

RCS MediaGroup

2014 FY Results

Lugano, 15 Aprile, 2015



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Agenda

Highlights

Market & Business Trends

2014 FY Results

Outlook and Strategic Opportunities

Business Units Back up

2014 Delivery Report

Profitability

Ebitda margin increase for all BUs

Efficiencies

Above FY14 enhanced target of € 70M

Cash Flow

Operating Cash Flow back to positive with an improvement of € 85M vs 2013

Advertising

Group advertising revenue: +3% YoY

Media Spain: +7% YoY

Media Italy: -6 % YoY

Digital

13% of total revenue (15% excluding books)

Digital Subscriptions double-digit growth (Corriere +25%)

2014 FY Results

EUR million

	2014	Targets	
REVENUE	1,279	Flat on LFL basis	In line
EFFICIENCIES	72	70	Better
EBITDA ex non recurring items	70	~3x	2.6x
Non recurring items	(40)	(40)	In line
NFD	483	Below 500M excluding disposals	Better

Focus on Q4 2014 & Q1 2015 initiatives

MEDIA ITALY

NEWS

- Successful new tabloid format Corriere, following new DE and new corriere.it
- Increased online videos and webseries
- Launch of new Abitare magazine and revamp of Life Style and Travel magazines through strong new editors

SPORT

- Successful new Gazzetta System (GazzaGold app, restyling print edition)
- Encouraging launch of Gazzetta TV channel 59 on DTT
- GazzaBet reached over 15k registered users (end of 2014)

MEDIA SPAIN

NEWS

- El Mundo new microvideo and mobile journalism
- Expansión.com new web-site launch
- Expansión Mexico edition launch
- Telva new digital project and contextual e-commerce model

SPORT

- Marca.com new video platform with improved "In app" video
- Discovery Awards organized by Last Lap

ADV & SPORT EVENTS

ADVERTISING

- New adv organization: RCS Communication Solutions
- New BTL agency NuMix
- Profiling & data monetization (Madai, Blurum partnerships)

SPORT EVENTS

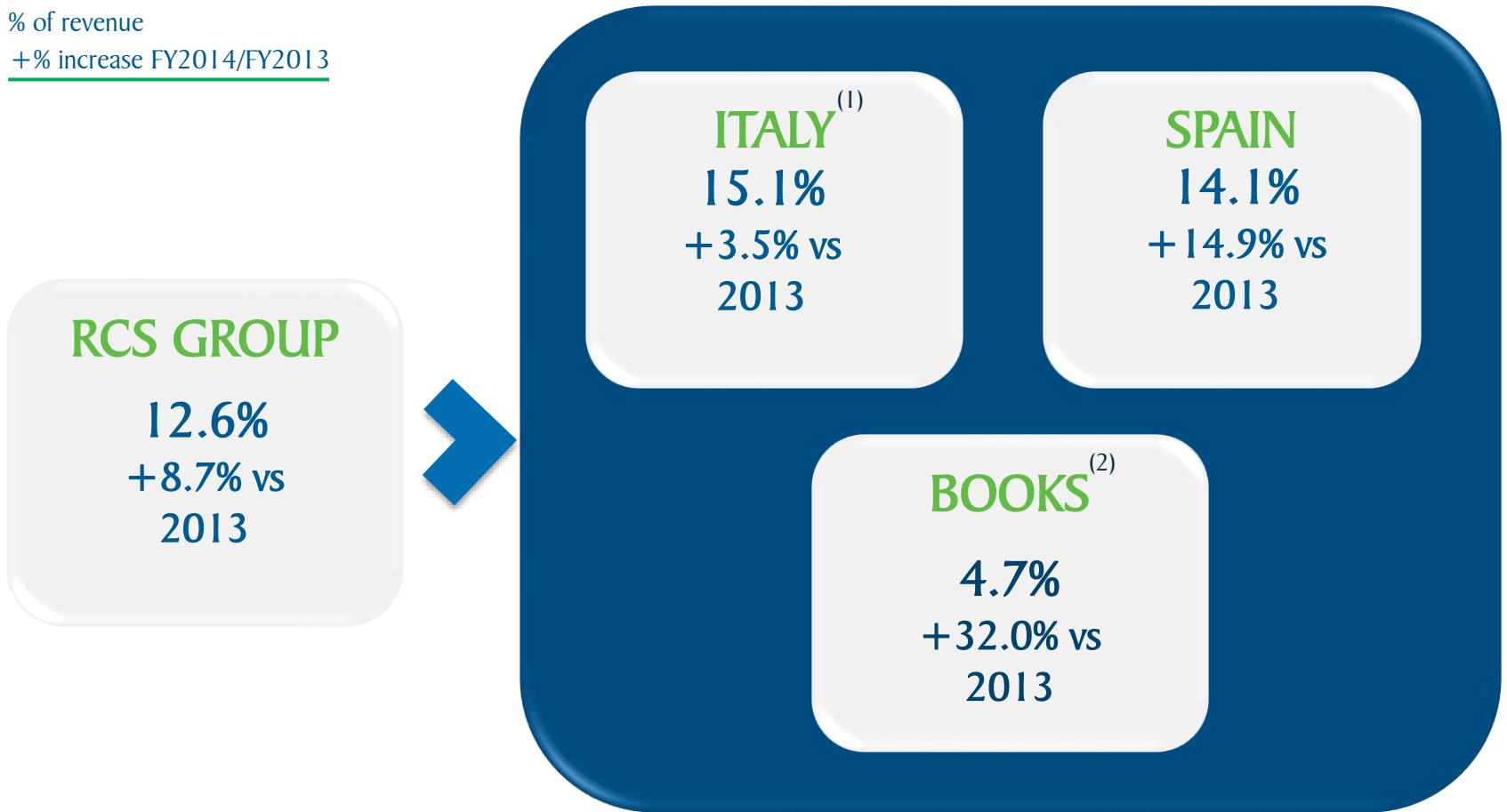
- Growth of International sport events (Dubai and Abu Dhabi Tour)
- New mass events formats (Electric Run, We Glow)

BOOKS

- Successful Q1 titles Eco, Houellebecq, Piketty, Rovelli and Arango
- New Rizzoli Galleria bookstore in Milan successful results
- MyStudio edu-platform
- Strengthened offer in Education for 2015

2014 FY - Digital revenue

% of revenue
+% increase FY2014/FY2013



(1) Italy excluding books

(2) % on trade books

Agenda

Highlights

Market & Business Trends

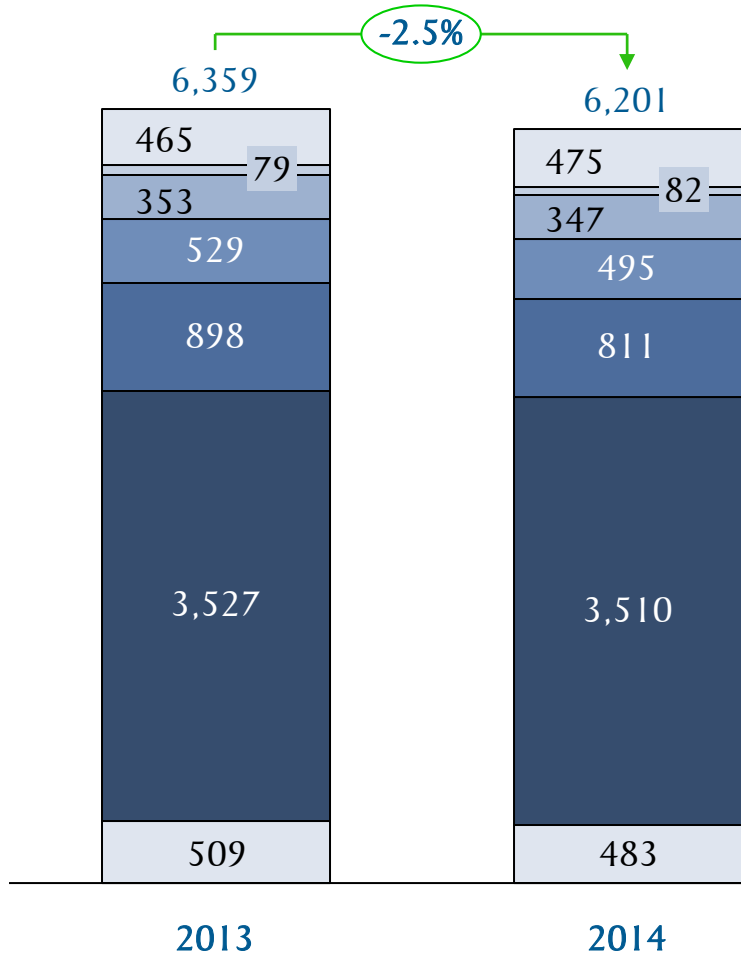
2014 FY Results

Outlook and Strategic Opportunities

Business Units Back up

Italy: Advertising Trends

Advertising Gross Revenue, EUR million



TOTAL MARKET

(1) Excluding Search Adv

(2) Including: Cinema, Direct Mail, Transit, Out of home TV

(3) RCS advertising house excluding third party

Source: Nielsen Media Research

Market	Δ (%)	Δ (%) 2014/2013	Δ (%) 4Q14/4Q13
Market	-2.5%		
Online (1)	+2.1%	-2.2%	-10.7%
Outdoor	+3.2%		
Radio	-1.8%		
Magazines	-6.5%	-7.2%	-11.1%
Newspapers	-9.7%	-5.4%	-7.0%
TV	-0.5%		
Other (2)	-5.2%		

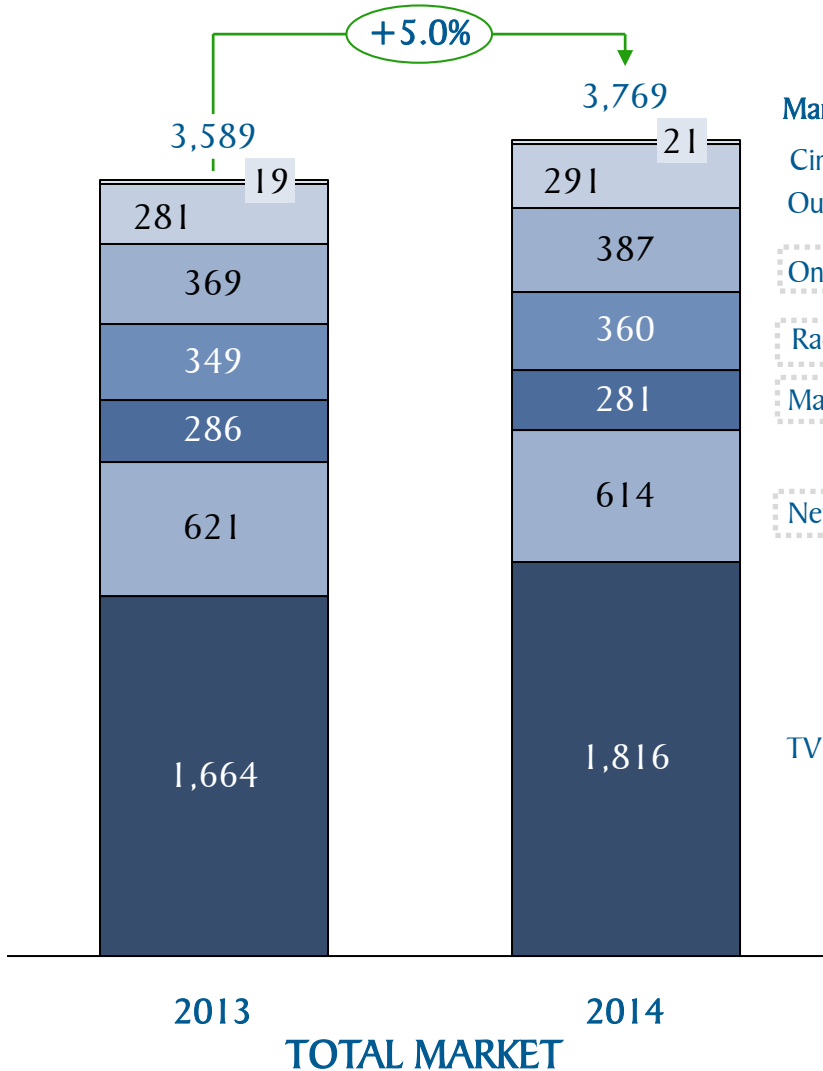
RCS⁽³⁾



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Spain: Advertising Trends

Advertising Gross Revenue, EUR million



Market	Δ (%)	Δ (%) 2014/2013	Δ (%) 4Q14/4Q13
Market	+5.0%		
Cinema	+9.8%		
Outdoor	+3.4%		
Online	+5.0%	+12.7%	+20.2%
Radio	+3.2%	-0.7%	-0.3%
Magazines	-1.9%	+2.2%	+11.5%
Newspapers	-1.1%	+9.3%	+29.7%
TV	+9.1%		

RCS

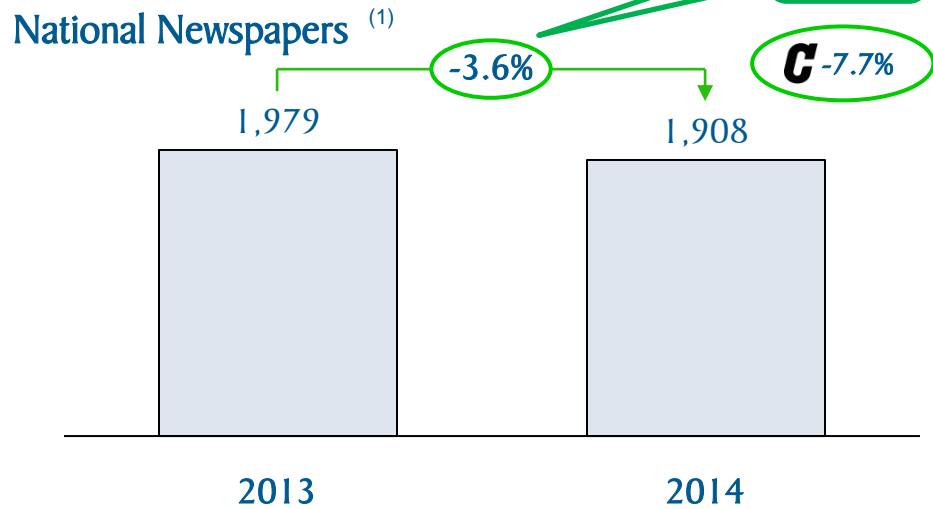


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Italy: Newspaper Circulation Trends

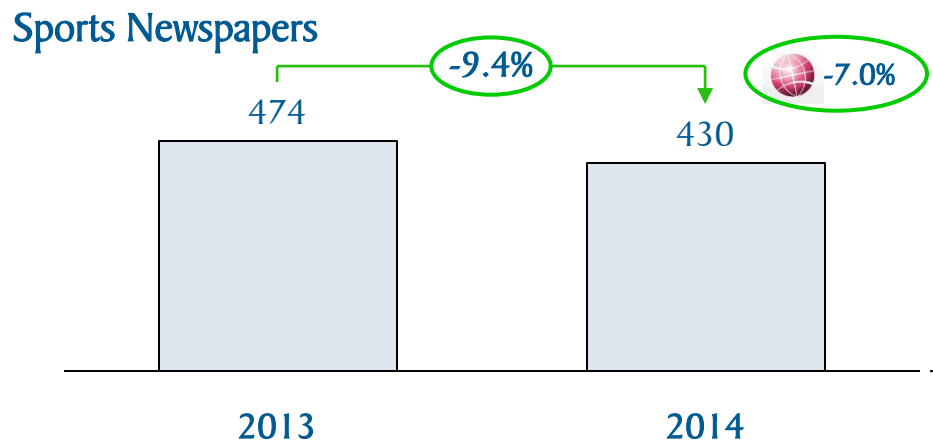
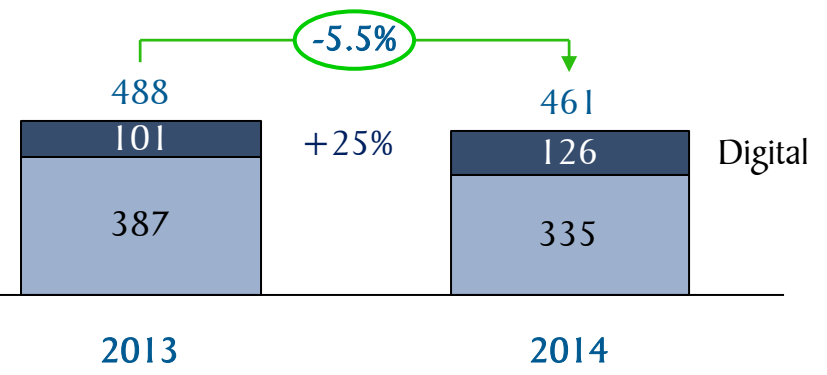
Circulation, copies/000 per day

MARKET
 -8.2% ex. Financial Daily

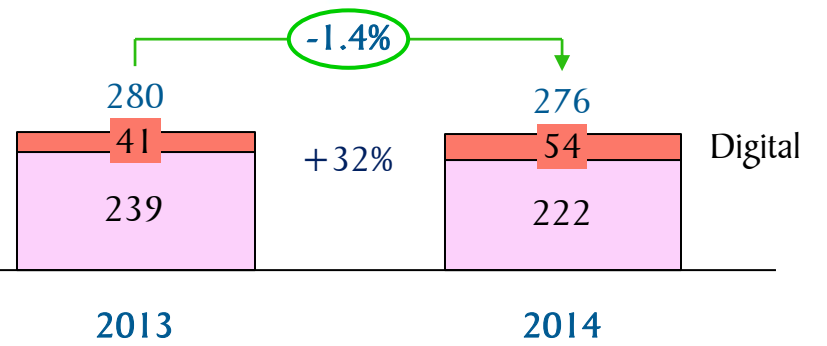


RCS

CORRIERE DELLA SERA



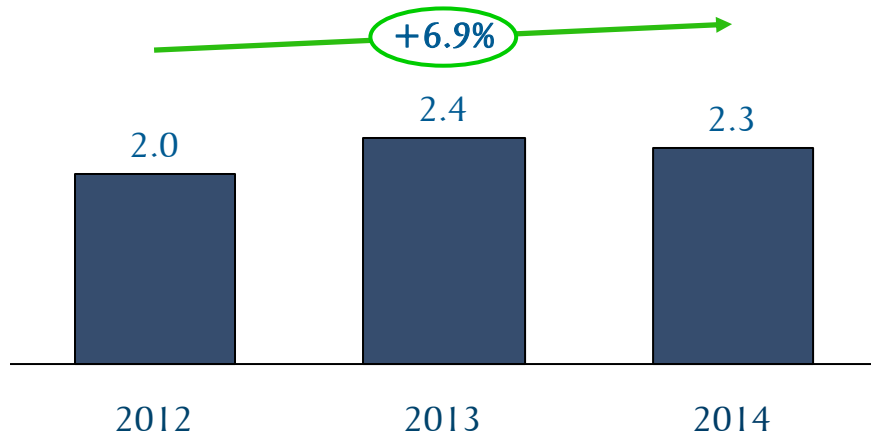
La Gazzetta dello Sport
 Tutto il rosa della vita



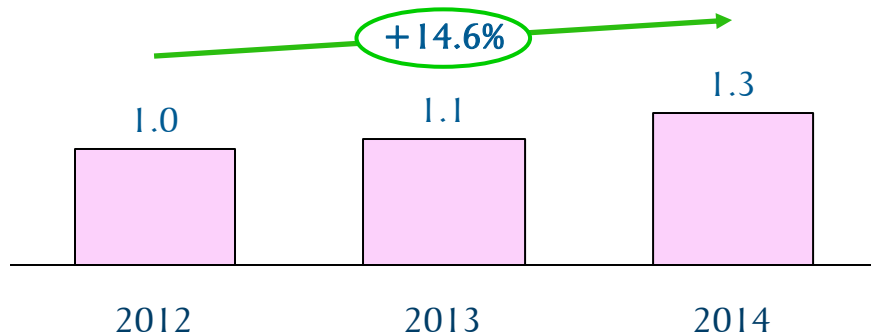
Italy: Online Readership

Workday Unique Browsers

CORRIERE DELLA SERA.it



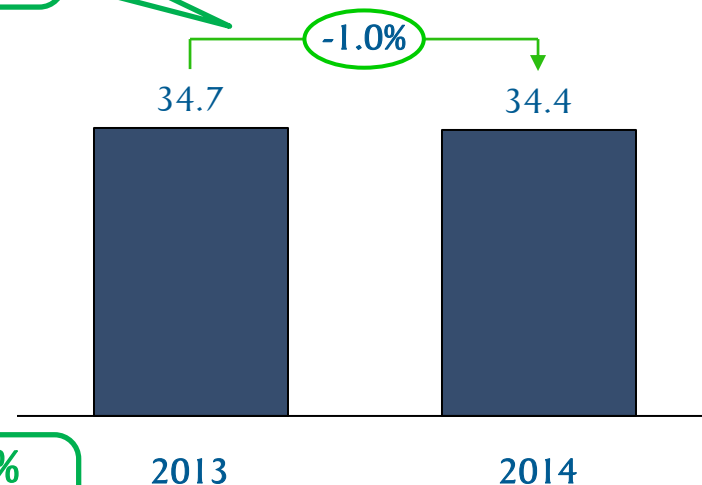
La Gazzetta dello Sport.it
Tutto il rosa della vita



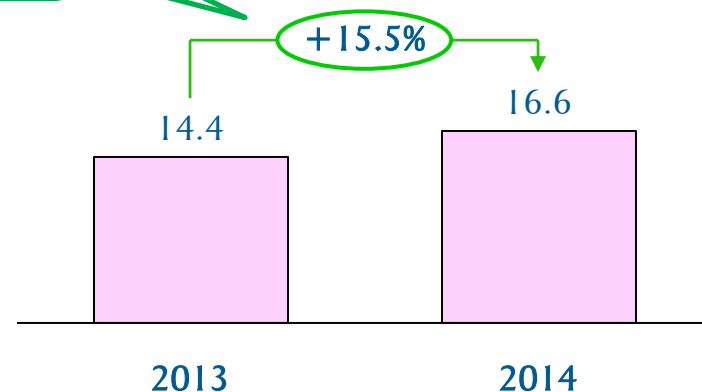
Million Users

Monthly Unique Browsers

+4%
QoQ



+42%
QoQ



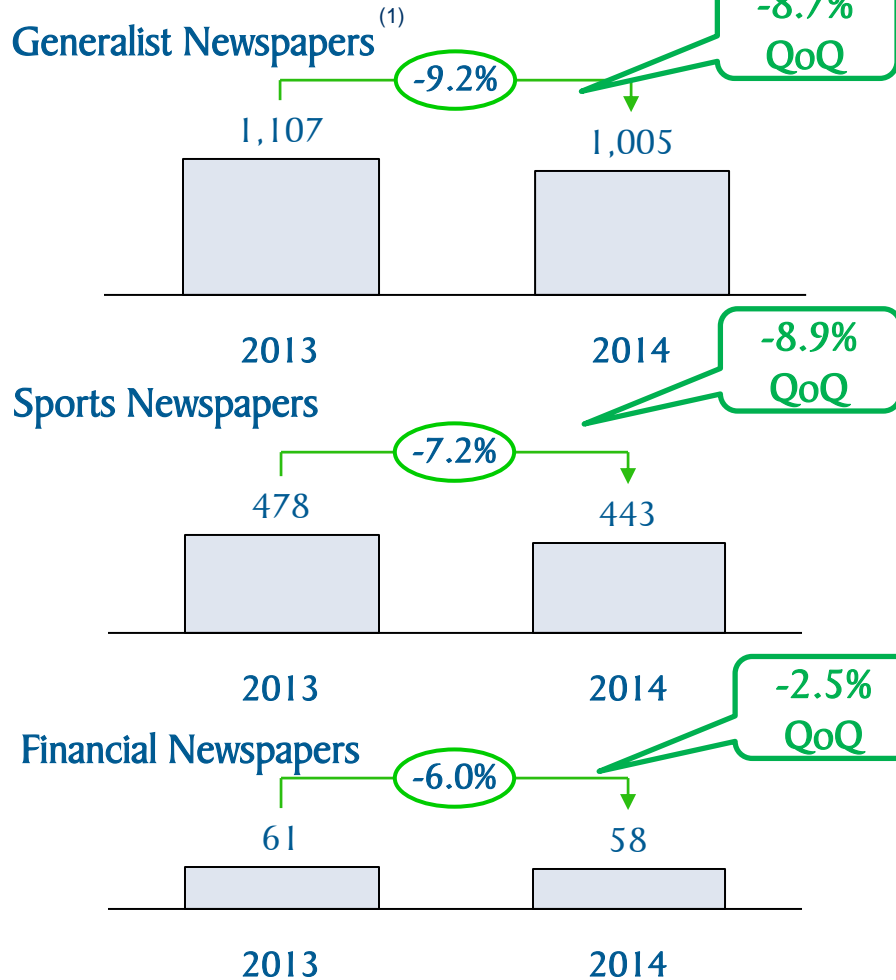
RCS

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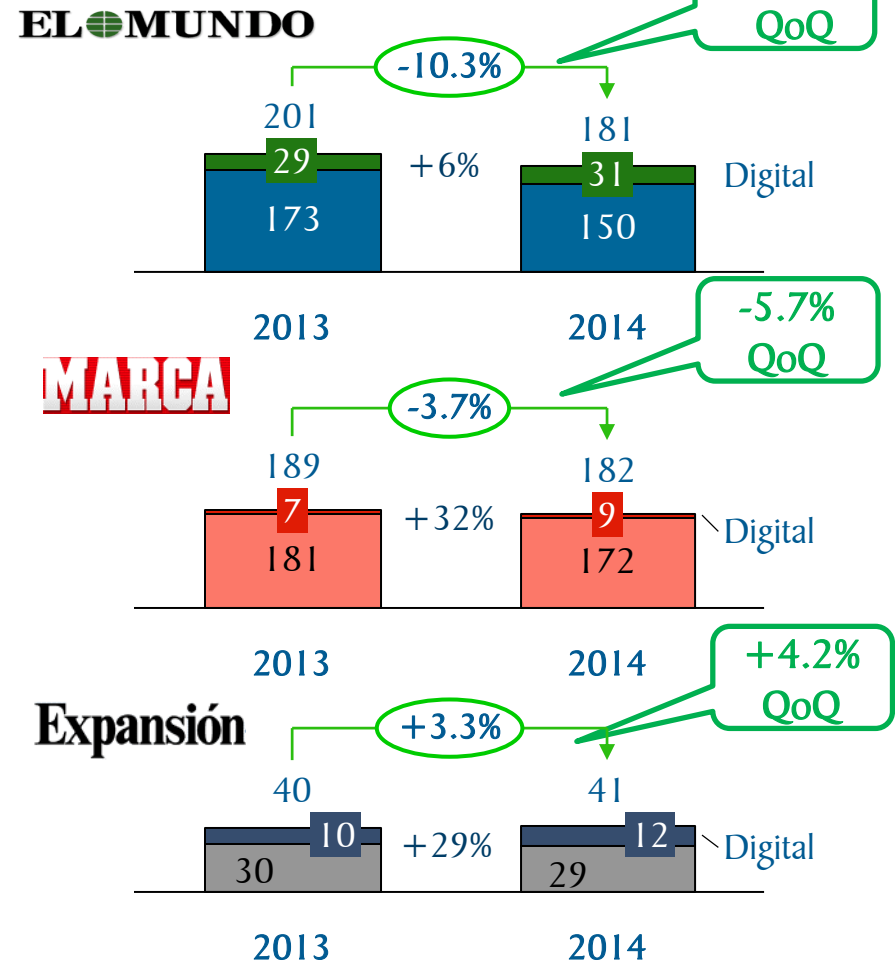
Spain: Newspapers Circulation Trends

Circulation, copies/000 per day

MARKET



RCS (2)



Spain: Online Readership

Million Users

Weekly Unique Browsers

ELMUNDO.es

+24%
QoQ

+6.0%

2.1

2.2

2013

2014

MARCA.COM

+8.6%

3.7

4.0

2013

2014

Expansión.com

+20.2%

0.3

0.4

2013

2014

Monthly Unique Browsers

+19%
QoQ

+6.3%

30.8

32.8

2013

2014

35.0

+6.3%

37.3

2013

2014

+21.4%

5.3

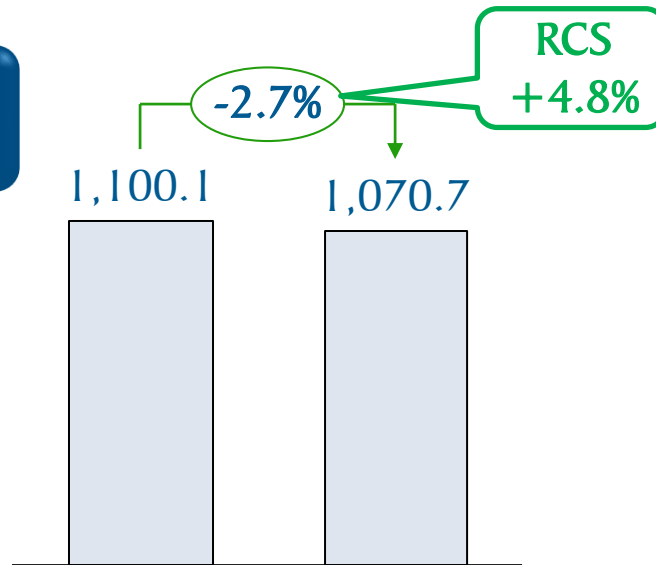
6.5

2013

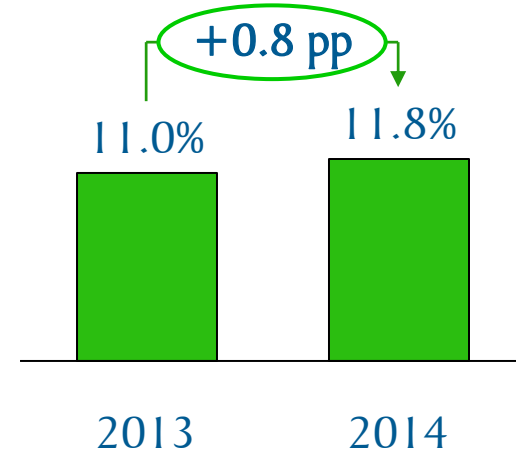
2014

Books: RCS Trade vs Market

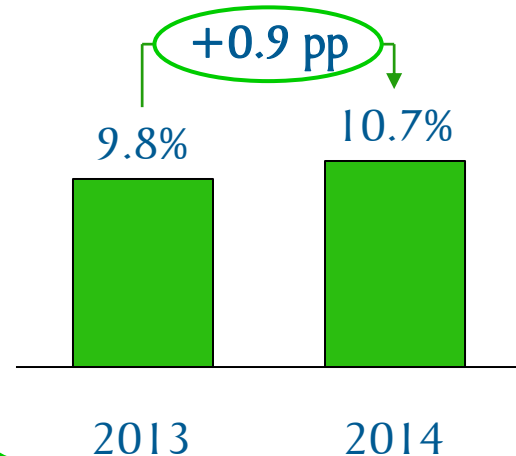
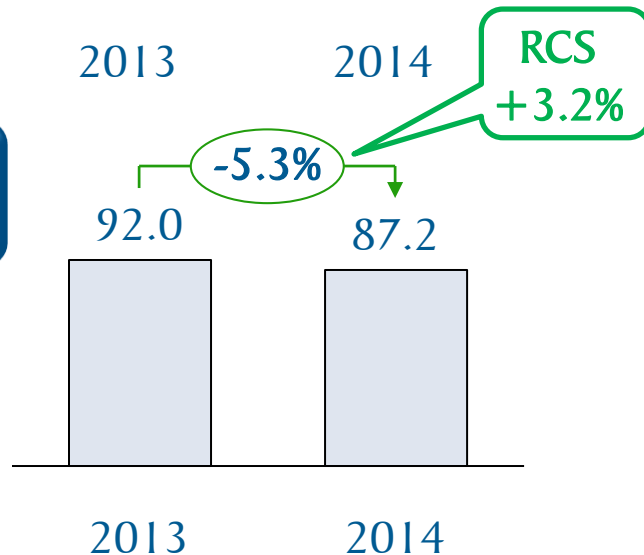
**TOTAL MARKET
(EUR million)**



RCS MARKET SHARE



**TOTAL MARKET
(Millions of copies)**



Agenda

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Market & Business Trends

2014 FY Results

Outlook and Strategic Opportunities

Business Units Back up

2014 FY Results - Summary

EUR million

	4Q14		4Q13 ⁽¹⁾		Δ%	2014		2013 ⁽¹⁾		Δ%
Total Revenue	357.8	100%	349.2	100%	2.5%	1,279.4	100%	1,314.1	100%	(2.6%)
Circulation	173.5		181.6		(4.5%)	658.5		719.9		(8.5%)
Advertising	149.8		138.1		8.5%	491.2		476.1		3.2%
Other	34.5		29.5		16.9%	129.7		118.1		9.8%
EBITDA ex NR Items	56.5	15.8%	48.1	13.8%	>100%	70.1	5.5%	27.1	2.1%	ns
Non Recurring Items	(10.1)		(10.2)			(40.1)		(110.5)		
EBITDA	46.4	13.0%	37.9	10.9%	ns	30.0	2.3%	(83.4)	(6.3%)	ns
EBIT	15.8	4.4%	(23.2)			(53.5)		(201.2)		
Net Result	(17.7)	(4.9%)	(43.2)	(12.4%)		(110.8)		(218.5)		
NFP						(482.5)		(474.3)		

(1) Q413 and 2013 figures were restated further to the adoption of the amendment to IFRS 10 and IFRS 11 related to the perimeter of consolidation. Additionally, these figures were modified to reflect the application of IFRS to the value of the Group's shareholding in IGP and Finelco Group, for which a divestment is highly probable.

The Partworks Division were sold on August 1, 2013. On December 11, 2013 the equity investment in Editions d'Art Albert Skira was sold and on March 1, 2014 the line of business La Tribuna was sold.



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2014 FY Results – Profit & Loss

EUR million

	4Q14		4Q13 ⁽¹⁾		2014		2013 ⁽¹⁾		Δ%
Circulation	173.5	48.5%	181.6	52.0%	658.5	51.5%	719.9	54.8%	(8.5%)
Advertising	149.8	41.9%	138.1	39.5%	491.2	38.4%	476.1	36.2%	3.2%
Other	34.5	9.6%	29.5	8.4%	129.7	10.1%	118.1	9.0%	9.8%
TOTAL REVENUE	357.8	100%	349.2	100%	1,279.4	100%	1,314.1	100%	(2.6%)
Operating costs (ex non recurring costs)	(217.4)	(60.8%)	(219.5)	(62.9%)	(881.5)	(68.9%)	(928.8)	(70.7%)	(5.1%)
Labour costs (ex non recurring costs)	(75.2)	(21.0%)	(73.9)	(21.2%)	(306.0)	(23.9%)	(332.7)	(25.3%)	(8.0%)
Writedowns	(4.0)	(1.1%)	(4.2)	(1.2%)	(14.4)	(1.1%)	(18.1)	(1.4%)	(20.4%)
Provisions	(4.7)	(1.3%)	(3.5)	(1.0%)	(7.4)	(0.6%)	(7.4)	(0.6%)	0.0%
EBITDA ex Non Recurring Items	56.5	15.8%	48.1	13.8%	70.1	5.5%	27.1	2.1%	> 100%
Non Recurring Items	(10.1)	(2.8%)	(10.2)	(2.9%)	(40.1)	(3.1%)	(110.5)	(8.4%)	ns
EBITDA	46.4	13.0%	37.9	10.9%	30.0	2.3%	(83.4)	(6.3%)	ns
D&A	(17.7)	(4.9%)	(17.0)	(4.9%)	(61.8)	(4.8%)	(69.8)	(5.3%)	
Impairment writeoffs	(12.9)	(3.6%)	(44.1)	(12.6%)	(21.7)	(1.7%)	(48.0)	(3.7%)	
EBIT	15.8	4.4%	(23.2)	(6.6%)	(53.5)	(4.2%)	(201.2)	(15.3%)	
Net financial incomes (charges)	(10.4)	(2.9%)	(12.9)	(3.7%)	(41.4)	(3.2%)	(32.7)	(2.5%)	
Gain (losses) on financial assets/liabilities	(0.5)	(0.1%)	1.9	0.5%	(2.3)	(0.2%)	0.7	0.1%	
Income (charges) from equity investments	0.5	0.1%	(3.0)	(0.9%)	(1.4)	(0.1%)	(2.5)	(0.2%)	
PRE-TAX RESULT	5.4	1.5%	(37.2)	(10.7%)	(98.6)	(7.7%)	(235.7)	(17.9%)	
Taxes	(6.5)	(1.8%)	(10.2)	(2.9%)	4.3	0.3%	28.5	2.2%	
Net Result from Discontinuing and Discontinued Op.	(15.7)	(4.4%)	4.4	1.3%	(16.1)	-1.3%	(11.6)	(0.9%)	
Minorities	(0.9)	(0.3%)	(0.2)	(0.1%)	(0.4)	(0.0%)	0.3	0.0%	
NET RESULT	(17.7)	(4.9%)	(43.2)	(12.4%)	(110.8)	(8.7%)	(218.5)	(16.6%)	

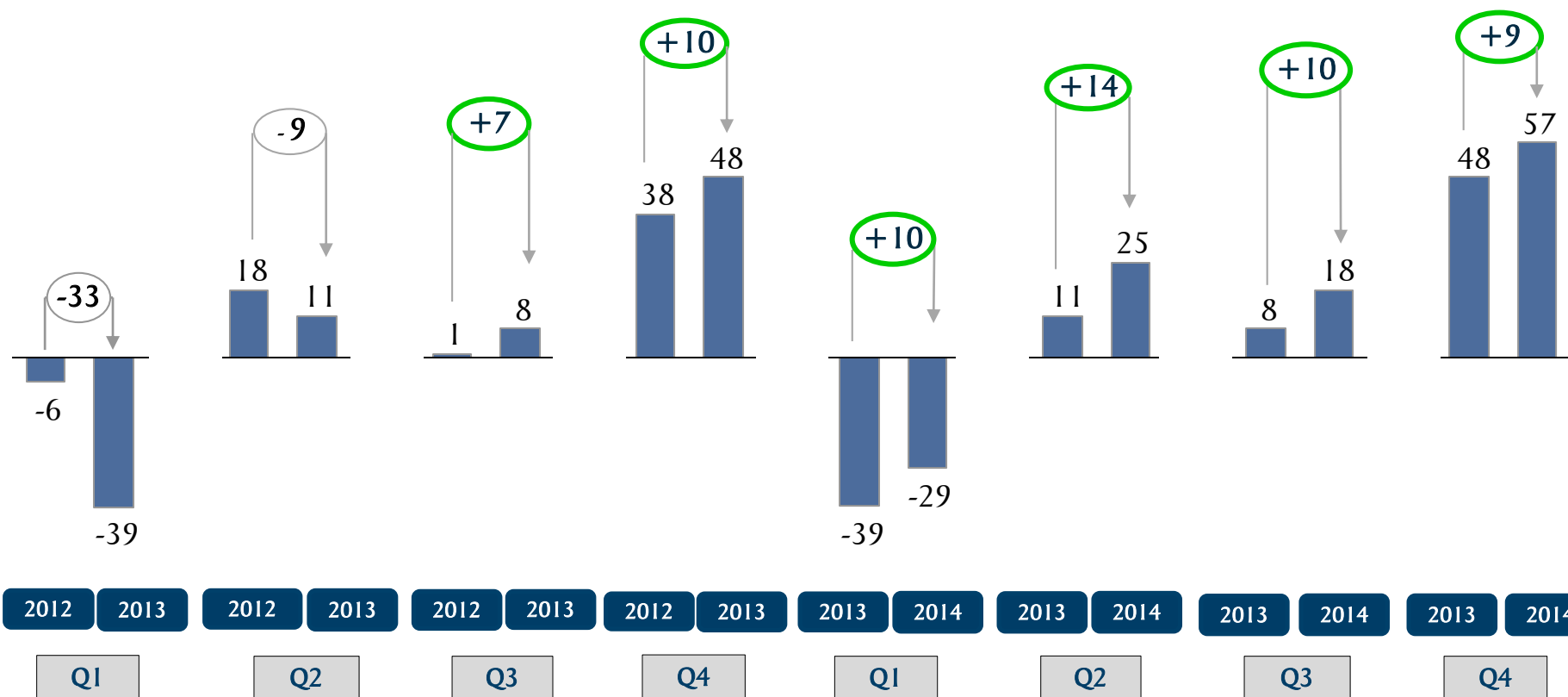
(1) Q413 and 2013 figures were restated further to the adoption of the amendment to IFRS 10 and IFRS 11 related to the perimeter of consolidation. Additionally, these figures were modified to reflect the application of IFRS 5 to the value of the Group's shareholding in IGP and Finelco Group, for which a divestment is highly probable.

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2013-2014 EBITDA⁽¹⁾ evolution by quarter

EUR million

✓ 6 consecutive quarters of improvements



(1) EBITDA before non recurring costs

2013 figures were restated further to the adoption of the amendment to IFRS 10 and IFRS 11 related to the perimeter of consolidation.

Q4 and 2014 FY Results – Breakdown Revenue & Ebitda

EUR million

	Q4 2014				
	Revenue	EBITDA Ex Non Recurring Items	Ebitda ex NR %	EBITDA	Ebitda%
Media Italy	147.6	34.0	23.0%	32.0	21.7%
Media Spain	101.0	22.1	21.9%	21.0	20.8%
Books	67.2	5.2	7.7%	0.8	1.2%
Advertising & Events	93.7	1.4	1.5%	1.1	1.2%
Corporate Activities	22.3	(6.2)	(27.8%)	(8.5)	(38.1%)
Others and eliminations	(74.0)	0.0	0.0%	0.0	0.0%
TOTAL RCS	357.8	56.5	15.8%	46.4	13.0%

	Q4 2013 ⁽¹⁾				
	Revenue	EBITDA Ex Non Recurring Items	Ebitda ex NR %	EBITDA	Ebitda%
Media Italy	146.7	28.3	19.3%	26.2	17.9%
Media Spain	98.4	14.6	14.8%	11.5	11.7%
Books	71.8	8.0	11.1%	8.6	12.0%
Advertising & Events	91.7	(1.8)	(2.0%)	(4.6)	(5.0%)
Corporate Activities	21.7	(1.0)	(4.6%)	(3.8)	(17.5%)
Others and eliminations	(81.1)	0.0	0.0%	0.0	0.0%
TOTAL RCS	349.2	48.1	13.8%	37.9	10.9%

	FY 2014				
	Revenue	EBITDA Ex Non Recurring Items	Ebitda ex NR %	EBITDA	Ebitda%
Media Italy	531.9	61.5	11.6%	60.1	11.3%
Media Spain	358.1	27.3	7.6%	(0.5)	(0.1%)
Books	222.6	9.3	4.2%	2.0	0.9%
Advertising & Events	345.5	(0.6)	(0.2%)	(1.7)	(0.5%)
Corporate Activities	78.0	(27.4)	(35.1%)	(29.9)	(38.3%)
Others and eliminations	(256.7)				
TOTAL RCS LfL	1,279.4	70.1	5.5%	30.0	2.3%
Assets held for sale or sold					
Others and eliminations					
TOTAL RCS	1,279.4	70.1	5.5%	30.0	2.3%

	FY 2013 ⁽¹⁾				
	Revenue	EBITDA Ex Non Recurring Items	Ebitda ex NR %	EBITDA	Ebitda%
Media Italy	557.0	38.9	7.0%	(21.0)	(3.8%)
Media Spain	371.7	7.0	1.9%	(11.0)	(3.0%)
Books	251.1	8.8	3.5%	3.8	1.5%
Advertising & Events	330.4	(13.6)	(4.1%)	(31.6)	(9.6%)
Corporate Activities	78.5	(14.0)	(17.8%)	(23.6)	(30.1%)
Others and eliminations	(274.6)				
TOTAL RCS LfL	1,314.1	27.1	2.1%	(83.4)	(6.3%)
Assets held for sale or sold	39.7	4.1		4.1	
Others and eliminations					
TOTAL RCS	1,353.8	31.2	2.3%	(79.3)	(5.9%)

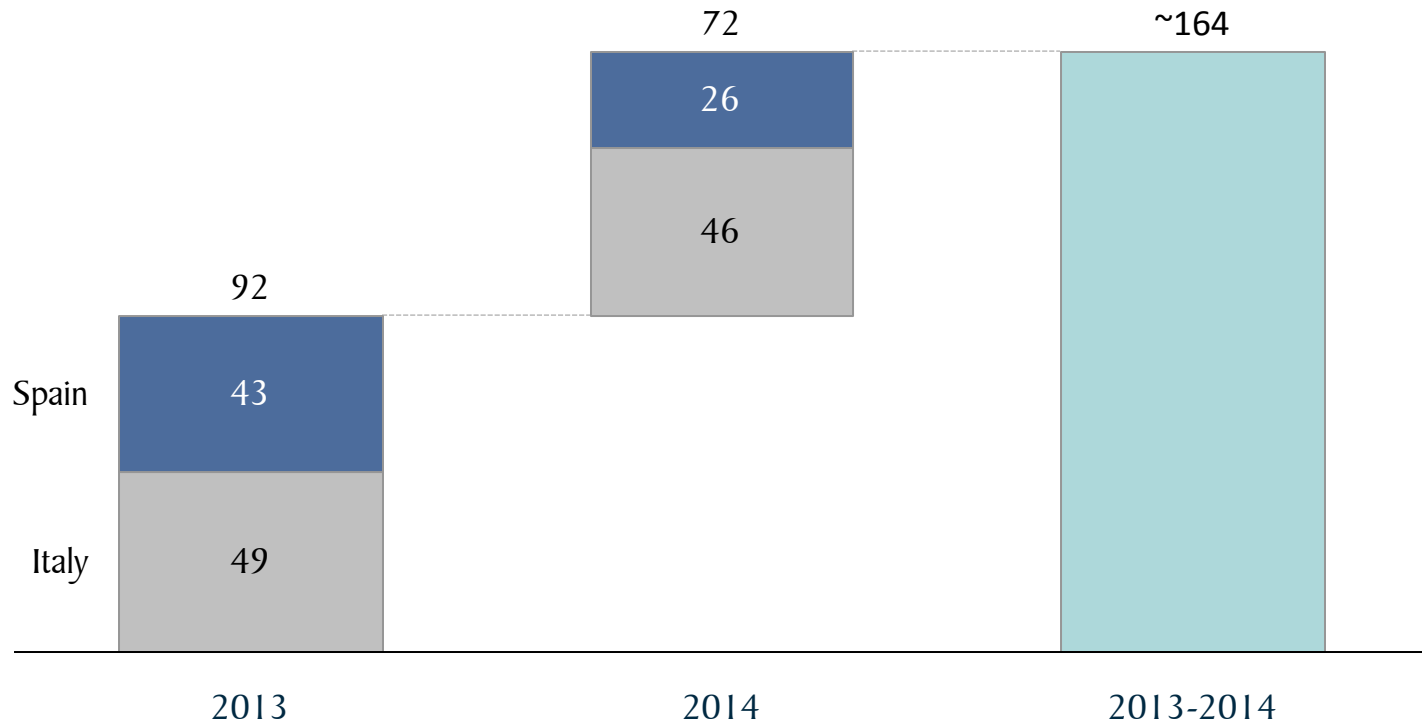
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2014 Efficiency program

EUR million

- ✓ €164M achieved in two years vs €144M original three-year target
- ✓ In line with high end guidance of €220M by end 2015



Balance Sheet

EUR million

	31/12/2014		31/12/2013 ⁽¹⁾	
Net fixed assets	878.2	116.2%	962.2	118.9%
<i>Tangible & Intangible fixed assets</i>	652.4	86.4%	666.8	82.4%
<i>Financial fixed assets</i>	225.8	29.9%	295.4	36.5%
Net working capital	53.4	7.1%	87.7	10.8%
Reserve for risk and charges	(159.3)	(21.1%)	(209.5)	(25.9%)
Employee termination indemnity	(53.7)	(7.1%)	(51.3)	(6.3%)
Net invested capital: assets held for sale	36.9	4.9%	20.1	2.5%
CAPITAL EMPLOYED	755.5	100.0%	809.2	100.0%
Net financial debt (cash)	482.5	63.9%	474.3	58.6%
Equity	273.0	36.1%	334.9	41.4%
EQUITY & NFP	755.5	100.0%	809.2	100.0%

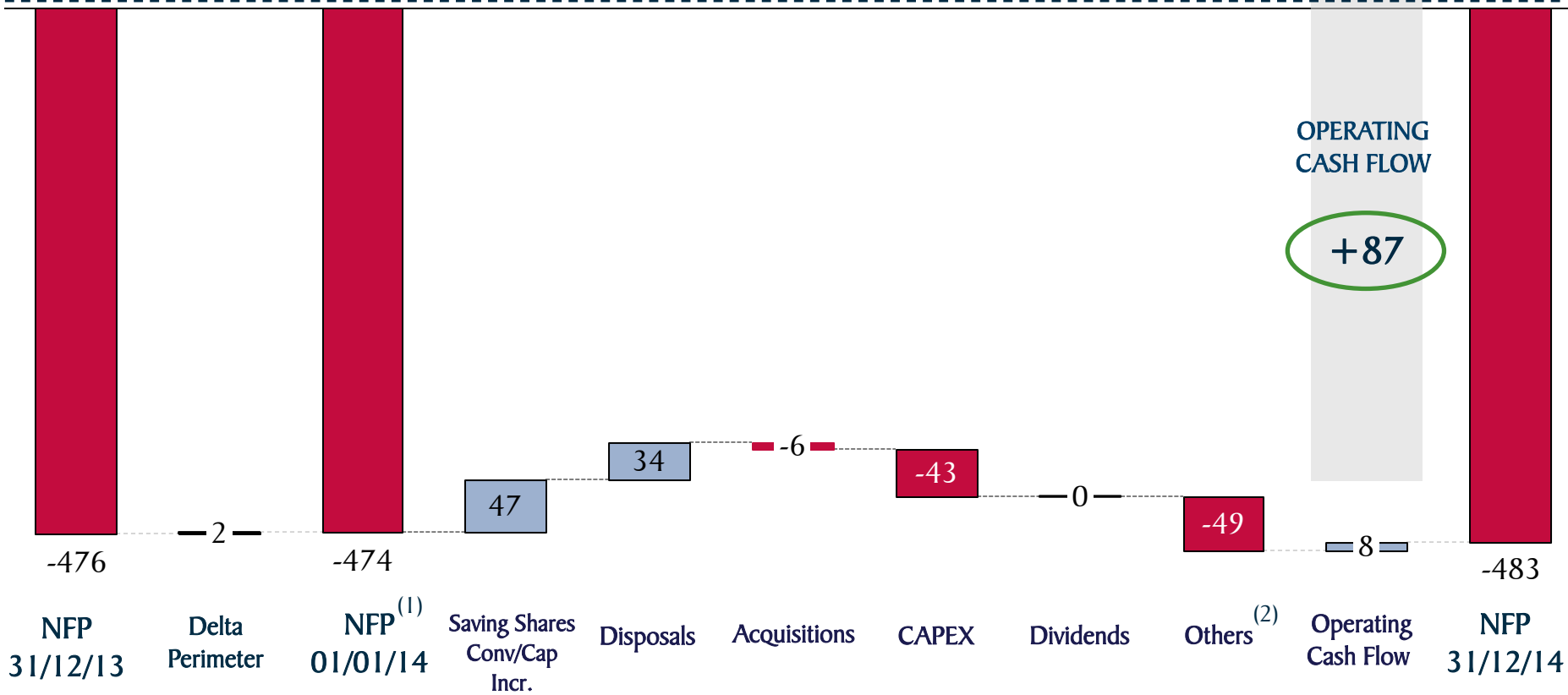
(1) Figures as of 31 December 2013 were restated further to the adoption of the amendment to IFRS 10 and IFRS 11 related to the perimeter of Consolidation.

Net Financial Position at the end of December 2014

EUR million

NFP 31/12/12 NFP 01/01/13⁽¹⁾ NFP 31/12/2013

2013 -846 - -846 396 152 -3 -40 6 -60 -79 -476



(1) Figures were restated further to the adoption of the amendment to IFRS 10 and IFRS 11 related to the perimeter of consolidation

(2) Includes non recurring items

Focus on Q42014 Cash Flow

EUR million

NFP 30/09/2013

NFP 31/12/2013

Q4
2013

-547

93

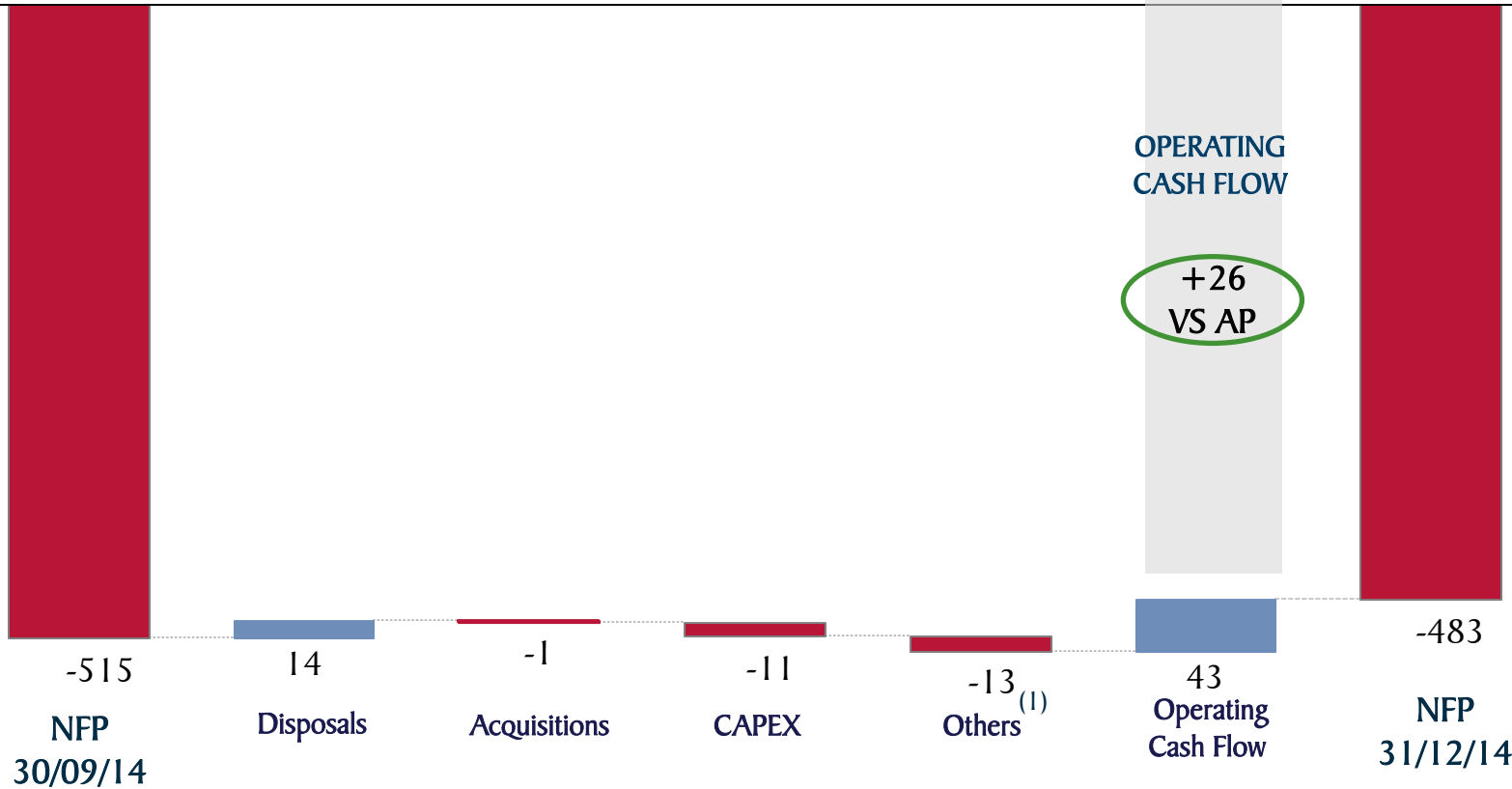
-2

-10

-26

17

-476



(1) Includes non recurring items

Agenda

Highlights

Market & Business Trends

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Outlook and Strategic Opportunities

Business Units Back up

Outlook FY 2015

PROFITABILITY

REVENUE vs 2014

Slight increase

EFFICIENCIES

Upgraded efficiencies
target matched
(220m€ in 3 years)



EBITDA % ⁽¹⁾

9%+

EBIT

Positive and sufficient
to cover
financial charges

DELEVERAGING

FREE CASH FLOW

Positive before
Extraordinary items

DEBT RATIO

<3.5x

Continuing focus on profitability and deleveraging

EUR million

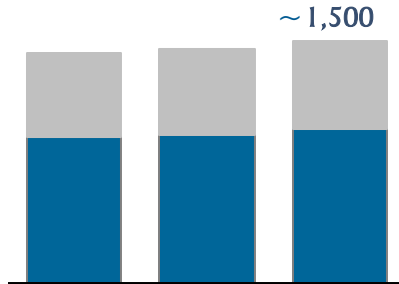
Three years Plan 2013-2105

Update

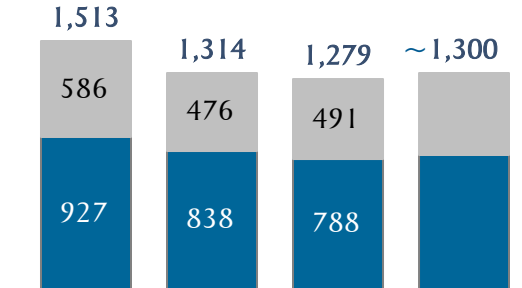
■ Advertising
■ Circulation/other

■ Advertising
■ Circulation/other

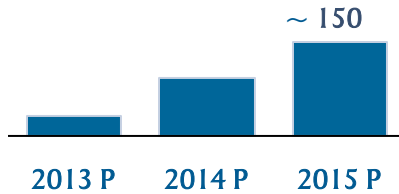
Revenue



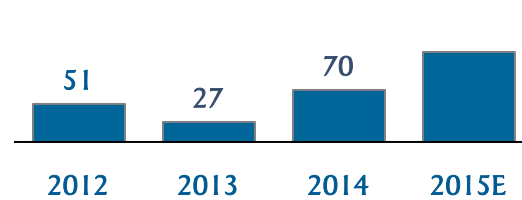
Revenue



EBITDA ex NR



EBITDA ex NR



EBITDA Margin

2%

7%

10%

EBITDA Margin

3%

2%

5.5%

9%

Efficiencies

82

35

27

Efficiencies

92

72

56

Debt Ratio

4/4.5x



Debt Ratio

< 3.5x

Strategic opportunities: focus on News and Sports

NEWS

New competitive landscape
(TV/Social Media players)

RCS strong investments in power
brands sustains leadership position
through:

AUDIENCE EXTENSION

FURTHER VIDEO/MOBILE OFFER

PAID CONTENT STRATEGY

IMPROVED EFFICIENCY GAINS

ENABLING

- STRONG OFFLINE ADV MKT SHARE
- GROWING ONLINE/VIDEO POSITION
- UNIQUE BTL OFFERING
- STRONG DATA MONETIZATION

SPORTS

Huge global audiences seeking
community, content & engagement

RCS uniquely placed to create a major
specialist platform in European Sports
building on:

EDITORIAL LEADERSHIP

EVENTS & FORMAT EXPERTISE

DIGITAL KNOW-HOW

ENABLING

- STRONG GROWTH PROSPECTS
- INTERNATIONAL DEVELOPMENT
- ATTRACTIVE PARTNERSHIP POSSIBILITIES



Looking ahead: financial ambitions for 2018

Sustainable revenue growth

Profitability aligned with main peers
(15% EBITDA margin)

Continuous deleveraging for a sustainable debt ratio

Re-rating of the business and value creation

Agenda

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Market & Business Trends

2014 FY Results

Outlook and Strategic Opportunities

Business Units Back up

Media Italy – P&L

CORRIERE DELLA SERA

La Gazzetta dello Sport

Tutto il rosa  della vita

AMICA **OGGI**

DOVE

Living
CORRIERE DELLA SERA INTERIORS MAGAZINE

IL PUNTO NELLA CORRIERE DELLA SERA
IO
DONNA

CORRIERE DELLA SERA
SETTE

SW
SPORTWEEK

CORRIERE DELLA SERA
STYLE
MILANO

 **DIGICAST**

EUR million

	4Q14	4Q13	YoY	2014	2013	YoY
Circulation	72.8	69.3	5.1%	287.8	298.3	(3.5%)
Advertising	66.5	70.1	(5.1%)	219.5	234.3	(6.3%)
Other	8.3	7.3	13.7%	24.6	24.4	0.8%
TOTAL REVENUE	147.6	146.7	0.6%	531.9	557.0	(4.5%)
<i>O/W add on</i>	<i>23.6</i>	<i>17.1</i>		<i>76.9</i>	<i>67.1</i>	
EBITDA ex NR Items	34.0	28.3	20.1%	61.5	38.9	58.1%
Non Recurring Items	(2.0)	(2.1)		(1.4)	(59.9)	
EBITDA	32.0	26.2	22.1%	60.1	(21.0)	>100%

advertising
on-line
21.5%

Media Spain – P&L

EL MUNDO

MARCA

Expansión

VO
DONA
DEL SIGLO XXI

TELVA

METROPOL

MARCA
[STREET DEL SIGLO XXI]

SIETE LEGUAS
[STREET DEL SIGLO XXI]

LastLap
Eventos y Comunicación

**ACTUALIDAD
ECONÓMICA**

**fuera
de Serie**

EUR million

	4Q14	4Q13	YoY	2014	2013	YoY
Circulation	38.4	43.0	(10.7%)	158.0	179.5	(12.0%)
Advertising	51.3	42.9	19.6%	156.7	147.0	6.6%
Other	11.3	12.5	(9.6%)	43.4	45.2	(4.0%)
TOTAL REVENUE	101.0	98.4	2.6%	358.1	371.7	(3.7%)
<i>O/W add on</i>	<i>1.0</i>	<i>2.2</i>		<i>2.5</i>	<i>13.5</i>	
EBITDA ex NR Items	22.1	14.6	51.4%	27.3	7.0	>100
Non Recurring Items	(1.1)	(3.1)		(27.8)	(18.0)	
EBITDA	21.0	11.5	82.6%	(0.5)	(11.0)	ns

advertising
on-line
25.0%

Books – P&L

Rizzoli



edigita



Rizzoli ETAS

Marsilio

BUR

SONZOGNO

RIZZOLI
NEW YORK



EUR million

	4Q14	4Q13 ⁽¹⁾	YoY	2014	2013 ⁽¹⁾	YoY
Fiction & non-Fic. Italy	39.8	44.1	(9.8%)	108.5	124.0	(12.5%)
Education	15.8	16.2	(2.5%)	86.2	91.2	(5.5%)
Rizzoli International	10.0	11.5	(13.0%)	26.3	26.7	(1.5%)
Other	1.6	0.0	ns	1.6	9.2	(82.6%)
TOTAL REVENUE	67.2	71.8	(6.4%)	222.6	251.1	(11.4%)
EBITDA ex NR Items	5.2	8.0	(35.0%)	9.3	8.8	5.7%
Non Recurring Items	(4.4)	0.6		(7.3)	(5.0)	
EBITDA	0.8	8.6	(90.7%)	2.0	3.8	(47.4%)

(1) The Partworks Division were sold on August 1, 2013. On December 11, 2013 the equity investment in Editions d'Art Albert Skira was sold and on March 1, 2014 the line of business La Tribuna was sold.



we write the future, every day

Advertising & Events – P&L



EUR million

	4Q14	4Q13	YoY	2014	2013	YoY
Advertising and Events	91.0	88.4	2.9%	297.5	289.4	2.8%
<i>O/W RCS publishing</i>	74.3	80.6		248.2	267.6	
<i>3rd party publishers</i>	15.8	7.0		45.9	11.9	
Sport Events	2.7	3.3	(18.2%)	48.0	41.0	17.1%
TOTAL REVENUE	93.7	91.7	2.2%	345.5	330.4	4.6%
EBITDA ex NR Items	1.4	(1.8)	ns	(0.6)	(13.6)	ns
Non Recurring Items	(0.3)	(2.8)		(1.1)	(18.0)	
EBITDA	1.1	(4.6)	ns	(1.7)	(31.6)	ns



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Disclaimer

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Roberto Bonalumi, the Manager responsible for drawing up the company's accounting statements, hereby declares, pursuant to article 154-bis, paragraph 2 of the "Testo Unico della Finanza" (Legislative Decree n. 58/1998), that the information contained in this presentation corresponds to those one contained in the group's documents and books accounting records.