

# RCS MediaGroup

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## First Half 2015 Results

Milan, August 25, 2015



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# Agenda

## Highlights

Market & Business Trends

First Half 2015 Results

Business Units Backup

# 1H 2015 Delivery Report

## Profitability

Continued improvement despite the tough comparison with last year

## Efficiencies

In line with FY15 target of €56 M and with 3 year objective of €220 M

## Operating Cash Flow

Continued positive trend with  
€30 M improvement vs 1H 2014

## Advertising

Different pace across media & countries  
Market volatility continues

## Books

Board of Directors mandated CEO to proceed with the negotiation and the definition of contractual terms

## Non Core Disposals

Preliminary sale agreement reached for stake in Finelco Group  
Price set at €21 M

# IH 2015 Results

EUR million

	IH 2015	vs. Targets
REVENUE	591.9	Slightly below
EFFICIENCIES	25.5	In line
EBITDA ex non recurring items	5.1	In line
NFD	526.3	In line

# Focus on Q2 & Q3 2015 Initiatives

## MEDIA ITALY

### NEWS

- Special initiatives for Expo (*CasaCorriere*, *OrizzontiExpo*)
- Enrichment of *la Lettura* (Sunday issue)
- *Corriere della Sera* : launch of new Digital Edition in September

### SPORT

- Gazzetta TV : live events (e.g. *Copa America*) boost audience
- Special initiatives for Expo (*Football Heroes*)

## MEDIA SPAIN

### NEWS

- *El Mundo*: launch of new Sunday edition and Saturday cover price increase
- *Expansión*: reached #1 in Comscore economics and financial information sites

### SPORT

- Redesign of Marca.com
- Relaunch of Marca Motor magazine and site
- Successful branded sport events (Cycling, Running, MTB, Cliff Diving)

## ADV & SPORT EVENTS

### ADVERTISING

- Exclusive advertising collection for *Warner Music Italia's* YouTube channel

### SPORT EVENTS

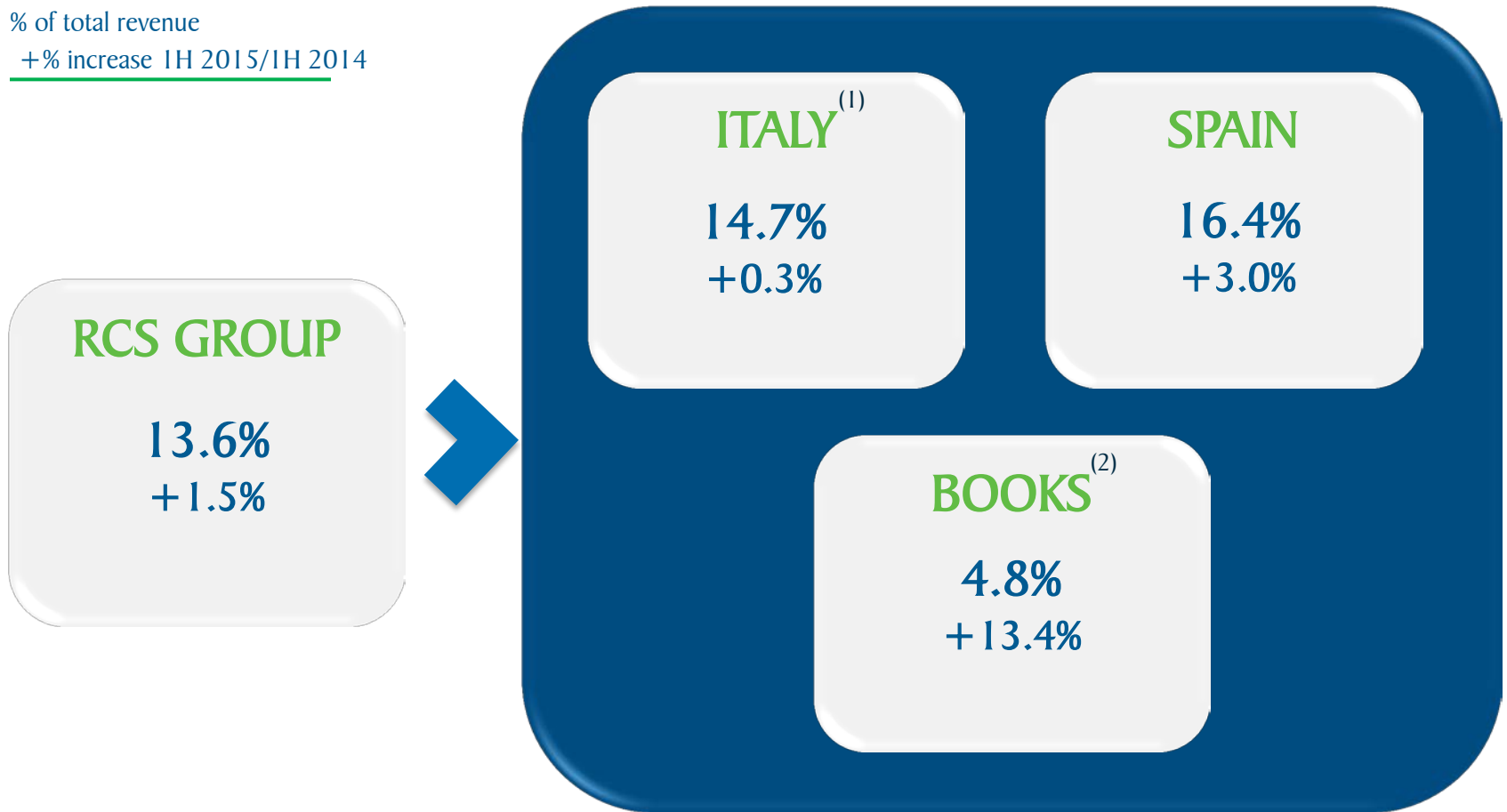
- 98<sup>th</sup> Giro d'Italia and Spring Classic cycling races
- *Color Run*: participation more than doubled
- New mass event format: 1<sup>st</sup> edition of *Edenred Ekirun*

## BOOKS

- Strong Q2 titles, high potential launches and *Armani book* global launch in Q3
- Reopening of New York Rizzoli bookstore on July 27
- Education: positive performances in adoption of school textbooks

# IH 2015 Digital Revenue

% of total revenue  
+% increase IH 2015/IH 2014



(1) Italy excluding books and including Sfera

(2) % on trade books

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First Half 2015 Results

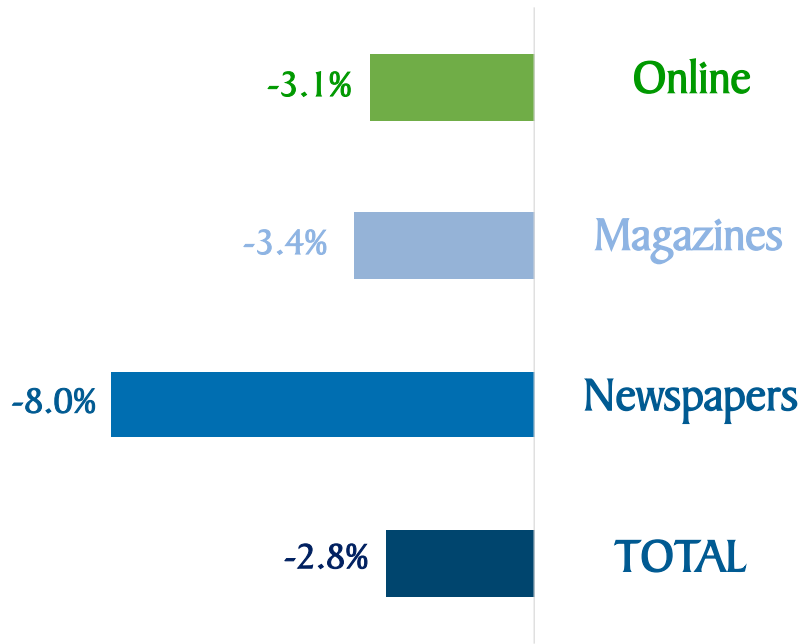
Business Units Backup

# Advertising Trends: Italy vs Spain

Advertising Gross Revenue, 1H 15/1H 14 %



## ITALIAN MARKET

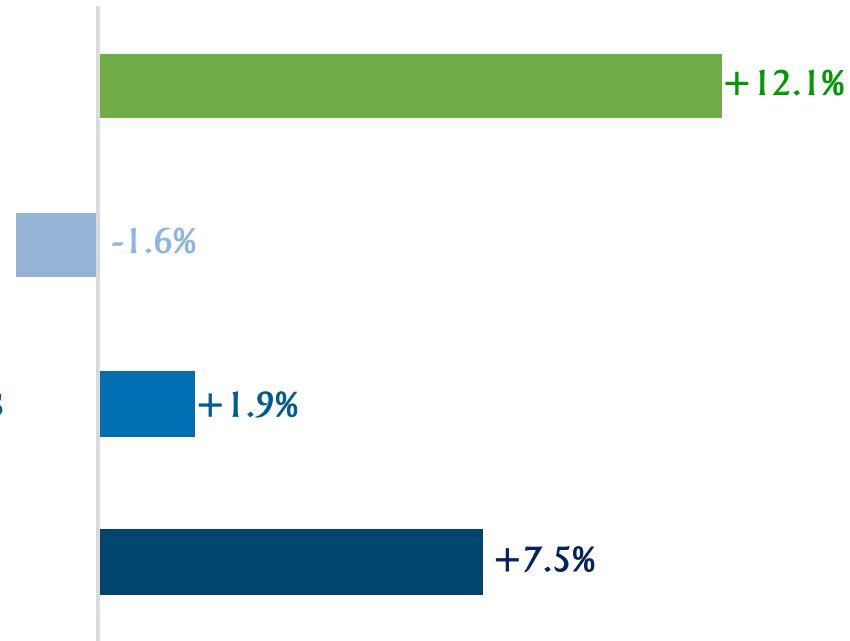


✓ Market slowed its YoY negative trend in April and May, but trend still uncertain

✓ June trend is impacted by 2014 FIFA World Cup effect



## SPANISH MARKET



✓ 5 consecutive quarters of YoY improvements in advertising market

✓ Newspapers back to positive thanks to local advertising. National still negative

✓ Expected FY growth mainly driven by TV and online

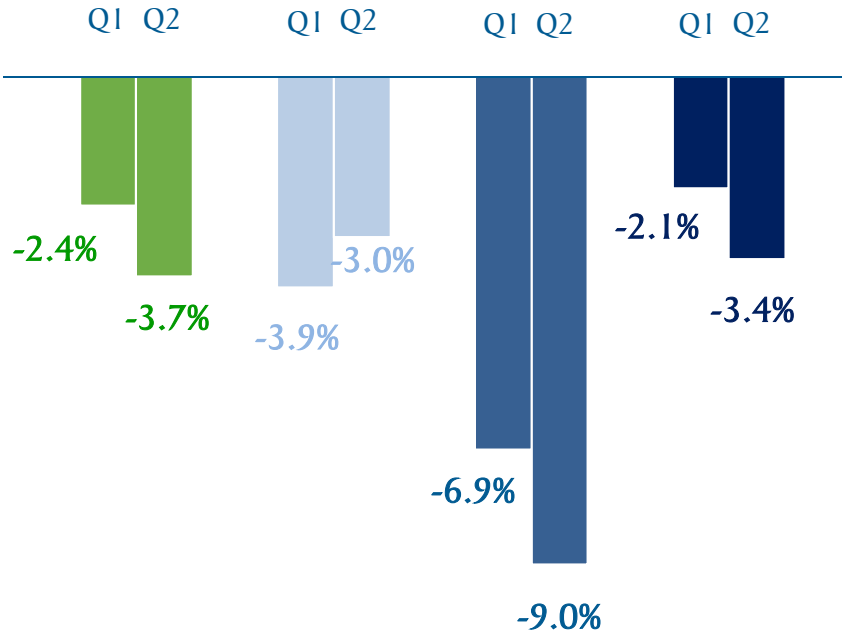


# Italian Advertising Trends: Market & RCS



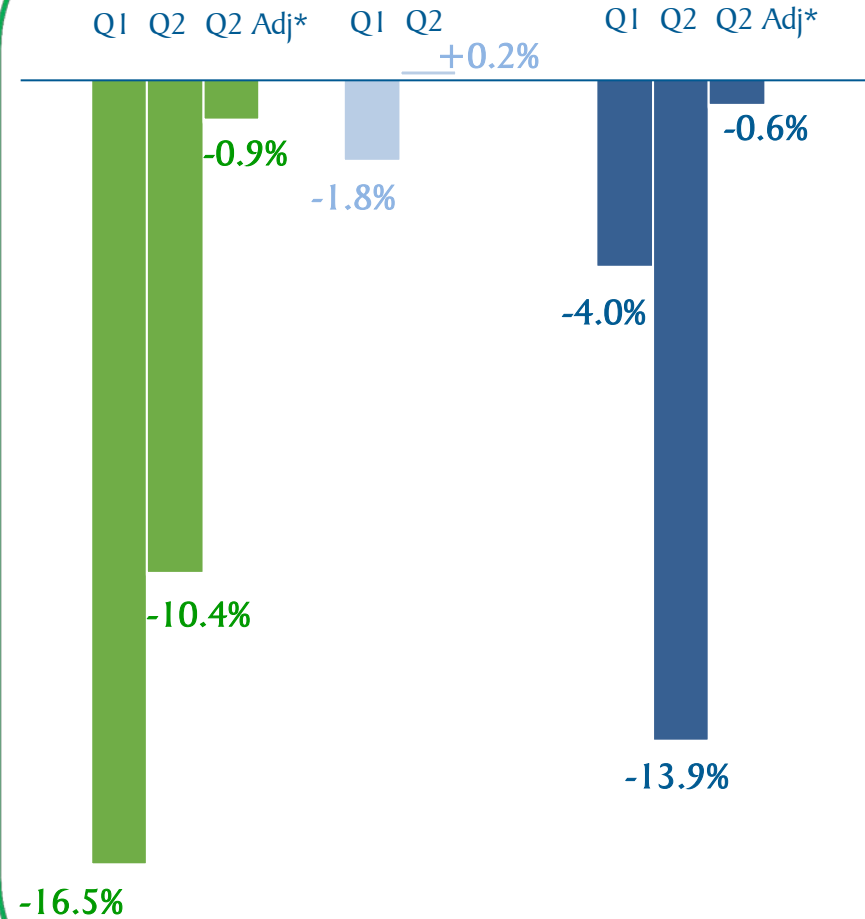
Advertising Gross Revenue, YoY %

## MARKET (Jan-Jun)



Online Magazines Newspapers TOTAL

## RCS (Jan-Jun)

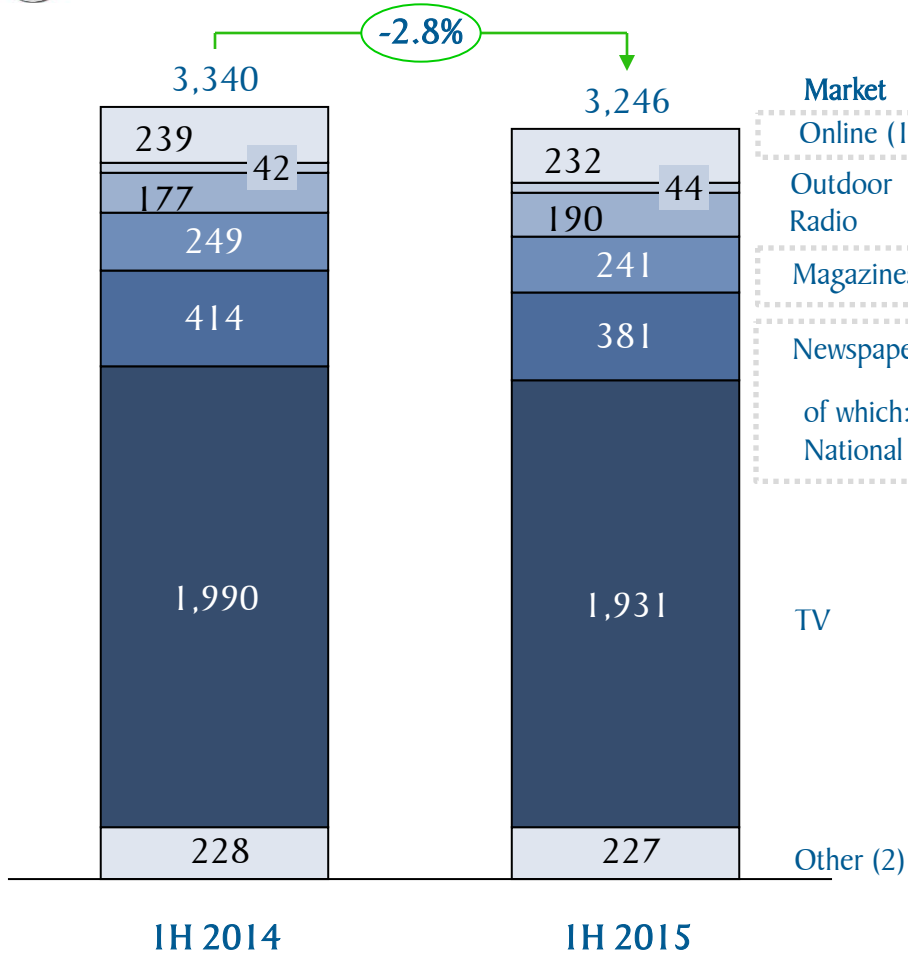


Online Magazines Newspapers

# Italy: Advertising Trends



Advertising Gross Revenue, EUR million



## TOTAL MARKET

(1) Excluding Search Adv

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

RCS including third party

Source: Nielsen Media Research

Market	Δ (%)	Δ (%)		Δ (%)	
		IH 15/IH 14	IH 15/IH 14	Q2 15/Q2 14	Q2 15/Q2 14
Market	-2.8%				
Online (1)	-3.1%	-13.1%	-8.1%	-10.4%	-0.9%
Outdoor	+4.2%				
Radio	+7.5%				
Magazines	-3.4%	-0.7%	-0.7%	+0.2%	+0.2%
Newspapers	-8.0%	-9.9%	-2.1%	-13.9%	-0.6%
of which:					
National	-11.5%	-11.3%	-1.7%	-14.5%	+1.5%
TV	-3.0%				
Other (2)	-0.4%				

RCS

RCS

RCS

RCS

ex. Sport Events & Special Initiatives

ex. Sport Events & Special Initiatives

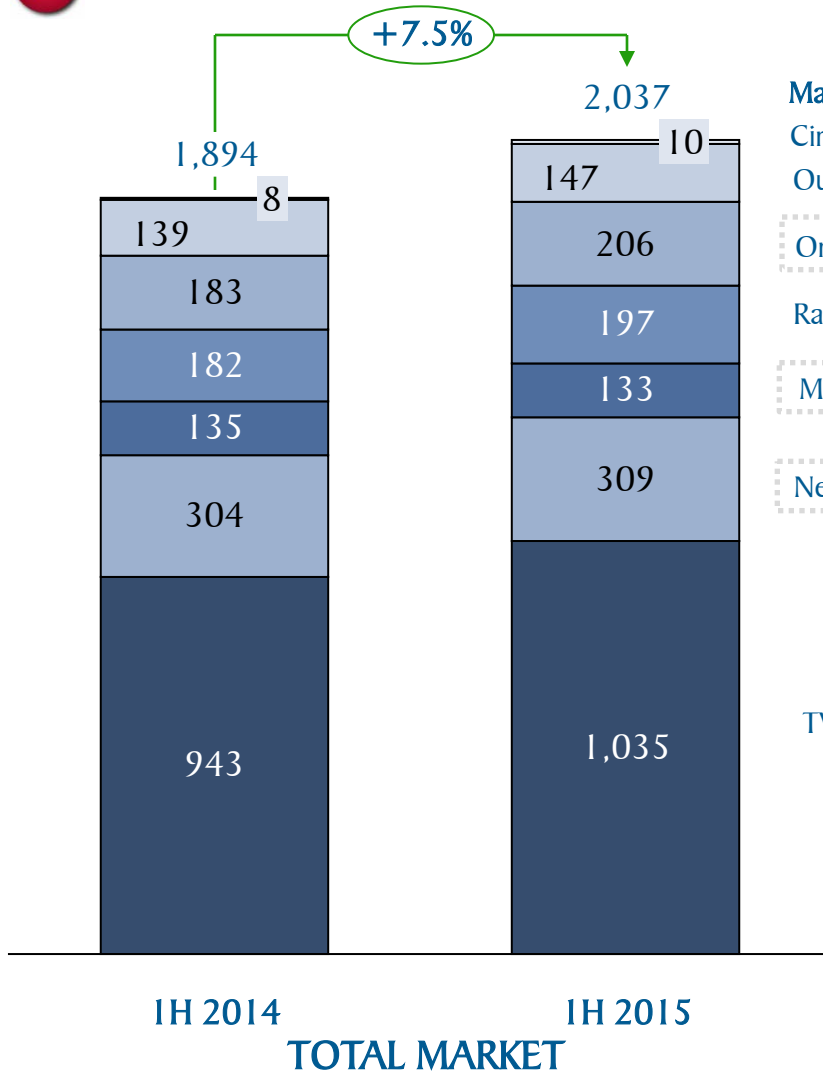


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# Spain: Advertising Trends



Advertising Gross Revenue, EUR million



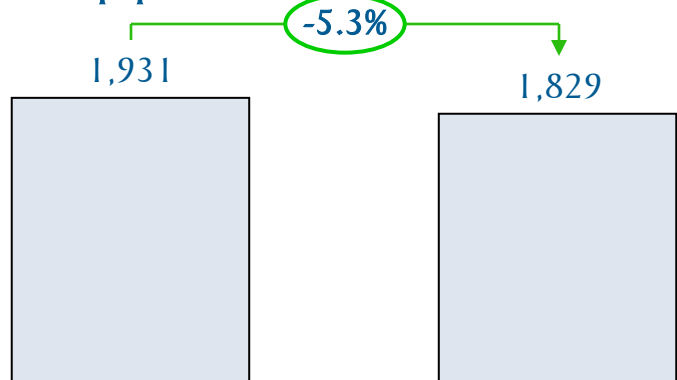
Market	Δ (%)	Δ (%) IH 15/IH 14		Δ (%) Q2 15/Q2 14	
		RCS	RCS ex. Sport Events	RCS	RCS ex. Sport Events
Market	+7.5%				
Cinema	+32.5%				
Outdoor	+5.5%				
Online	+12.1%	+9.1%	+11.5%	+6.0%	+10.1%
Radio	+8.5%				
Magazines	-1.6%	-9.9%	-9.9%	-9.9%	-9.9%
Newspapers (1)	+1.9%	-4.1%	-1.7%	-5.9%	-1.8%
TV	+9.7%				

# Italy: Newspaper Circulation Trends

Circulation, copies/000 per day

## MARKET

### National Newspapers <sup>(1)</sup>



IH 2014

IH 2015

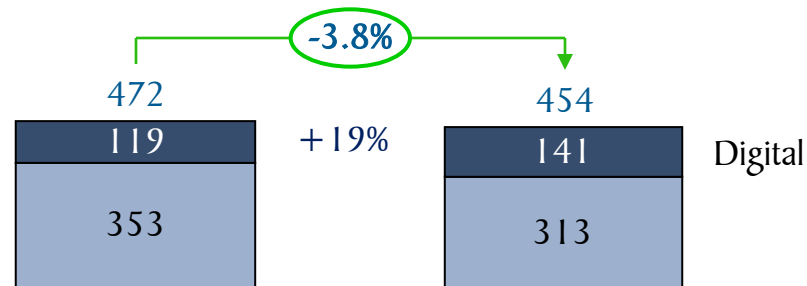
-7.8%  
ex.financial daily

## RCS

### CORRIERE DELLA SERA



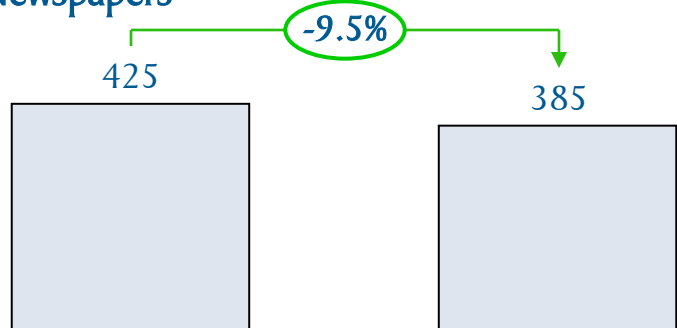
2.6 million readers  
most widely read among generalist titles



IH 2014

IH 2015

### Sports Newspapers



IH 2014

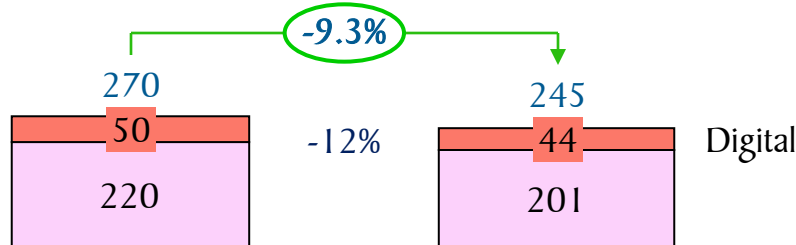
IH 2015

### La Gazzetta dello Sport

Tutto il rosa della vita



3.5 million readers  
most widely read among all newspapers



IH 2014

IH 2015

(1) Includes newspapers with circulation > 90,000 copies  
Source: ADS + Internal Estimates (digital copies included) and Audipress 2014 III



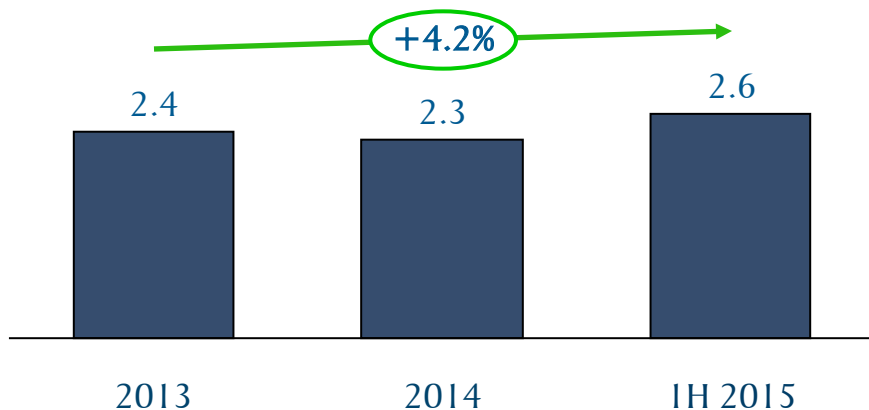
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# Italy: Online Readership

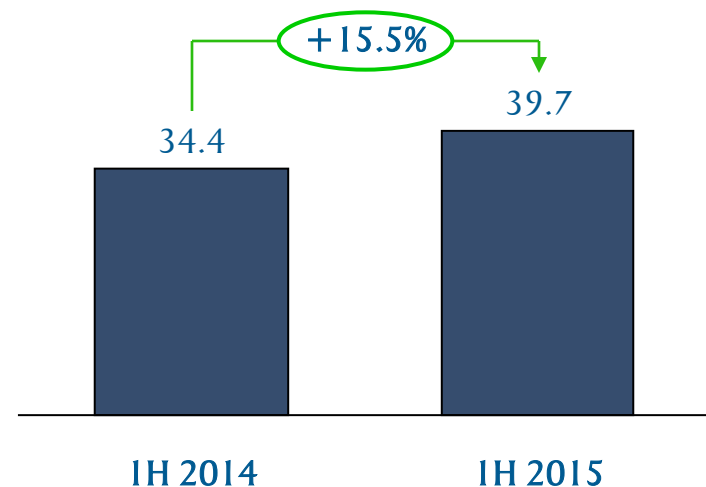
Million Users

## Workday Unique Browsers

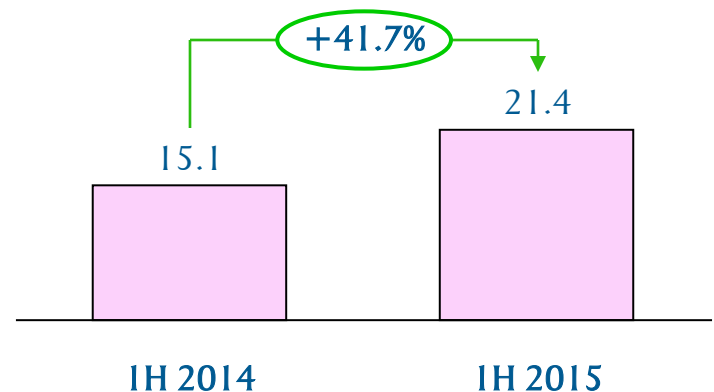
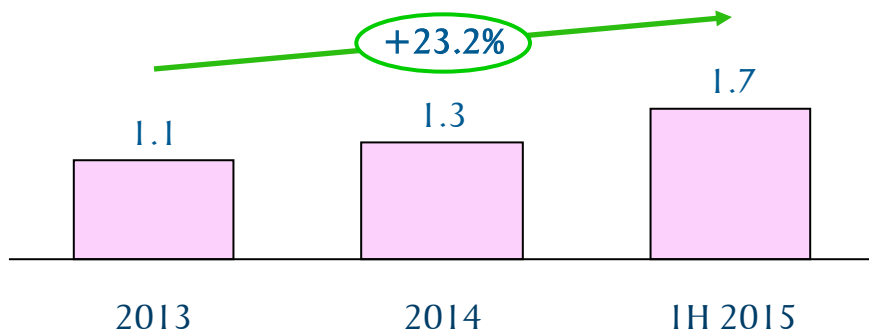
**CORRIERE DELLA SERA**.it



## Monthly Unique Browsers



**La Gazzetta dello Sport**.it  
Tutto il rosa della vita



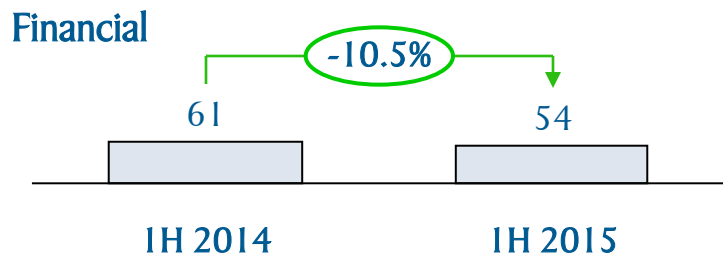
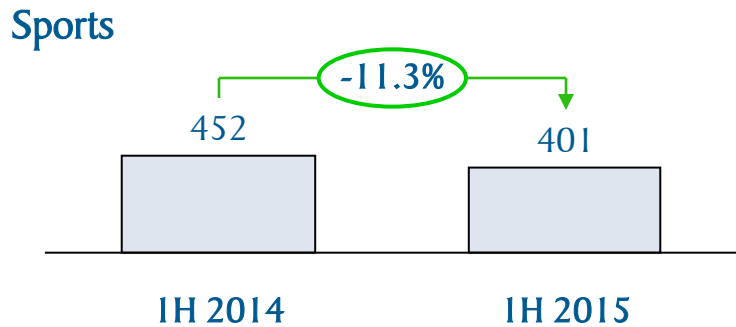
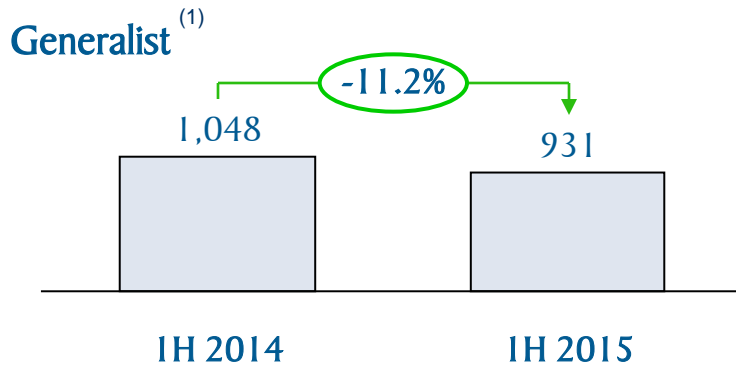
**RCS**

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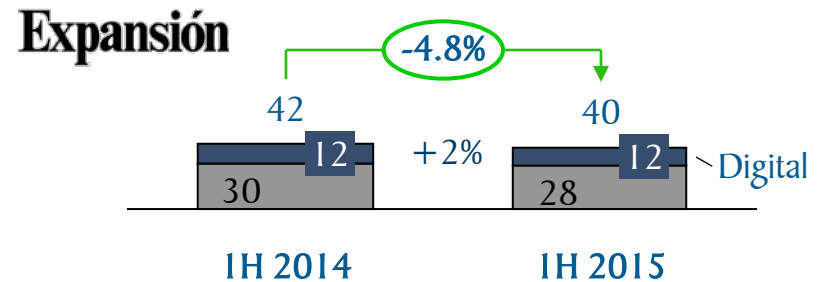
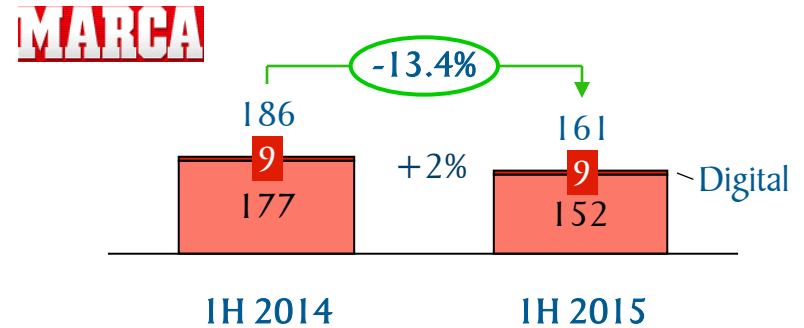
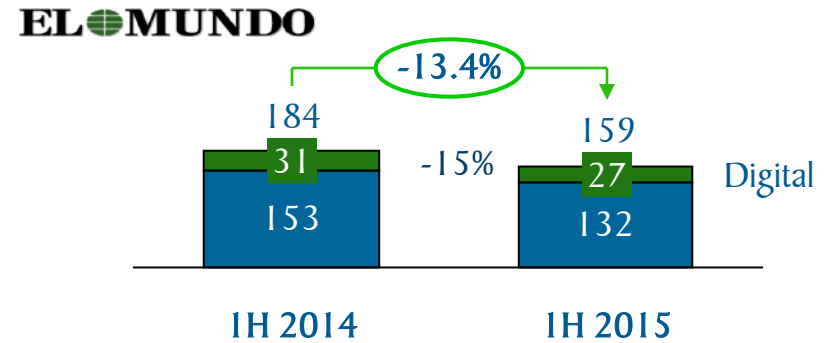
# Spain: Newspaper Circulation Trends

Circulation, copies/000 per day

## MARKET



## RCS (2)

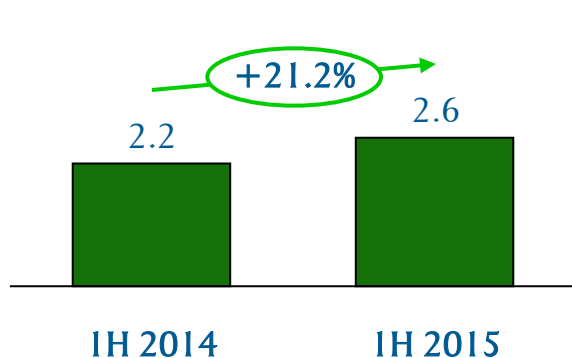


# Spain: Online Readership

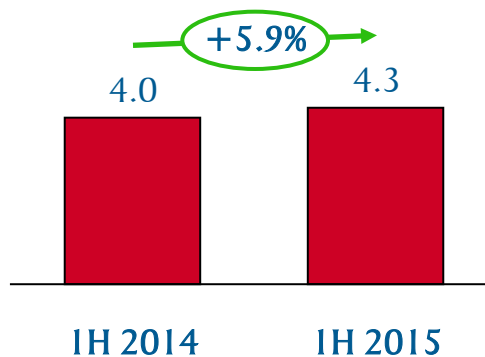
Million Users

## Weekly Unique Browsers

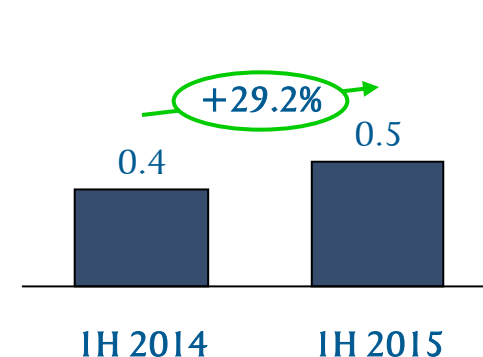
**ELMUNDO.es**



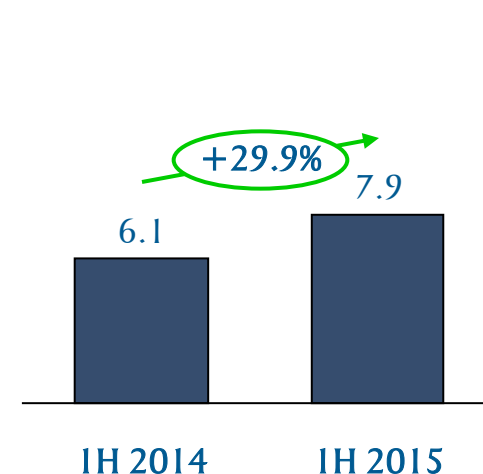
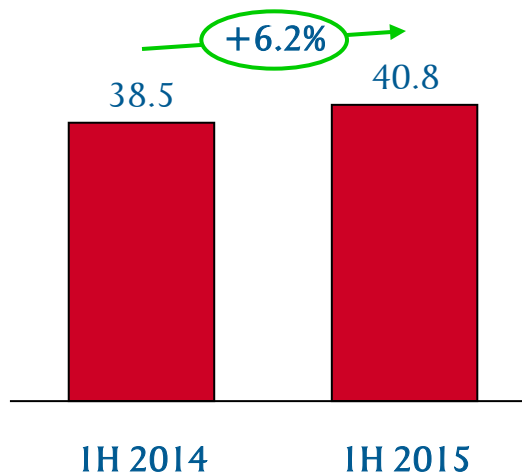
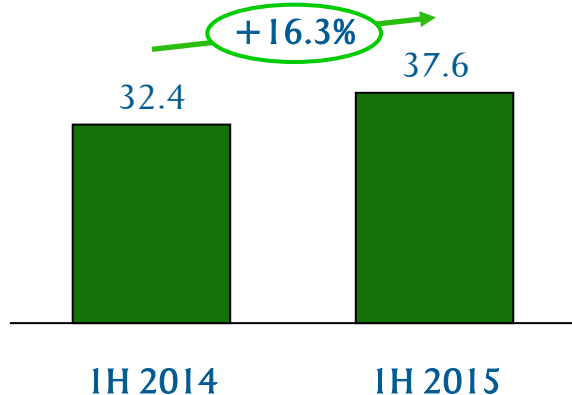
**MARCA.COM**



**Expansión.com**

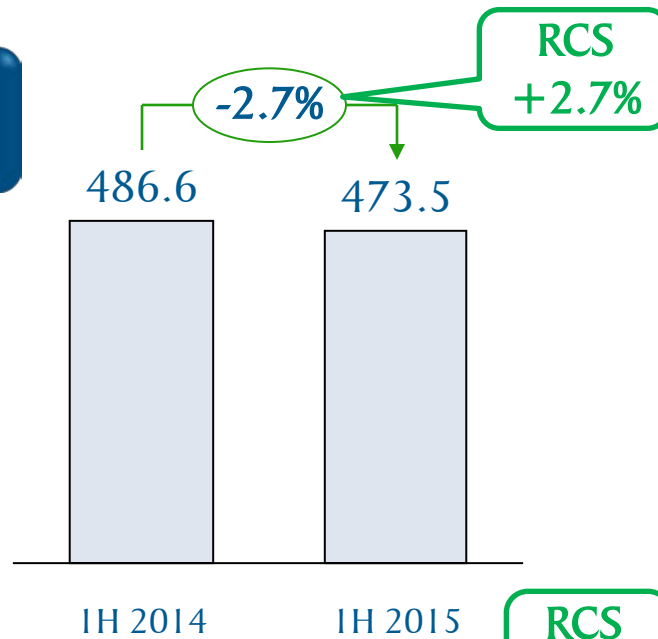


## Monthly Unique Browsers

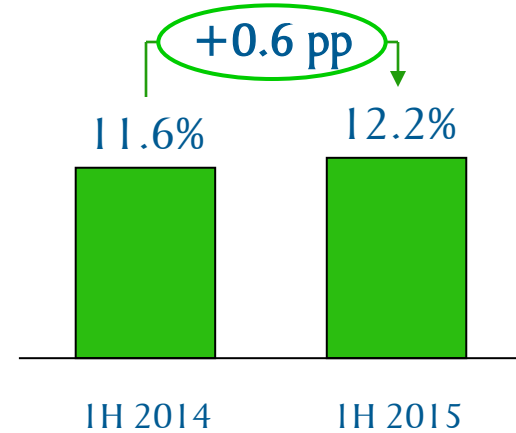


# Books: Market vs RCS Trade

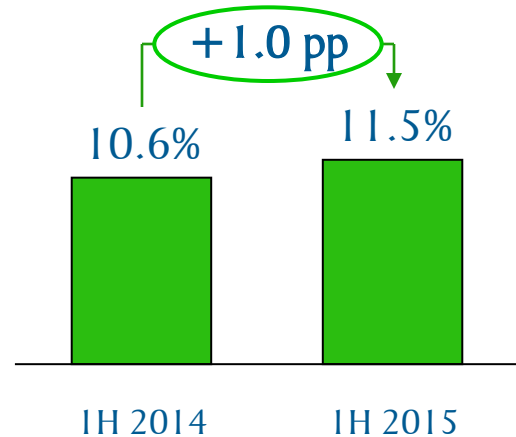
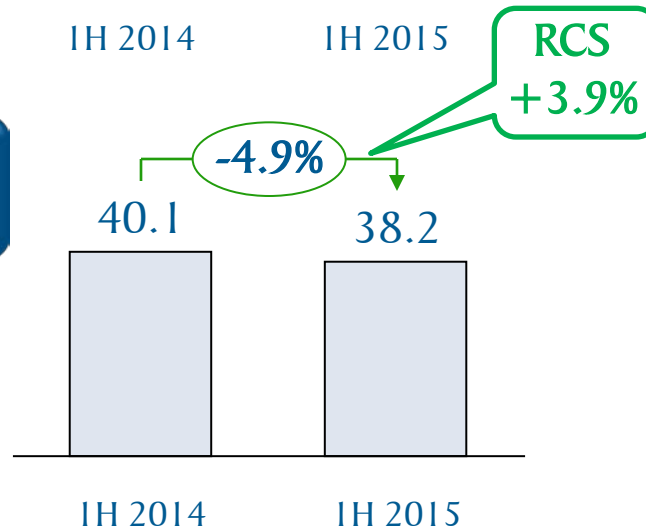
**TOTAL MARKET  
(EUR million)**



**RCS MARKET SHARE**



**TOTAL MARKET  
(Millions of copies)**





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# Agenda

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Market & Business Trends

First Half 2015 Results

Business Units Backup

# IH 2015 Results – Summary

EUR million

	Q2 2015			Q2 2014			Δ%			IH 2015			IH 2014 <sup>(1)</sup>			Δ%		
<b>Total Revenue</b>	335.4	100%		348.2	100%		(3.7%)	591.9	100%		611.1	100%		(3.1%)				
Circulation	153.1			153.3			(0.1%)	287.2			288.1			(0.3%)				
Advertising	139.7			149.7			(6.7%)	236.0			250.8			(5.9%)				
Other	42.6			45.2			(5.8%)	68.7			72.2			(4.8%)				
<b>EBITDA ex NR Items</b>	27.4	8.2%		24.8	7.1%		10.5%	5.1	0.9%		(4.2)	(1.2%)		>100%				
<b>Non Recurring Items</b>	(7.0)			(8.1)				(8.1)			(25.0)							
<b>EBITDA</b>	20.4	6.1%		16.7	4.8%		22.2%	(3.0)	(0.5%)		(29.2)	(4.8%)		ns				
<b>EBIT</b>	(46.5)			(5.1)				(85.5)			(65.1)							
<b>Net Result</b>	(60.2)			(16.1)				(95.4)			(70.0)							
<b>NFP</b>								(526.3)			(518.2)							

# Q2 & 1H 2015 Results

EUR million	Q215		Q214		1H15		1H14 <sup>(1)</sup>		Δ%
Circulation	153.1	45.6%	153.3	44.0%	287.2	48.5%	288.1	47.1%	(0.3%)
Advertising	139.7	41.7%	149.7	43.0%	236.0	39.9%	250.8	41.0%	(5.9%)
Other	42.6	12.7%	45.2	13.0%	68.7	11.6%	72.2	11.8%	(4.8%)
<b>TOTAL REVENUE</b>	<b>335.4</b>	<b>100%</b>	<b>348.2</b>	<b>100%</b>	<b>591.9</b>	<b>100%</b>	<b>611.1</b>	<b>100%</b>	<b>(3.1%)</b>
Operating costs (ex non recurring costs)	(224.6)	(67.0%)	(241.7)	(69.4%)	(419.4)	(70.9%)	(444.1)	(72.7%)	(5.6%)
Labour costs (ex non recurring costs)	(79.8)	(23.8%)	(78.0)	(22.4%)	(159.1)	(26.9%)	(161.8)	(26.5%)	(1.7%)
Writedowns	(2.6)	(0.8%)	(2.9)	(0.8%)	(5.2)	(0.9%)	(7.0)	(1.1%)	(25.7%)
Provisions	(1.0)	(0.3%)	(0.8)	(0.2%)	(3.1)	(0.5%)	(2.4)	(0.4%)	29.2%
<b>EBITDA ex Non Recurring Items</b>	<b>27.4</b>	<b>8.2%</b>	<b>24.8</b>	<b>7.1%</b>	<b>5.1</b>	<b>0.9%</b>	<b>(4.2)</b>	<b>(0.7%)</b>	<b>&gt; 100%</b>
Non Recurring Items	(7.0)	(2.1%)	(8.1)	(2.3%)	(8.1)	(1.4%)	(25.0)	(4.1%)	ns
<b>EBITDA</b>	<b>20.4</b>	<b>6.1%</b>	<b>16.7</b>	<b>4.8%</b>	<b>(3.0)</b>	<b>(0.5%)</b>	<b>(29.2)</b>	<b>(4.8%)</b>	<b>ns</b>
D&A	(16.4)	(4.9%)	(14.9)	(4.3%)	(31.7)	(5.4%)	(29.0)	(4.7%)	
Impairment writeoffs	(50.5)	(15.1%)	(6.9)	(2.0%)	(50.8)	(8.6%)	(6.9)	(1.1%)	
<b>EBIT</b>	<b>(46.5)</b>	<b>(13.9%)</b>	<b>(5.1)</b>	<b>(1.5%)</b>	<b>(85.5)</b>	<b>(14.4%)</b>	<b>(65.1)</b>	<b>(10.7%)</b>	
Net financial income (charges)	(9.4)	(2.8%)	(10.6)	(3.0%)	(18.3)	(3.1%)	(20.9)	(3.4%)	
Gain (losses) on financial assets/liabilities	(7.9)	(2.4%)	0.0	0.0%	(8.1)	(1.4%)	0.0	0.0%	
Income (charges) from equity investments	0.5	0.1%	(1.3)	(0.4%)	0.7	0.1%	(1.7)	(0.3%)	
<b>PRE-TAX RESULT</b>	<b>(63.3)</b>	<b>(18.9%)</b>	<b>(17.0)</b>	<b>(4.9%)</b>	<b>(111.2)</b>	<b>(18.8%)</b>	<b>(87.7)</b>	<b>(14.4%)</b>	
Taxes	2.2	0.7%	1.4	0.4%	14.5	2.4%	13.9	2.3%	
Net Result from Discontinuing and Discontinued Op.	1.1	0.3%	(0.6)	(0.2%)	1.1	0.2%	3.4	0.6%	
Minorities	(0.2)	(0.1%)	0.1	0.0%	0.2	0.0%	0.4	0.1%	
<b>NET RESULT</b>	<b>(60.2)</b>	<b>(17.9%)</b>	<b>(16.1)</b>	<b>(4.6%)</b>	<b>(95.4)</b>	<b>(16.1%)</b>	<b>(70.0)</b>	<b>(11.5%)</b>	

# 2013-2015 EBITDA<sup>(1)</sup> Evolution by Quarter

EUR million

✓ 8 consecutive quarters of YoY improvements



EBITDA MARGIN<sup>(1)</sup>

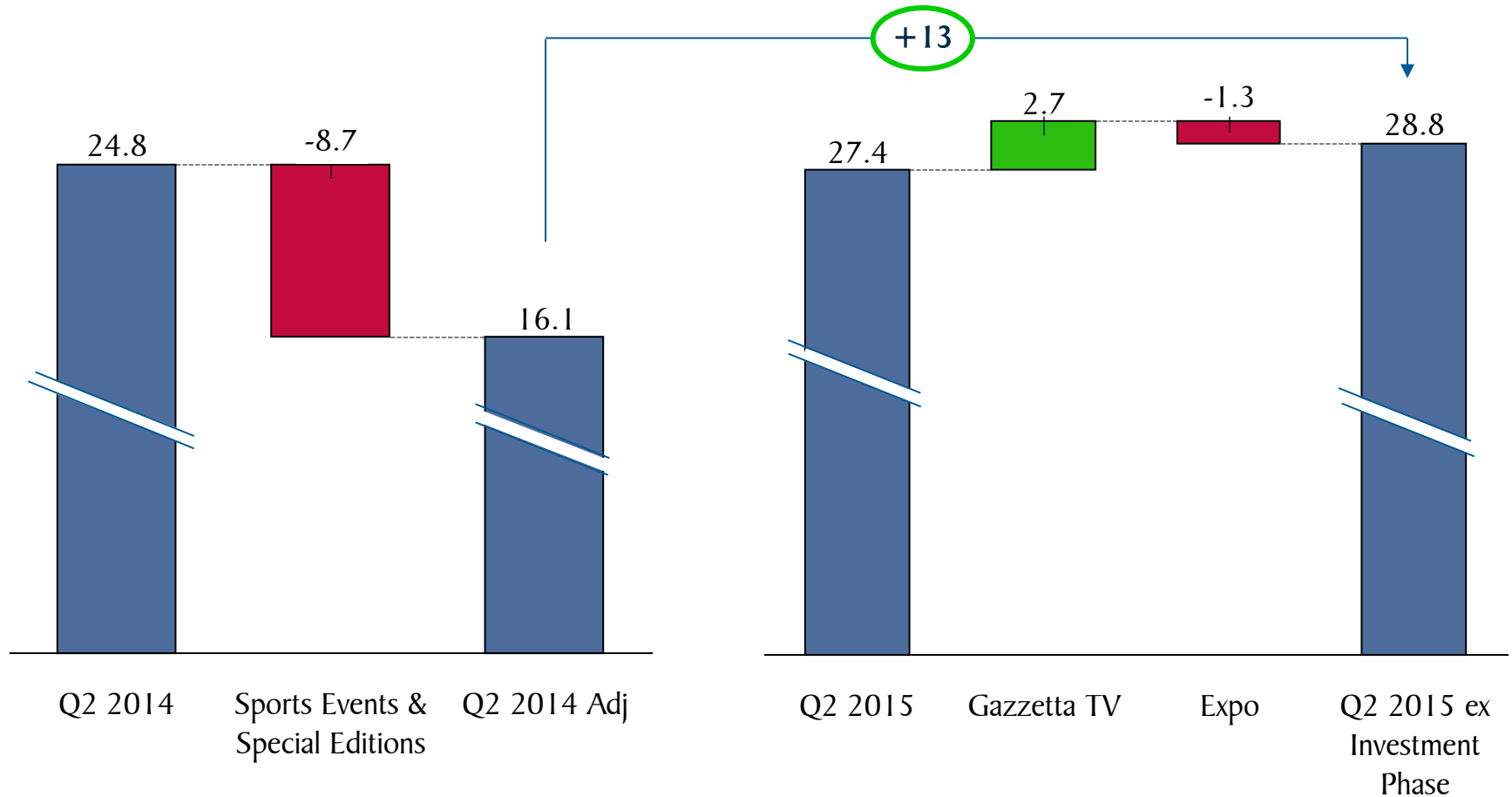
(1) EBITDA before non recurring costs

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

# Variance Q2 2015 EBITDA\*

✓ 13M € increase in Q2 2015 vs Q2 2014 when adjusted for:

- Sport Events
- Corriere della Sera and Gazzetta dello Sport's special editions
- Gazzetta TV launch and start-up costs



# Q2 and 1H 2015 Results – Revenue & EBITDA

EUR million

	Q2 2015				
	Revenue	EBITDA Ex Non Recurring Items	Ebitda ex NR %	EBITDA	Ebitda%
Media Italy	137.4	15.6	11.4%	14.3	10.4%
Media Spain	87.1	10.2	11.7%	5.2	6.0%
Books	47.7	0.4	0.8%	0.0	0.0%
Advertising & Events	110.7	8.7	7.9%	8.4	7.6%
Corporate Activities	19.6	(7.5)	(38.3%)	(7.5)	(38.3%)
Others and eliminations	(67.1)	0.0	0.0%	0.0	ns
<b>TOTAL RCS</b>	<b>335.4</b>	<b>27.4</b>	<b>8.2%</b>	<b>20.4</b>	<b>6.1%</b>

	Q2 2014				
	Revenue	EBITDA Ex Non Recurring Items	Ebitda ex NR %	EBITDA	Ebitda%
Media Italy	137.9	15.4	11.2%	15.2	11.0%
Media Spain	96.9	11.1	11.5%	4.0	4.1%
Books	45.7	(1.7)	(3.7%)	(2.3)	(5.0%)
Advertising & Events	120.1	5.8	4.8%	5.6	4.7%
Corporate Activities	20.8	(5.8)	(27.9%)	(5.8)	(27.9%)
Others and eliminations	(73.2)	0.0	0.0%	0.0	ns
<b>TOTAL RCS</b>	<b>348.2</b>	<b>24.8</b>	<b>7.1%</b>	<b>16.7</b>	<b>4.8%</b>

	HI 2015				
	Revenue	EBITDA Ex Non Recurring Items	Ebitda ex NR %	EBITDA	Ebitda%
Media Italy	258.7	15.1	5.8%	13.6	5.3%
Media Spain	160.2	7.8	4.9%	2.7	1.7%
Books	76.6	(6.0)	(7.8%)	(6.9)	(9.0%)
Advertising & Events	178.6	4.4	2.5%	3.9	2.2%
Corporate Activities	36.9	(16.2)	(43.9%)	(16.3)	(44.2%)
Others and eliminations	(119.1)	0.0	0.0%	0.0	ns
<b>TOTAL RCS</b>	<b>591.9</b>	<b>5.1</b>	<b>0.9%</b>	<b>(3.0)</b>	<b>(0.5%)</b>

	HI 2014 <sup>(1)</sup>				
	Revenue	EBITDA Ex Non Recurring Items	Ebitda ex NR %	EBITDA	Ebitda%
Media Italy	260.6	14.8	5.7%	12.0	4.6%
Media Spain	176.6	4.1	2.3%	(16.6)	(9.4%)
Books	72.1	(9.9)	(13.7%)	(11.0)	(15.3%)
Advertising & Events	194.0	1.2	0.6%	0.8	0.4%
Corporate Activities	37.8	(14.4)	(38.1%)	(14.4)	(38.1%)
Others and eliminations	(130.0)	0.0	0.0%	0.0	ns
<b>TOTAL RCS</b>	<b>611.1</b>	<b>(4.2)</b>	<b>(0.7%)</b>	<b>(29.2)</b>	<b>(4.8%)</b>

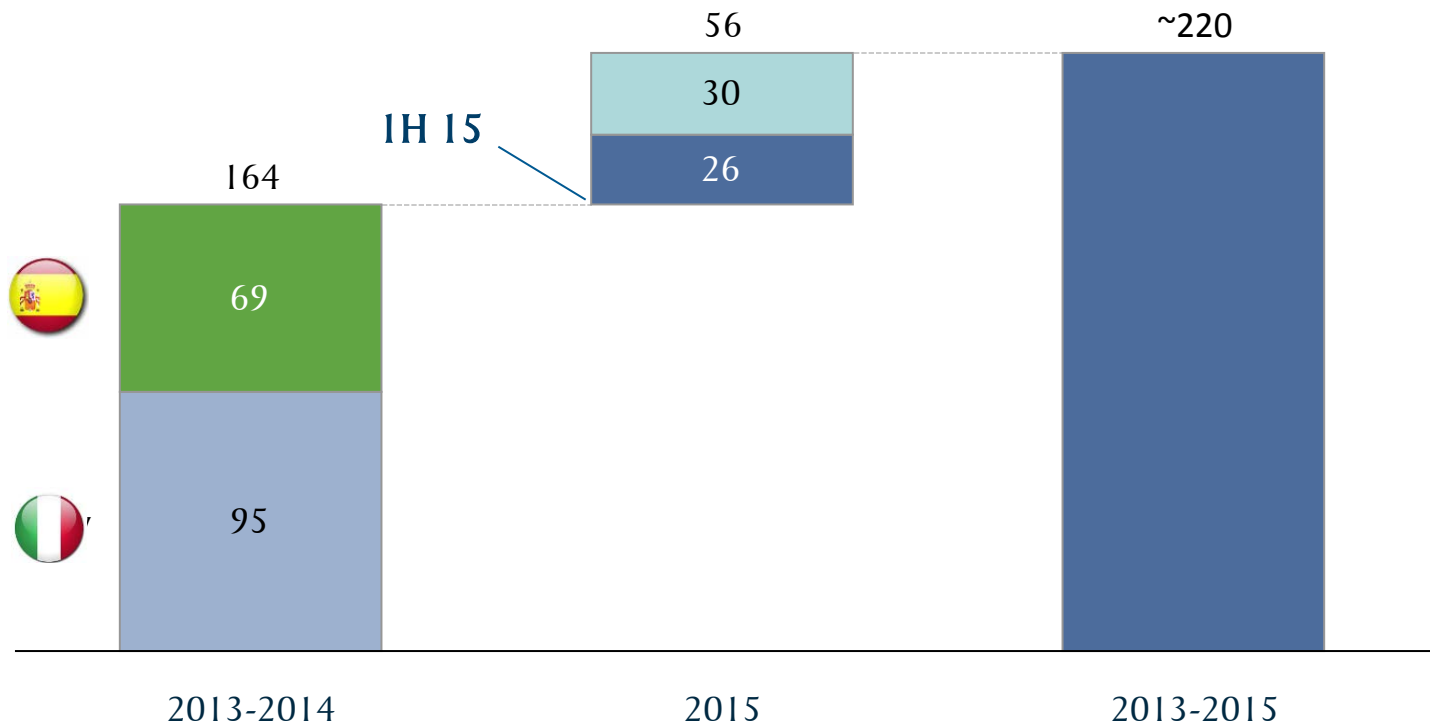
<sup>(1)</sup> The Casa Editrice La Tribuna business was sold on March 1, 2014

# 2015 Efficiency Program

EUR million

✓ Additional €26 M at June 2015

✓ €190 M delivered vs enhanced target of €220 M by end 2015



# Balance Sheet

EUR million

	30/06/2015		31/12/2014	
Net fixed assets	834.8	117.7%	878.2	116.2%
<i>Tangible &amp; Intangible fixed assets</i>	594.5	83.8%	652.4	86.4%
<i>Financial fixed assets</i>	240.3	33.9%	225.8	29.9%
Net working capital	50.9	7.2%	53.4	7.1%
Reserve for risk and charges	(147.2)	(20.7%)	(159.3)	(21.1%)
Employee termination indemnity	(49.4)	(7.0%)	(53.7)	(7.1%)
Net invested capital: assets held for sale	20.3	2.9%	36.9	4.9%
<b>CAPITAL EMPLOYED</b>	<b>709.4</b>	<b>100.0%</b>	<b>755.5</b>	<b>100.0%</b>
Net financial debt (cash)	526.3	74.2%	482.5	63.9%
Equity	183.1	25.8%	273.0	36.1%
<b>EQUITY &amp; NFP</b>	<b>709.4</b>	<b>100.0%</b>	<b>755.5</b>	<b>100.0%</b>



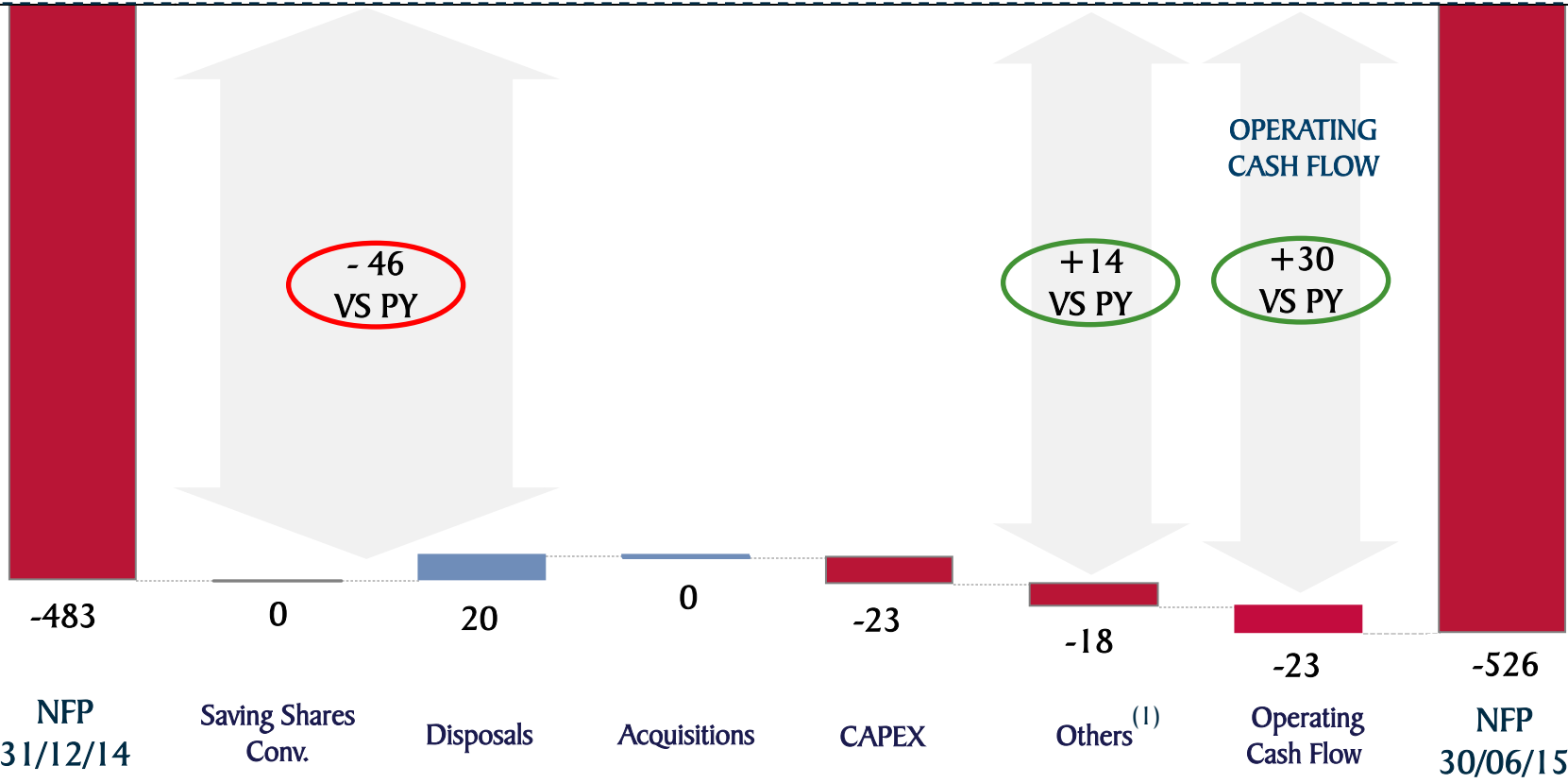
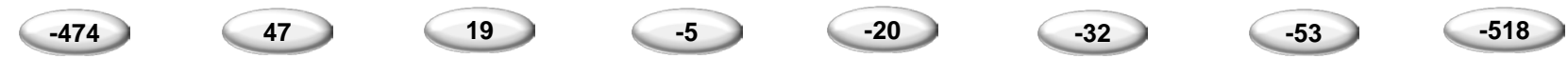
# IH 2015 Cash Flow

EUR million

NFP 01/01/2014

NFP 30/06/2014

1H  
2014



(1) Non recurring items and other minor

Cash flow representation as of management reporting



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# Agenda

Highlights

Market & Business Trends

First Half 2015 Results

Business Units Backup

# Media Italy – P&L

**CORRIERE DELLA SERA**

**La Gazzetta dello Sport**

Tutto il rosa  della vita

**A M I C A**

**OGGI**

CORRIERE DELLA SERA  
**DOVE**

**ABITARE**  
SINCE 1961

CORRIERE DELLA SERA  
**Living**

CORRIERE DELLA SERA  
**IO**  
DONNA

CORRIERE DELLA SERA  
**SETTE**

**SW**  
SPORTWEEK

CORRIERE DELLA SERA  
**STYLE**  
MAGAZINE

 **DIGICAST**

EUR million

	2Q15	2Q14	YoY	1H15	1H14	YoY
Circulation	72.4	68.7	5.4%	145.3	138.3	5.1%
Advertising	59.5	63.5	(6.3%)	102.7	111.0	(7.5%)
Other	5.5	5.7	(3.5%)	10.7	11.3	(5.3%)
<b>TOTAL REVENUE</b>	<b>137.4</b>	<b>137.9</b>	<b>(0.4%)</b>	<b>258.7</b>	<b>260.6</b>	<b>(0.7%)</b>
<i>O/W add on</i>	<i>23.0</i>	<i>17.4</i>		<i>45.5</i>	<i>35.3</i>	
<b>EBITDA ex NR Items</b>	<b>15.6</b>	<b>15.4</b>	<b>1.3%</b>	<b>15.1</b>	<b>14.8</b>	<b>(2.0%)</b>
Non Recurring Items	(1.3)	(0.2)		(1.5)	(2.8)	
<b>EBITDA</b>	<b>14.3</b>	<b>15.2</b>	<b>(5.9%)</b>	<b>13.6</b>	<b>12.0</b>	<b>(13.3%)</b>

advertising  
on-line  
23%

# Media Spain – P&L

**EL MUNDO**

**MARCA**

**Expansión**

**VO**  
DONA  
DEL MUNDO ART

**TELVA**

**METROPOL**

**MARCA**

**SIETE LEGUAS**  
[ESTABLE DEL MUNDO ART]

**LastLap**  
Eventos y Comunicación

**ACTUALIDAD  
ECONÓMICA**

**fuera  
deSerie**

EUR million

	2Q15	2Q14	YoY	1H15	1H14	YoY
<b>Circulation</b>	35.4	41.2	(14.1%)	69.7	81.0	(14.0%)
<b>Advertising</b>	41.5	44.3	(6.3%)	72.1	75.2	(4.1%)
<b>Other</b>	10.2	11.4	(10.5%)	18.4	20.4	(9.8%)
<b>TOTAL REVENUE</b>	87.1	96.9	(10.1%)	160.2	176.6	(9.3%)
<i>O/W add on</i>	1.0	0.4		2.3	0.9	
<b>EBITDA ex NR Items</b>	10.2	11.1	(8.1%)	7.8	4.1	90.2%
<b>Non Recurring Items</b>	(5.0)	(7.1)		(5.1)	(20.7)	
<b>EBITDA</b>	5.2	4.0	30.0%	2.7	(16.6)	>100%

advertising  
on-line  
29%

**RCS**

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# Books – P&L

Rizzoli



edigita



Rizzoli ETAS

Marsilio

BUR

SONZOGNO

RIZZOLI  
NEW YORK



EUR million

	2Q15	2Q14	YoY	1H15	1H14	YoY
Fiction & non-Fic. Italy	26.3	25.2	4.4%	47.5	44.6	6.5%
Education	15.8	15.8	0.0%	18.4	18.6	(1.1%)
Rizzoli International	5.6	4.8	16.7%	10.7	8.9	20.2%
Other	0.0	(0.1)	n.s.	0.0	0.0	ns
<b>TOTAL REVENUE</b>	<b>47.7</b>	<b>45.7</b>	<b>4.4%</b>	<b>76.6</b>	<b>72.1</b>	<b>6.2%</b>
<b>EBITDA ex NR Items</b>	<b>0.4</b>	<b>(1.7)</b>	<b>&gt;100</b>	<b>(6.0)</b>	<b>(9.9)</b>	<b>39.5%</b>
<b>Non Recurring Items</b>	<b>(0.4)</b>	<b>(0.6)</b>		<b>(0.9)</b>	<b>(1.1)</b>	
<b>EBITDA</b>	<b>0.0</b>	<b>(2.3)</b>	<b>100.0%</b>	<b>(6.9)</b>	<b>(11.0)</b>	<b>37.3%</b>



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# Advertising & Events – P&L



EUR million

	2Q15	2Q14	YoY	1H15	1H14	YoY
<b>Advertising and Events</b>	79.7	87.3	(8.7%)	138.0	149.9	(7.9%)
<i>O/W RCS publishing</i>	64.8	72.5		112.7	126.3	
<i>3rd party publishers</i>	12.6	13.9		22.1	21.9	
<b>Sport Events</b>	31.0	32.8	(5.5%)	40.6	44.1	(7.9%)
<b>TOTAL REVENUE</b>	110.7	120.1	(7.8%)	178.6	194.0	(7.9%)
<b>EBITDA ex NR Items</b>	8.7	5.8	50.0%	4.4	1.2	n.s.
<b>Non Recurring Items</b>	(0.3)	(0.2)		(0.5)	(0.4)	
<b>EBITDA</b>	8.4	5.6	50.0%	3.9	0.8	n.s.



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# RCS MediaGroup

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First Half 2015 Results

Q&A



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# Disclaimer

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## Forward-looking Statements

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*RCS MediaGroup actual results and developments may differ materially from the ones expressed or implied by the following statements depending on a variety of factors.*

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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.*