method	1,6	0,2	0,4	0,1	1,2	>100%
<b>EBITDA (2)</b>	<b>101,8</b>	<b>14,3</b>	<b>84,4</b>	<b>12,8</b>	<b>17,4</b>	<b>20,6%</b>
Intangible asset amortisation	(15,3)	(2,1)	(25,9)	(3,9)	10,6	
Property, plant and equipment depreciation	(8,7)	(1,2)	(10,9)	(1,7)	2,2	
Real estate investment depreciation	(0,5)	(0,1)	(0,5)	(0,1)	0,0	
Other asset impairment	0,0	0,0	0,0	0,0	0,0	
<b>Operating income (EBIT) (2)</b>	<b>77,3</b>	<b>10,8</b>	<b>47,1</b>	<b>7,2</b>	<b>30,2</b>	
Financial income (expense)	(13,7)	(1,9)	(18,9)	(2,9)	5,2	
Other financial income/(expense) from financial	1,5	0,2	1,6	0,2	(0,1)	
<b>EBT</b>	<b>65,1</b>	<b>9,1</b>	<b>29,8</b>	<b>4,5</b>	<b>35,3</b>	
Income taxes	(12,9)	(1,8)	(10,1)	(1,5)	(2,8)	
<b>Profit (loss) from continuing operations</b>	<b>52,2</b>	<b>7,3</b>	<b>19,7</b>	<b>3,0</b>	<b>32,5</b>	
Profit (loss) from discontinued operations	0,0	0,0	0,0	0,0	0,0	
<b>Profit (loss) before non-controlling interests</b>	<b>52,2</b>	<b>7,3</b>	<b>19,7</b>	<b>3,0</b>	<b>32,5</b>	
(Profit) loss pertaining to non-controlling interests	(0,1)	(0,0)	0,1	0,0	(0,2)	
<b>Group's profit (loss) for the period</b>	<b>52,1</b>	<b>7,3</b>	<b>19,8</b>	<b>3,0</b>	<b>32,3</b>	

- (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) For the definitions of EBITDA and EBIT, please refer to the paragraph "Alternative performance indicators" of this press release.
- (3) The adoption of IFRS 15 as from 1 January 2018, without restatement of the balances as at 30 September 2017, resulted in an overall increase in net revenue of EUR 57.3 million in the first nine months of 2018, comprising EUR 75.9 million in higher publishing revenue, EUR 8.1 million in lower advertising revenue and EUR 10.5 million in lower miscellaneous revenue. The adoption of IFRS 9 did not have a significant impact on the income statement for the first nine months of 2018.



**RCS MediaGroup**  
**Reclassified consolidated balance sheet**

	30 September 2018	%	31 December 2017	%
(EUR million)				
Intangible Assets	375,6	85,3	383,9	83,7
Property, plant and equipment	67,2	15,3	73,8	16,1
Real Estate Investments	20,3	4,6	20,7	4,5
Financial assets and other assets	163,5	37,2	171,4	37,4
<b>Net Non-current Assets</b>	<b>626,6</b>	<b>142,4</b>	<b>649,8</b>	<b>141,6</b>
Inventories	22,1	5,0	15,9	3,5
Trade receivables	208,0	47,3	240,3	52,4
Trade payables	(226,4)	(51,4)	(236,3)	(51,5)
Other assets/liabilities	(49,6)	(11,3)	(66,6)	(14,5)
<b>Net Working Capital</b>	<b>(45,9)</b>	<b>(10,4)</b>	<b>(46,7)</b>	<b>(10,2)</b>
Provisions for risks and charges	(46,4)	(10,5)	(50,4)	(11,0)
Deferred tax liabilities	(56,9)	(12,9)	(55,4)	(12,1)
Employee benefits	(37,3)	(8,5)	(38,4)	(8,4)
<b>Net invested capital</b>	<b>440,1</b>	<b>100,0</b>	<b>458,9</b>	<b>100,0</b>
<b>Shareholders' equity</b>	<b>224,2</b>	<b>50,9</b>	<b>171,5</b>	<b>37,4</b>
Medium-long term financial payables	176,6	40,1	235,8	51,4
Short-term financial payables	49,8	11,3	67,0	14,6
Current financial liabilities for derivatives	-	-	1,0	0,2
Non-current financial liabilities for derivatives	0,6	0,1	0,1	0,0
Cash and short-term financial receivables	(11,1)	(2,5)	(16,5)	(3,6)
<b>Net financial debt (1)</b>	<b>215,9</b>	<b>49,1</b>	<b>287,4</b>	<b>62,6</b>
<b>Total sources of financing</b>	<b>440,1</b>	<b>100,0</b>	<b>458,9</b>	<b>100,0</b>

(1) For the definition of Net financial indebtedness, please refer to the paragraph "Alternative performance indicators" of this press release.



## Alternative performance ratios

In order to allow a better evaluation of the RCS Group's economic and financial performance, in addition to the conventional financial indicators provided for by the IFRS, a number of **alternative performance indicators** are presented which must not, however, be considered substitutes for the conventional indicators provided for by the IFRS.

The alternative performance indicators used are shown below:

**EBITDA:** corresponds to the operating income before depreciation, amortisation and impairment of fixed assets. Includes income and expenses from investments valued using the equity method as the associated companies and *joint ventures* held are considered to be of an operating nature with respect to the activities of the RCS Group. This indicator is used by the RCS Group as a target for internal management control and in external presentations and represents a unit of measurement for the assessment of the operating performance of the RCS Group and of the company RCS MediaGroup S.p.A.

**EBIT- Operating Income:** to be understood as Result before taxes, gross of "Financial charges and income" and "Other charges and income from financial assets and liabilities".

**Net financial position (or net financial debt):** is a good indicator of the financial structure of the RCS Group. This is 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 relating to derivative instruments. The net financial position defined by CONSOB communication DEM/6064293 of 28 July 2006 excludes non-current financial assets. Non-current financial assets relating to derivative instruments as at 30 September 2018, 30 September 2017 and 31 December 2017 were zero and therefore the financial indicator of the RCS Group as at 30 September 2018, 30 September 2017 and 31 December 2017 coincides with the net financial position as defined in the aforementioned CONSOB communication.