



## Press Release: Meeting of the Board of Directors of RCS MediaGroup

### Results at 31 December 2020 approved<sup>1</sup>

**Positive EBITDA of € 83.1 million in 2020, impacted by net non-recurring expense of € 15 million**

**Net result for the year positive and amounting to € 31.7 million**

**Digital revenue makes for 23% of total revenue (18% in 2019). Advertising sales on online media make for 42% (34% in 2019).**

**Corriere della Sera is the leading Italian daily newspaper on newsstands and online with 29.5 million average monthly unique users in 2020, with a total active digital customer base at end December of approximately 308 thousand subscriptions (+81% versus 2019).**

**Net Financial Debt € 59.6 million, down by € 72.2 million versus 2019**

**Proposed resolution to distribute a dividend of € 0.03 per share**

**Milan, 18 March 2021** - The Board of Directors of RCS MediaGroup S.p.A. met today and reviewed and approved the consolidated results at 31 December 2020.

Income statement (€ millions)	31/12/2020	31/12/2019
Consolidated revenue	749.5	923.6
EBITDA	83.1	153.3
EBIT	32.5	102.5
Net result	31.7	68.5

Statement of financial position (€ millions)	31/12/2020	31/12/2019
Net financial debt <sup>1</sup>	59.6	131.8

### Group performance

In 2020, especially in the first half of the year, the Group's results were impacted by the spread of the Coronavirus and the ensuing restrictions for its containment adopted by the public authorities

<sup>1</sup> For the definitions of *EBITDA*, *EBIT*, *net financial debt* and *total net financial debt*, reference should be made to the section "Alternative performance measures" in this Press Release.



of all the countries involved from end February; these restrictions have had and are continuing to have a direct effect on the organization and timing of work and on the Group's activities.

As part of the activities relating to the organization of sporting events, the cycle races and the *Milano Marathon* and a number of mass events, scheduled for the first half of 2020, were initially postponed. RCS was able to put the *Strade Bianche*, *Milano Sanremo*, *Il Lombardia*, *Tirreno Adriatico* and *Giro d'Italia* (in October 2020) back on the 2020 international cycling calendar. Among the events initially scheduled in the first half of the year, the *Milano Marathon* and the other mass events were postponed to 2021.

In Italy, the month of May marked the start of the so-called Phase 2, followed in June by Phase 3, which resulted in a gradual easing of the containment measures of Phase 1 (lockdown), with the reopening of production and industrial activities and of restaurants, bars, and retail, tourist and entertainment activities. Spain gradually reopened too, only with a time lag of several weeks.

On 20 June, after a three-month stoppage, the Serie A football championship returned to the pitch, followed in the same period by the main European national championships, including the Spanish Liga. Broadly speaking, the resumption of played sport has had and is having a beneficial impact on the circulation of *La Gazzetta dello Sport* and of *Marca*.

The containment of infections, which marked the end of the first half and part of the third quarter, led to a gradual improvement in the situation, which started to show positive effects on the economy in general and on the Group's activities.

Since August in Spain and October in Italy, the curve of infections has started to rise again, leading the public authorities of the two countries to reintroduce a series of restrictive measures.

In third and fourth quarter 2020, thanks to the actions taken to support and develop revenue, as well as to contain costs, the Group's gross operating profit (EBITDA), operating profit (EBIT) and net result were nevertheless on the rise versus the figures recorded in the same period of 2019, a performance attributable also to the rescheduling to October (from May) of the *Giro d'Italia*, confirming the expectations disclosed at end July 2020. In Italy, advertising sales in the fourth quarter increased versus the same quarter of 2019.

**In 2020**, against the above backdrop, the **Group's consolidated net revenue** amounted to € 749.5 million versus € 923.6 million in 2019. The downturn was due for a large part to the performance of advertising revenue (€ -71.7 million), stemming mainly from the effects on the advertising market brought by the health emergency, the drop in the circulation of sports newspapers (€ -44.8 million), affected by the suspension of "played" sports, the effect of the deconsolidation of the Spanish subsidiary Last Lap following its disposal (€ -17.8 million), as well as the absence of a number of mass sporting events (the *Milano Marathon* and certain mass events) postponed to 2021.

Mention should be especially made of the digital revenue generated by the Group, which amounted in 2020 to approximately € 172 million, with a percentage on total revenue reaching 23% (18% in 2019).

**Advertising revenue**, which amounted to € 312.8 million, decreased by € 71.7 million versus the prior year. Taking account also of advertising revenue generated by the Group's ad agency, the fall is due essentially to the effects on the advertising market brought by the health emergency and is attributable to Unidad Editorial (€ -35.4 million), Newspapers Italy (€ -17.7 million), Magazines Italy (€ -13.5 million) and Sporting Events (€ -5 million).

At 31 December 2020, digital advertising revenue made for 41.5% of Group advertising revenue (33.6% at 31 December 2019). Digital advertising revenue in the Unidad Editorial area in Spain accounted for over 62% of total advertising revenue (51.2% at 31 December 2019).



**Publishing revenue** amounted to € 343.6 million versus € 408.4 million in 2019. The drop is due mostly to the decline in publishing revenue of *La Gazzetta dello Sport* (€ -31.6 million) and of *Marca* (€ -13.2 million), as a result mainly of the suspension of sporting events during the lockdown period, and of the closure of bars and restrictions on the reading of newspapers there, and the € 17 million drop in publishing revenue of the other Unidad Editorial titles, attributable to the performance of the Spanish newspapers market impacted by the health emergency, only partly offset by the good performance of digital revenue. Magazine publishing revenue also lost ground, while *Corriere della Sera* grew overall, driven by the boost from digital revenue and the good performance of add-on sales.

Both Italian newspapers retained their circulation leadership in their respective market segments at December 2020. In Spain too, the dailies *Marca* and *Expansión* retained their circulation leadership in their respective market segments at December 2020 (*OJD*).

The main digital performance indicators confirm the top market position of RCS, with the *Corriere della Sera* and *La Gazzetta dello Sport* brands reaching 29.5 million and 14.1 million average monthly unique users respectively (*Audiweb 2.0*).

In Spain too, the main digital performance indicators confirm Unidad Editorial's top market position, with *elmundo.es*, *marca.com* and *expansión.com* reaching 23.4 million, 17.8 million and 7.2 million average monthly unique users respectively at end December 2020 (*Comscore*). In Spain, *elmundo.es* was once again the leader in online information in December with 23 million average monthly unique users (*Comscore*) and over 53 thousand digital subscriptions.

**Sundry revenue** amounted to € 93.1 million (€ 130.7 million in 2019). The change of € 37.6 million is attributable to lower revenue of Unidad Editorial (€ -25.8 million), due mainly to the deconsolidation of Last Lap (€ -17.8 million) and the decrease in sports betting revenue (*Marca Apuestas*), as a result of the previously mentioned strong reduction in sporting events in the period. Sundry revenue from Advertising and Sport was down (€ -7.6 million), due mainly to the postponement of a number of sporting events to 2021. The drop in sundry revenue in the Magazines Italy area (€ -4.5 million) refers mainly to the *Childhood Segment*, due to the suspension of *Trade Fairs* and a number of direct marketing operations.

In 2020, EBITDA amounted to € 83.1 million (€ 153.3 million in 2019), impacted by non-recurring expense of € 15 million (€ -3.6 million in 2019, with a difference therefore of € -11.4 million). Excluding non-recurring expense and income, EBITDA would amount to € 98.1 million, with a change referring to the first half of the year and due essentially to the performance of the advertising market and the drop in the circulation of sports newspapers, affected by the suspension of "played" sports, in addition to the postponement to 2021 of a number of sporting events. Non-recurring expense refers mainly to the allocation of provisions for personnel.

The RCS Group continued its efforts in 2020 to build up its publishing products on both digital and traditional channels.

In Italy, regarding the main initiatives only, the "*La Lettura*" app was launched on 13 February, March saw the launch of the new *CheAutoCompro.it* website, followed on 7 April by "*Professionisti*", a new channel dedicated to professional associations and VAT-registered self-employed professionals. Starting from May, RCS's events proposition was transformed with the birth of "*Digilive*", a platform for the creation of streamed digital events (the most noteworthy including *Cook@Home*, "*Pianeta 2020*", "*Civil Week Lab*", "*Cibo a regola d'arte*", "*L'Economia del Futuro*", "*Il tempo della salute*", and "*Festival Innovatori 2021*"). On 10 June, *Corriere Innovazione* presented a new online version, also introducing "*Innovazione TV*". July saw the



launch of *Corriere Daily*, *Corriere della Sera's* podcast. In June, 100 days before the start, a new version of the *Giro d'Italia* website was released, followed on 3 July by the launch of the new *La Gazzetta dello Sport* app and on 29 September by the new *Giro d'Italia* app; September saw the seventh edition of the event "*Il tempo delle donne*" named "*RiGenerazioni*", with over 12 million views online. The first issue of a revamped *ViviMilano* was published on 30 September. October saw the launch of the new vertical channel *Cook.it* and the third edition of the "*Festival dello Sport*" in full digital mode named "*We are the champions*" with over 6 million video views. On 14 December, *La Gazzetta dello Sport* awarded the *Gazzetta Sports Awards* under the patronage of CONI and the Italian Paralympic Committee. The Awards Gala garnered over 1 million video views and was broadcast on La7.

In Spain, regarding the main initiatives only, *Marca Coches y motos* was unveiled on 21 February 2020, a new portal dedicated to the world of engines, followed on 15 March 2020 by *El Mundo's* launch of a new editorial offer for the Sunday release; on 18 March 2020, *Expansión* launched its own digital pay model, similar to *El Mundo's* at end 2019 (freemium model). In April, May and June, the *Salud* area was key to delivering information on the COVID-19 pandemic. During the health emergency period, *Marca.com* created a series of sports-related tournaments and events, with live streaming on *marca.com*. October witnessed the first International Economic Forum of *Espansión*, held in association with Studio Ambrosetti, which addressed topics relating to the current national and international macroeconomic situation. November saw the second edition of *Marca Sport Weekend*, the *Marca* sports festival, which was held through an innovative digital platform that virtually replicates the physical spaces of the festival.

The table below shows the trend of revenue and EBITDA in each business area.

(€ millions)	31/12/2020			31/12/2019		
	Revenue	EBITDA	% of revenue	Revenue	EBITDA	% of revenue
Newspapers Italy	380,8	45,0	11,8%	431,6	65,8	15,2%
Magazines Italy	71,0	4,0	5,6%	90,2	9,3	10,3%
Advertising and Sport	247,3	17,0	6,9%	286,8	28,4	9,9%
Unidad Editorial	203,7	15,5	7,6%	295,0	48,3	16,4%
Other Corporate Activities	35,2	1,6	4,5%	35,6	1,5	4,2%
Other and eliminations	(188,5)	-	n.s.	(215,6)	-	n.s.
<b>Consolidated</b>	<b>749,5</b>	<b>83,1</b>	<b>11,1%</b>	<b>923,6</b>	<b>153,3</b>	<b>16,6%</b>

The activities aimed at developing and enhancing the editorial offer were complemented by prompt and extraordinary actions taken on costs also to adjust the company organization to the changed environment. The benefits of these cost containment actions in 2020 amounted to approximately € 59.8 million, of which € 34 million in Italy and € 25.8 million in Spain.

As a first response measure to the health emergency, the Group organized itself to be able to continue its activities safely and minimize the impact in terms of health and safety at work. In this context, measures were then implemented on all cost items. The analysis is conducted based on a cost/benefit logic with a "zero base" approach, which covered all types of costs and business processes.

**EBIT** came to a positive € 32.5 million (€ 102.5 million in 2019), down due to the performance of



EBITDA, partly offset by lower amortization and depreciation of € 1.9 million.

The Group's **net result** amounted to a positive € 31.7 million (a positive € 68.5 million in 2019) and virtually reflects the abovementioned trends and also benefited from tax income (refunds).

**Net financial debt** stood at € 59.6 million, down by € 72.2 million versus 31 December 2019, and continuing the trend of improvement.

**Total net financial debt**, which includes financial payables from leases pursuant to IFRS 16 (mainly property leases), totaling € 154.9 million at 31 December 2020, amounted to € 214.5 million (€ 307.1 million at 31 December 2019).

### **Business outlook**

Subsequent to year end, as from 1 January 2021, the contribution of the advertising sales business unit to CAIRORCS Media (held equally by RCS and Cairo Pubblicità) came into effect. CAIRORCS Media will be consolidated at equity. At the beginning of 2021, the acquisition of 45% of m-Dis Distribuzione Media S.p.A. also came to conclusion, bringing RCS's stake to 90%. The income statement and balance sheet amounts of m-Dis will therefore be fully consolidated as from 2021.

In 2020, especially in the first half of the year, the Group's results were impacted by the spread of the Coronavirus and the ensuing restrictions for its containment adopted since end February by the governments of all the countries involved.

The health emergency, and the severe social impact, has had and is having repercussions on the organization and timing of work, on the Group's activities and on economic performance, resulting in a general context of great uncertainty.

The measures adopted by the public authorities initially resulted in the closure of non-essential activities and severe restrictions on people movement (lockdown). Then, before summer 2020, the authorities gradually lifted the containment measures and reopened manufacturing and industrial activities.

During the course of 2020, however, the Group constantly kept its information offering "on", meeting the public's growing need to stay informed, ensuring a timely service to its readers and to all newsstands. The daily editions of *Corriere della Sera* and *La Gazzetta dello Sport* in Italy, and *El Mundo*, *Marca* and *Expansion* in Spain, and the Group's magazines and web and social platforms are playing a pivotal role in informing and reporting on this difficult phase, focusing on their mission as a non-partisan, trustworthy public service, and establishing themselves as authoritative players in daily information, both on paper and online, with a strong growth in digital traffic, particularly for the *Corriere della Sera* brand, which recorded in 2020 29.5 million average monthly unique users and 4.4 million average daily unique users versus 24.8 million and 2.6 million respectively in 2019 (*Audiweb 2.0*). The total active digital customer base for *Corriere della Sera* too, which reached at end December approximately 308 thousand subscriptions, grew by 81% versus the figure at end 2019. In Spain, *elmundo.es* was once again the leader in online information in December with 23 million average monthly unique users (Comscore) and over 53 thousand digital subscriptions.

The containment of infections, which marked the end of the first half and part of the third quarter, led to a gradual improvement in the situation, which started to show positive effects on the economy in general and on the Group's activities.



Spain, however, saw a resurgence in the number of Coronavirus cases as early as August, and the developing emergency situation at end October forced the authorities to restore the state of alert and limit movement at nighttime and between regions, introducing restrictions on retail activities.

In Italy too, starting from October, the infection curve was on the rise again, forcing the authorities to reduce recreational and catering activities, as well as amateur sports, and to further encourage smart working and the use of flexible and/or remote forms for the organization of teaching. Tougher measures were adopted, which differ by risk zone (red, dark orange, orange, yellow, white), designated by a series of indicators that classify the various regions. For red zones, the measures include severe restrictions on travel, except for proven needs, and the shutdown of bars, restaurants and numerous retail categories.

In the second half of 2020, thanks to the actions taken to support and develop revenue, as well as to contain costs, the Group's gross operating profit (EBITDA), operating profit (EBIT) and net result attributable to the owners of the parent were nevertheless on the rise versus the figures recorded in the same period of 2019, a performance attributable also to the rescheduling to October (from May) of the *Giro d'Italia*, confirming the expectations disclosed at end July 2020. In October, RCS Sport managed to complete the *Giro d'Italia* thanks to its great organizational effort, with the finish in Milan on 25 October.

The beginning of 2021 is also being marked by the continued restrictive measures implemented by both the Italian and Spanish authorities to contain the health emergency. Specifically, over the past weeks the curve of infections in Italy has started to rise again, increasing the number of regions classified in the highest risk bands and introducing a number of new specific measures. On the other hand, the vaccination campaign has been launched and is accelerating; its success may lead to an improvement in the situation. The developing situation and the potential effects on the business outlook, which will be constantly monitored also in the further course of the year, are unforeseeable at this time as they depend, inter alia, on how the health emergency plays out in the coming months, as well as on the effectiveness of the public measures, including the economic ones, implemented in the meantime and those to be implemented.

In any event, the Group believes it has adequate management levers to counter the impacts of the health emergency also in 2021 and thus confirm its medium-long term prospects.

In consideration of the actions already implemented and those planned, in the absence of tighter measures to contain the pandemic, an extension of their duration, or a significant expansion of the regions classified in the highest risk bands, the Group believes it can set itself the goal of achieving margins (EBITDA) in 2021 that are higher than those achieved in 2020 and a consequent further significant reduction in financial debt.

Developments in the health emergency, the overall economic climate and the core segments could, however, affect the full achievement of these targets.

### **Performance of the Parent Company**

The Board also approved the draft Financial Statements of the Parent Company RCS MediaGroup S.p.A., which show net revenue of € 488.8 million in 2020 versus € 560 million in 2019. The net result came to a positive € 12.8 million (€ 39.1 million in 2019).

Parent Company equity increased from € 456.6 million at 31 December 2019 to € 468.8 million at 31 December 2020.



## **Convening of the Ordinary Shareholders' Meeting (29 April 2021)**

The Board of Directors has resolved to convene the Ordinary Shareholders' Meeting in single call for 29 April 2021. The Shareholders' Meeting will be held in the manners set forth in the notice of call, which will be published within the time limits of law. The Board of Directors also resolved to propose to the Shareholders' Meeting a distribution of € 0.03 per share, gross of tax, with ex-dividend date (coupon no. 3) on 17 May 2021, and payable date on 19 May 2021 (record date 18 May 2021)

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*Under paragraph 2, Article 154-bis of the Consolidated Finance Law (TUF), Roberto Bonalumi, in his capacity as Financial Reporting Manager, attests that the accounting information contained herein is consistent with the Company's document results, books and accounting records.*

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RCS MediaGroup is one of the leading multimedia publishing groups, operating primarily in Italy and Spain across all publishing areas, from newspapers to magazines, from digital to books, from TV to new media and training, as well as being one of the top players on the advertising sales market, organizing iconic events and renowned sporting formats such as the Giro d'Italia. The RCS Group publishes the daily newspapers *Corriere della Sera*, *La Gazzetta dello Sport*, *El Mundo*, *Marca* and *Expansion*, as well as numerous magazines, the most popular including *Oggi*, *Amica*, *Io Donna*, *7*, *Yo Dona* and *Telva*.

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## RCS MediaGroup Reclassified consolidated income statement

(Unaudited figures)

(€ millions)	31 December 2020		%		31 December 2019		%		Difference	Difference
	A		B		A-B					
<b>Net revenue</b>	<b>749.5</b>	<b>100.0</b>	<b>923.6</b>	<b>100.0</b>	<b>(174.1)</b>				<b>(18.9%)</b>	
<i>Publishing revenue</i>	343.6	45.8	408.4	44.2	(64.8)				(15.9%)	
<i>Advertising revenue</i>	312.8	41.7	384.5	41.6	(71.7)				(18.6%)	
<i>Sundry revenue (1)</i>	93.1	12.4	130.7	14.2	(37.6)				(28.8%)	
Operating costs	(399.2)	(53.3)	(501.9)	(54.3)	102.7				20.5%	
Personnel expense	(257.3)	(34.3)	(264.5)	(28.6)	7.2				2.7%	
Provisions for risks	(2.9)	(0.4)	(1.5)	(0.2)	(1.4)				n.s	
(Write-down)/write-back of trade and sundry receivables	(4.1)	(0.5)	(2.5)	(0.3)	(1.6)				(64.0%)	
Income (expense) from equity-accounted investees	(2.9)	(0.4)	0.1	0.0	(3.0)				n.s	
<b>EBITDA (2)</b>	<b>83.1</b>	<b>11.1</b>	<b>153.3</b>	<b>16.6</b>	<b>(70.2)</b>				<b>(45.8%)</b>	
Amortization of intangible fixed assets	(15.8)	(2.1)	(15.5)	(1.7)	(0.3)					
Depreciation of property, plant and equipment	(9.1)	(1.2)	(10.5)	(1.1)	1.4					
Amortization/depreciation of rights of use on leased assets	(22.5)	(3.0)	(23.2)	(2.5)	0.7					
Depreciation of investment property	(0.5)	(0.1)	(0.6)	(0.1)	0.1					
Other (write-downs)/write-backs of fixed assets	(2.7)	(0.4)	(1.0)	(0.1)	(1.7)					
<b>EBIT (2)</b>	<b>32.5</b>	<b>4.3</b>	<b>102.5</b>	<b>11.1</b>	<b>(70.0)</b>					
Financial income (expense)	(9.3)	(1.2)	(16.0)	(1.7)	6.7					
Other income (expense) from financial assets/liabilities	5.8	0.8	(0.1)	(0.0)	5.9					
<b>Profit (loss) before tax</b>	<b>29.0</b>	<b>3.9</b>	<b>86.4</b>	<b>9.4</b>	<b>(57.4)</b>					
Income tax	2.9	0.4	(17.6)	(1.9)	20.5					
<b>Profit (loss) from continuing operations</b>	<b>31.9</b>	<b>4.3</b>	<b>68.8</b>	<b>7.4</b>	<b>(36.9)</b>					
Profit (loss) from assets held for sale and discontinued operations	0.0	0.0	0.0	0.0	0.0					
<b>Profit (loss) before non-controlling interests</b>	<b>31.9</b>	<b>4.3</b>	<b>68.8</b>	<b>7.4</b>	<b>(36.9)</b>					
(Profit) loss pertaining to non-controlling interests	(0.2)	(0.0)	(0.3)	(0.0)	0.1					
<b>Profit (loss) for the period attributable to the owners of the parent</b>	<b>31.7</b>	<b>4.2</b>	<b>68.5</b>	<b>7.4</b>	<b>(36.8)</b>					

(1) Sundry revenue includes primarily revenue for television activities, the organization of events and exhibitions, sales of customer lists and boxed sets, and for betting activities in Spain.

(2) For the definitions of EBITDA and EBIT, reference should be made to the section "Alternative Performance Measures" in this Press Release.



## RCS MediaGroup

### Reclassified consolidated statement of financial position (1)

(Unaudited figures)

	31 December 2020	%	31 December 2019	%
(€ millions)				
Intangible fixed assets	366,9	69,7	363,3	61,8
Property, plant and equipment	55,3	10,5	62,5	10,6
Rights of use on leased assets	140,6	26,7	160,7	27,3
Investment property	16,2	3,1	19,5	3,3
Financial fixed assets and other assets	123,7	23,5	144,7	24,6
<b>Net fixed assets</b>	<b>702,7</b>	<b>133,6</b>	<b>750,7</b>	<b>127,7</b>
Inventory	17,8	3,4	23,3	4,0
Trade receivables	189,5	36,0	206,3	35,1
Trade payables	(179,4)	(34,1)	(198,7)	(33,8)
Other assets/liabilities	(64,1)	(12,2)	(55,7)	(9,5)
<b>Net working capital</b>	<b>(36,2)</b>	<b>(6,9)</b>	<b>(24,8)</b>	<b>(4,2)</b>
Provisions for risks and charges	(50,5)	(9,6)	(46,1)	(7,8)
Deferred tax liabilities	(52,5)	(10,0)	(52,5)	(8,9)
Employee benefits	(37,4)	(7,1)	(39,6)	(6,7)
<b>Net capital employed</b>	<b>526,1</b>	<b>100,0</b>	<b>587,7</b>	<b>100,0</b>
<b>Equity</b>	<b>311,6</b>	<b>59,2</b>	<b>280,6</b>	<b>47,7</b>
Non-current financial payables	58,9	11,2	82,9	14,1
Current financial payables	57,4	10,9	74,6	12,7
Current financial liabilities from derivatives	-	-	0,2	0,0
Non-current financial liabilities from derivatives	1,0	0,2	1,0	0,2
Financial assets recognized for derivatives	-	-	-	-
Cash and cash equivalents and current financial receivables	(57,7)	(11,0)	(26,9)	(4,6)
<b>Net financial debt (1)</b>	<b>59,6</b>	<b>11,3</b>	<b>131,8</b>	<b>22,4</b>
<b>Financial payables from leases pursuant to IFRS 16</b>	<b>154,9</b>	<b>29,4</b>	<b>175,3</b>	<b>29,8</b>
<b>Total financial sources</b>	<b>526,1</b>	<b>100,0</b>	<b>587,7</b>	<b>100,0</b>

(1) For the definition of Net Financial Debt, reference should be made to the section "Alternative Performance Measures" of this Press Release.



**RCS MediaGroup**  
**Statement of cash flows**  
(audit to be completed)

(€ millions)	2020	2019
<b>A) Cash flows from operations</b>		
Profit (loss) before tax from continuing operations	29,0	86,4
Amortization, depreciation and write-downs	50,6	50,8
(Gains) losses and other non-monetary items	(8,2)	(0,2)
(Gains) losses of equity-accounted investees	2,9	(0,1)
Dividends from equity-accounted investees	0,0	1,4
Write-downs of financial fixed assets	0,1	0,3
Net financial income (expense)	9,3	16,0
Increase (decrease) in employee benefits and provisions for risks and charges	0,8	(2,5)
Changes in working capital	6,0	(5,0)
Income tax (paid) received	7,9	(9,8)
<b>Total</b>	<b>98,4</b>	<b>137,3</b>
<b>B) Cash flows from investing activities</b>		
Acquisition of investments	( 0,5)	-
Capital expenditure in property, plant and equipment and intangible fixed assets	(15,9)	(16,4)
Changes in other non-current assets	14,6	-
Proceeds from the sale of investments	4,0	0,8
Proceeds from the sale of property, plant and equipment and intangible fixed assets	0,1	0,1
<b>Total</b>	<b>2,3</b>	<b>(15,5)</b>
<i>Free cash flow (A+B)</i>	100,7	121,8
<b>C) Cash flows from financing activities</b>		
Net change in financial payables and other financial assets	(26,7)	(46,7)
Net financial interest received (paid)	(7,6)	(12,3)
Dividends paid by the Parent Company	-	( 31,0)
Dividends paid to third parties by subsidiaries	( 0,1)	( 0,1)
Liabilities from leased assets	( 20,3)	( 26,4)
<b>Total</b>	<b>(54,7)</b>	<b>(116,5)</b>
<b>Net increase (decrease) in cash and cash equivalents (A+B+C)</b>	<b>46,0</b>	<b>5,3</b>
Opening cash and cash equivalents	4,2	(1,1)
Closing cash and cash equivalents	50,2	4,2
<b>Increase (decrease) for the period</b>	<b>46,0</b>	<b>5,3</b>

**ADDITIONAL DISCLOSURES OF THE STATEMENT OF CASH FLOWS**

(€/millions)		
<b>Opening cash and cash equivalents consisting of</b>	<b>4,2</b>	<b>(1,1)</b>
Cash and cash equivalents	13,0	12,5
Current payables to banks	(8,8)	(13,6)
<b>Closing cash and cash equivalents</b>	<b>50,2</b>	<b>4,2</b>
Cash and cash equivalents	50,8	13,0
Current payables to banks	(0,6)	(8,8)
<b>Increase (decrease) for the period</b>	<b>46,0</b>	<b>5,3</b>



**RCS MediaGroup S.p.A.**  
**Reclassified income statement**  
(unaudited figures)

<i>(€ millions)</i>	2020	%	2019	%	Difference
	A		B		A-B
<b>Net revenue</b>	<b>488,8</b>	<b>100,0</b>	<b>560,0</b>	<b>100,0</b>	<b>( 71,2)</b>
<i>Circulation revenue</i>	267,8	54,8	303,7	54,2	( 35,9)
<i>Advertising revenue</i>	199,6	40,8	229,7	41,0	( 30,1)
<i>Sundry publishing revenue</i>	21,4	4,4	26,6	4,8	( 5,2)
Operating costs	( 285,5)	( 58,4)	( 328,4)	( 58,6)	42,9
Personnel expense	( 154,6)	( 31,6)	( 158,7)	( 28,3)	4,1
Provisions for risks	( 2,4)	( 0,5)	0,3	0,1	( 2,7)
(Write-down)/write-back of trade and sundry receivables	( 2,5)	( 0,5)	( 1,7)	( 0,3)	( 0,8)
<b>EBITDA (1)</b>	<b>43,8</b>	<b>9,0</b>	<b>71,5</b>	<b>12,8</b>	<b>( 27,7)</b>
Amortization of intangible fixed assets	( 10,0)	( 2,0)	( 9,9)	( 1,8)	( 0,1)
Depreciation of property, plant and equipment	( 5,3)	( 1,1)	( 6,0)	( 1,1)	0,7
Amortization/depreciation of rights of use on leased assets	( 17,4)	( 3,6)	( 17,4)	( 3,1)	-
Write-downs of fixed assets	-	-	( 1,1)	( 0,2)	1,1
<b>EBIT (1)</b>	<b>11,1</b>	<b>2,3</b>	<b>37,1</b>	<b>6,6</b>	<b>( 26,0)</b>
Net financial income (expense)	( 0,8)	( 0,2)	( 4,4)	( 0,8)	3,6
Other inc. exp. fin. ass. and liab.	( 5,2)	( 1,1)	13,9	2,5	( 19,1)
(Write-down)/write-back of receivables and other financial assets	( 0,1)	( 0,0)	( 0,1)	0,0	-
<b>Profit (loss) before tax</b>	<b>5,0</b>	<b>1,0</b>	<b>46,5</b>	<b>8,3</b>	<b>( 41,5)</b>
Income tax	7,8	1,6	( 7,4)	( 1,3)	15,2
<b>Profit (loss) for the period</b>	<b>12,8</b>	<b>2,6</b>	<b>39,1</b>	<b>7,0</b>	<b>( 26,3)</b>



**RCS MediaGroup S.p.A.**  
**Reclassified statement of financial position**

(unaudited figures)

<i>(€ millions)</i>	<b>31 December 2020</b>	<b>%</b>	<b>31 December 2019</b>	<b>%</b>
Property, plant and equipment	36,8	6,8	41,2	7,0
Intangible assets	26,0	4,8	23,1	3,9
Rights of use on leased assets	118,9	22,0	134,0	22,8
Investment property	2,7	0,5	2,7	0,5
Non-current financial assets and other assets	415,2	76,7	437,6	74,4
<b>Net fixed assets</b>	<b>599,6</b>	<b>110,8</b>	<b>638,6</b>	<b>108,5</b>
Inventory	12,9	2,4	18,0	3,1
Trade receivables	136,5	25,2	152,9	26,0
Trade payables	( 104,4)	( 19,3)	( 123,1)	( 20,9)
Other assets/liabilities	( 35,7)	( 6,6)	( 33,4)	( 5,7)
<b>Net working capital</b>	<b>9,3</b>	<b>1,7</b>	<b>14,4</b>	<b>2,4</b>
Employee benefits	( 30,9)	( 5,7)	( 32,8)	( 5,6)
Provisions for risks and charges	( 36,5)	( 6,7)	( 31,2)	( 5,3)
Deferred tax liabilities	( 0,4)	( 0,1)	( 0,6)	( 0,1)
<b>Net capital employed</b>	<b>541,1</b>	<b>100,0</b>	<b>588,4</b>	<b>100,0</b>
Equity	468,8	86,6	456,6	77,6
Net financial debt (liquidity) (1)	( 58,6)	( 10,8)	( 13,5)	( 2,3)
Net financial payables from leases pursuant to IFRS 16	130,9	24,2	145,3	24,7
<b>Total sources of financing</b>	<b>541,1</b>	<b>100,0</b>	<b>588,4</b>	<b>100,0</b>

**RCS MediaGroup S.p.A.**
**Statement of cash flows**

(audit to be completed)

(€/millions)	2020	2019
<b>A) Cash flows from operations</b>		
Profit (loss) before tax from continuing operations	5,1	46,5
Amortization, depreciation and write-downs	32,7	34,4
(Gains) losses and other non-monetary items	( 1,5)	-
Write-downs/write-backs of net fixed assets	5,2	2,0
Net financial income (expense) including dividend income	0,8	( 11,4)
Decrease in provisions	2,3	( 2,2)
Changes in working capital	0,6	( 3,2)
Income tax (paid) received	11,4	3,3
<b>Total</b>	<b>56,6</b>	<b>69,4</b>
<b>B) Cash flows from investing activities</b>		
Acquisition of investments (net of dividends received)	( 0,9)	14,8
Capital expenditure in property, plant and equipment and intangible fixed assets	( 9,7)	( 11,4)
Changes in other non-current assets	14,6	-
Proceeds from the sale of property, plant and equipment and intangible fixed assets	0,2	-
Proceeds from the sale and liquidation of investments	-	0,9
<b>Total</b>	<b>4,2</b>	<b>4,3</b>
<i>Free cash flow (A+B)</i>	<i>60,8</i>	<i>73,7</i>
<b>C) Cash flows from financing activities</b>		
Net change in financial payables and other financial assets	( 0,8)	( 17,5)
Financial interest collected/paid	0,6	( 2,0)
Dividends paid	-	( 31,0)
Liabilities from leased assets	( 15,2)	( 18,4)
<b>Total</b>	<b>( 15,4)</b>	<b>( 68,9)</b>
<b>Net increase (decrease) in cash and cash equivalents (A+B+C)</b>	<b>45,4</b>	<b>4,8</b>
Opening cash and cash equivalents	( 8,1)	( 12,9)
Closing cash and cash equivalents	37,3	( 8,1)
<b>Increase (decrease) for the period</b>	<b>45,4</b>	<b>4,8</b>

**ADDITIONAL DISCLOSURES OF THE STATEMENT OF CASH FLOWS**

(€/millions)

<b>Opening cash and cash equivalents consisting of</b>	<b>( 8,1)</b>	<b>( 12,9)</b>
Cash and cash equivalents	0,6	0,4
Current payables to banks	( 8,7)	( 13,3)
<b>Closing cash and cash equivalents</b>	<b>37,3</b>	<b>( 8,1)</b>
Cash and cash equivalents	37,3	0,6
Current payables to banks	-	( 8,7)
<b>Increase (decrease) for the period</b>	<b>45,4</b>	<b>4,8</b>



### **Alternative performance measures**

In order to provide a clearer picture of the financial performance of the RCS Group, besides of the conventional financial measures required by IFRS, a number of **alternative performance measures** are shown that should, however, not be considered substitutes of those adopted by IFRS. In accordance with CESR/05-178b recommendation published on 3 November 2005, the methods used for building the main alternative performance measures that Management considers useful for monitoring the Group's performance are shown below.

**EBITDA:** to be understood as earnings before interest, tax, amortization/depreciation and write-downs on non-current assets. It includes the share of profits and losses from equity-accounted investees, since associates and joint ventures held are considered operational with respect to the activities of the RCS Group. The measure is used by the RCS Group as a target to monitor internal management, and in public presentations (to financial analysts and investors). It serves as a unit of measurement to evaluate the operational performance of the RCS Group.

**EBITDA before non-recurring income/expense:** to be understood as EBITDA as specified above before components of income (positive and/or negative) deriving from events or transactions, the occurrence of which is non-recurring, or deriving from transactions or events that are unlikely to occur frequently in the normal course of business.

**EBIT:** to be understood as the Result before tax, gross of "Financial Income (Expense)" and "Other gains (losses) on financial assets/liabilities".

**Net Financial Position (or net financial debt):** this is a valid measure of the financial structure of the RCS Group. It is calculated as the result of current and non-current financial payables, net of cash and cash equivalents and current financial assets, as well as non-current financial assets from derivative instruments, excluding financial liabilities (current and non-current) from leases.

**Total Net Financial Position (or total net financial debt)** also includes the financial liabilities from leases.