



## PRESS RELEASE

### RCS MediaGroup: 2008-2010 INDUSTRIAL PLAN APPROVED

#### Summary of the key elements:

- Integration between the various business areas and media instruments with the aim of strengthening core business activities;
- Further development of the combined use of different media thanks to the reputation and prestige of the Group brands;
- International expansion by: consolidation in Spain, France, and Portugal; monitoring any opportunities that may arise in emerging Countries including license agreements and joint ventures.

#### RCS MediaGroup forecasts:

- REVENUE (2006\* – 2010) forecast to rise by 22%, CAGR 5.2%;
- EBITDA\*\* (2006\* – 2010) forecast to rise 30%, CAGR 6.9%; with the average margin increasing from 13% to 13.8%. EBITDA level from outside of Italy activities at 52% in 2010;
- Generation of cash flow for the entire period (2007-2010) before investments for a total of about 1 billion euros and technical investments expected to be about 390 million euros;
- Dividend distribution higher than 50% of the consolidated net profits for the three year period.
- Ratio Net Financial Position over EBITDA going from 2.6X in 2007 to 1.6X in 2010.

\*pro-forma - includes Recoletos consolidation for the entire year.

\*\*EBITDA - intended as the operating result before amortisation, depreciation, or write-downs of the fixed assets.

**THE INDUSTRIAL PLAN WILL BE PRESENTED TO THE FINANCIAL COMMUNITY ON MONDAY 16 JULY AT 11:00AM IN MILAN AT THE COMPANY'S HEADQUARTERS IN SALA BUZZATI (entrance from Via Balzan, 3). The presentation will be broadcast by video streaming on the site [www.rcsmediagroup.it](http://www.rcsmediagroup.it) and connection can be made by conference call.**

*Milan, 13 July 2007* - The Board of Directors of RCS MediaGroup, met today under the Chairmanship of Piergaetano Marchetti, approved the 2008-2010 Industrial Plan presented by the CEO Antonello Perricone.

The examination of the **scenario for the three year period 2008-2010** forecasts annual growth of 5% in Italy and 6% in Spain in the overall media market, driven by the significant increases in new media (on-line and digital TV), effective overall stability in the traditional media market, and an increase in the advertising market.

The greater “platform” availability implies a radical change in how content is offered as regards the segmentation and customisation of the product, while trends for the traditional press suggest that the sales of add-on products will continue to fall and there will continue to be problems with the circulation of newspapers.

The guidelines for the **2008-2010 industrial plan of the RCS MediaGroup** are based on:

- the integration of the various business areas and media, both in Italy and abroad: integration with the aim of strengthening the core business activities;
- the combined use of different media which will be further developed thanks to the reputation and prestige of the Group brands and the constant efforts to ensure that the products are of the highest quality;
- international expansion through consolidation in Spain, France, and Portugal, and the monitoring of any opportunities that may arise in emerging markets such as Latin America, Eastern Europe, China, and India, including by way of license agreements and joint ventures.

Specifically:

- For **newspapers in Italy**, the initiatives will be aimed at maintaining the leadership of the *Corriere della Sera* and *La Gazzetta dello Sport*. As regards *Corriere della Sera*, this will partly be achieved by creating new local editions and new publications in addition to developing digital activities, and as regards *Gazzetta dello Sport*, through the adoption of the new full colour format, the increase in the portfolio of products aimed at young people, the development of sporting events, and digital activities. The advertising potential of *City* will be developed along with new products.
- In **Spain** we will mainly focus on further strengthening *El Mundo* and *Expansion*, on re-launching *Marca*, developing on-line activities, brand extension of the magazines, and value management of *Vevo TV* pending the switch off forecast expected for 2010.
- All Italian and Spanish publications will be at the centre of a wide ranging multimedia system to encourage interactivity with the consumers and to reach the widest possible section of the public by adopting the right language.
- As regards **magazines**, the aim is to improve the competitive position and the profitability of the publication portfolio, in addition to developing multimedia systems on multiplatform content targeting: boating, cars, interior design, men’s, tourism, and women’s.
- As regards **books**, the brands will be strengthened. Specifically: for *fiction and non fiction* in Italy, through the targeted selective development of the publishing houses and the *Education* area in Italy, along with the consolidation of the leadership position and revenue; for the *partworks*, with development in new Countries; for



**Flammarion**, an increase in market share by focusing greater attention on new titles and best sellers.

- For **Digicast** we expect to launch new theme based channels on the Sky platform and consolidate existing channels using content provided from other Group areas.
- The coverage of **radio** activities will continue through **Finelco** (*Radio 105, Radio Monte Carlo, Virgin Radio*), thanks to an agreement with the shareholders of Gruppo Finelco S.p.A., made last April, which will bring the total holding of the RCS MediaGroup (after increase of capital) to about 35%, subject to the authorisation by the competent authorities (Press Release 27 April 2007).

The **economic objectives** are calculated starting from 2006 pro-forma and include the consolidation of Recoletos for the entire year and estimate revenue growth of 22% going from 2,685 to 3,284 million euros in 2010.

**Improvement of 30% in EBITDA\*\*** (from 348 million in 2006 pro-forma to 454 million in 2010) which is expected to increase from 13% in 2006 to 13.8% in 2010 as percentage on revenue.

We note that the **impact on international activities**, at the EBITDA level, will go from 36% in 2006 to 50% in 2007, also following the purchase of Recoletos, and should reach 52% by the end of the plan.

All the Group's areas will continue to focus on the continuous and constant improvement of efficiencies and synergies.

As regards **financial management**, we forecast a generation of cash flow for the entire period (2007-2010) before investment of about 1 billion euros and technical investments for about 390 million euros. We estimate that there will be a distribution of dividends of more than 50% of the consolidated net profits for every year of the industrial plan.

\*\*EBITDA - intended as the operating result before amortisation, depreciation, or write-down of the fixed assets.

For further information:

**RCS MediaGroup**

*Media Relations*

Barbara Ruggeri - 02 25845414 – 335 1247734 – [barbara.ruggeri@rcs.it](mailto:barbara.ruggeri@rcs.it)

*Investor Relations*

Federica De Medici - 02 2584 5508 - [federica.demedici@rcs.it](mailto:federica.demedici@rcs.it)

Arianna Radice - 02 2584 4023 – [arianna.radice@rcs.it](mailto:arianna.radice@rcs.it)

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