



Press release

THE BOARD OF DIRECTORS APPROVES RESULTS AT MARCH 31, 2006

Highlights (*):

- Consolidated net revenues €532.3 million (+6.8%)
- Group advertising revenues up 12.5%
- EBITDA increases 25.6% to €31.4 million
- Net income €33.7 million
- Net financial debt €28.4 million, an improvement of €19.3 million over December 31, 2005

() NOTE: The quarterly report at March 31, 2006 was prepared in accordance with IAS 34, therefore the first quarter 2005 comparison figures used reflect the IAS/IFRS international accounting standards . The financial statements at December 31, 2005 were the first to be prepared in accordance with IAS/IFRS international accounting standards.*

Milan, May 12, 2006 - The Board of Directors of RCS MediaGroup met today under the chairmanship of Piergaetano Marchetti to approve results at March 31, 2006.

Following are the main results for first quarter 2006 compared with first quarter 2005 and FY 2005:

(€/Mn)	1st quarter		FY 2005
	2006	2005	
<i>INCOME STATEMENT FIGURES</i>			
Net revenues	532,3	498,5	2.191,0
EBITDA	31,4	25,0	262,9
EBIT	18,7	17,6	217,2
Net income for the period	33,7	82,9	219,3
<i>BALANCE SHEET FIGURES</i>			
	31.03.06	31.12.05	31.03.05
Net financial debt	28,4	47,7	42,9

Comments on Group performance in the first quarter

Group **net revenues** at March 31, 2006 total €532.3 million (mn), an increase of 6.8% compared to March 31, 2005. The performance is primarily due to an increase in advertising revenues, along with increased sales in the Magazines Division and the consolidation of the DADA Group, in part offset by the drop in add-on sales in the Newspaper Division.

Advertising revenues rose 12.5%, due in particular to the success of initiatives like the new *full color* edition of *Corriere della Sera* and the launch of several magazines in 2005, while **circulation revenues** registered a slight decrease of 2.7%.

EBITDA rose from €25,0 mn to €31.4 mn, an increase of 25.6% compared to March 31, 2005. The increase in advertising revenues and the consolidation of the DADA Group made a positive contribution to this result, while companies in the Magazines Division purchased in the second half of 2005 and the cost of stock options assigned had a negative impact. First quarter 2005 also included non recurring income of €2.5 mn.

EBIT is up 6.3% at €18.7 mn and reflects increased amortization and depreciation of equipment acquired through leasing and production facilities for the new format and *full color* edition of the *Corriere della Sera*.

The Group's **net income** at March 31, 2006 is €33.7 mn, down by €49.2 mn compared to the same period in the previous year. The difference is primarily due to capital gains from the sale of non strategic equity investment made during first quarter 2005 for a total of €50.7 mn.

Net financial debt dropped to €28.4 mn, compared to € 47.7 mn at December 31, 2005.

The total revenues for the **Italian Newspaper Division** totaled €178.4 mn, basically unchanged compared to the €178.2 mn in the same period of 2005.

Circulation revenues amount to €105.7 mn (of which €51.2 from add-on products), which results from the increase in revenues from the sale of dailies (+4%) and the expected drop in revenues from add-on products (-15.1%).

Advertising revenues, equal to €70.1 mn, rose 9.4%. In particular, *Corriere della Sera* benefited from the *full color* version launched in the month of July and *Gazzetta dello Sport* improved its advertising revenues thanks to the increase in full color advertising. Advertising revenues were also up significantly for *City*, that continued with its expansion in a few cities in the Lombardy region. The growth in advertising was even stronger on the OnLine area, *corriere.it* and *gazzetta.it*, where sales volumes doubled compared to the same period last year.

EBITDA rose from €28.9 to 30 mn: the improvement is mainly attributable to a favorable mix of advertising revenues and careful control of operating costs.

Unedisa (Spanish Newspaper Division) reported an increase in revenues of 6.4% reaching €79.9 mn. **Circulation revenues** were basically flat: the increase in *El Mundo's* average circulation (+5.2%) offset the drop in the sale of add-on products. The positive trend in **advertising revenues**, up 20.7% on a consolidated level, affected the Group's primary means, from the daily newspapers to the web, where *elmundo.es*, absolute leader in terms of traffic and user volumes, registered an increase in revenues of 48% over the previous year.

EBITDA is €9 mn (€9.3 in first quarter 2005). The decrease is attributable to charges related to the development of *Yo Dona*, launched in second quarter 2005, and the reduction of add-on product margins impacted by progressive market saturation.

Total revenues for the **Books Division** amount to €146.9 mn, a drop of €8.7 mn versus the same period in 2005 (-5.6%). The decrease has its roots primarily in the **Books Italy Division** that in first quarter 2005 benefited from the presence of important best sellers like *Memoria e identità* (Memory and Identity) by Pope John Paul II, "Oriana Fallaci intervista sé stessa" (Oriana Fallaci interviews herself) and *Lo Zahir* (Zahir) by Paolo Coelho and the **Partworks Division** where the new launches are concentrated in the second quarter.

Flammarion's sales were down slightly (-0.8%) mainly due to the distribution of books of third party publishers; the sales for the Group's publishing companies, in fact, grew (+1,6%). The growth in the United States was quite significant (+86.9%), thanks to the combined effect of better sales of catalogue items and new launches along with fewer returns.

EBITDA, negative for €5.1 mn for seasonal reasons, shows consistent growth over the same period in 2005, negative for €9.4 mn. Both Foreign Partworks (France and markets managed by GE Fabbri) and the United States contributed to this important improvement.

Total revenues in the **Magazines Division** reached €73.1 mn. versus €56.7 in first quarter 2005, an increase of 28.9%. Advertising revenues show growth of 15.7%, attributable to the launch of the titles *Style* and *OK La salute prima di tutto*, the purchase of Editrice Abitare Segesta, as well as the development of activities involving add-on products.

EBITDA is negative for €2.9 mn, a drop of €2.5 mn over the same period in the previous year. The decrease is primarily due to the change in the scope of consolidation and costs tied to the launch of new products..

Revenues for the **Broadcast Division** increased by 30.1% to €6.4 mn; in particular, **advertising revenues** show an increase of 20.8%, benefiting from both a positive market trend and the launch of *Play Radio*.

EBITDA, despite increased revenues, dropped due to higher structural costs, specifically personnel costs tied to the development of the Agency activities and re-launch of Radio and, above all, to the promo-advertising expenses related to *Play's* launch campaign.

The **DADA Group**, that just entered the scope of consolidation as from the month of November 2005, closed the quarter with **revenues** of € 22.7 mn.

EBITDA is positive for €3.4 mn.

Jointly controlled investments:

Revenues for the **IGP Group**, equal to €44.4 mn, show an increase of 10.4% over first quarter 2005. Net income for the period equals €0.7 mn of which RCS's share is €0.2 mn.

M-dis, Distribuzione Media S.p.A., revenues grew from €75.1 mn to €101.3 mn with net income of €3.7 mn, of which RCS's share is €1.6 mn.

Major events subsequent to close of first quarter 2005

- In the month of May 2006 the weekly women's magazine "A" was launched, a complete renewal of the title Anna under the guidance of editor in-chief Maria Latella. The new "A" reported a technical sellout of the 500,000 copies printed and a second edition was printed just two days after its debut.

Outlook for the current year

The beginning of the second quarter of the year shows signs of good growth in circulation revenues for the Magazines Division. In April there was a slow down in advertising spending in both newspapers and magazines, which were affected by the national elections and the numerous holidays.

Based on the information currently available, if the positive trend in advertising revenues continues and circulation revenues are in line with the first quarter, and in the absence of currently unforeseeable events, it is possible to predict operating results for the year in line with the planned objectives.



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