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Oggetto	:	RCS MediaGroup Board of Directors - Results at 31 March 2016

Testo del comunicato

Vedi allegato.

Press Release: RCS MediaGroup Board of Directors

Results at 31 March 2016 approved[1]

Refinancing Term Sheet finalized:
already approved by two Banks, all the other to approve within one month

Laura Cioli, chief executive officer:

"The 2016-2018 Industrial Plan is continuing at full speed: all of the projects which we announced in December have been started and are obtaining good results. The initial reports on the half year make it possible to confirm a clear improvement compared to the same 2015 period and the goal to return to a profit within 2016. We are concentrated and focussed more than ever on acting, as quickly as possible and efficiently and effectively."

RESULTS FOR THE 1st QUARTER OF 2016

Advertising revenue grew 2% on a like-for-like basis compared with the 1st quarter of 2015.
EBITDA before expenses is more than 40% of the increase forecast for the entire year
EBITDA after expenses improved more than EUR 12 million compared to the 1st quarter of 2015.
Efficiency measures for EUR 14 million.
Net result EUR -22 million for a EUR 13 million improvement versus 1st quarter of 2015.
Net financial debt at EUR 411 million considering the effects of the disposal of the Books Area.

OUTLOOK AND PLAN PROGRESS

2ND QUARTER 2016 REVENUE FORECAST IN LINE/BETTER THAN THE SAME 2015 PERIOD

IMPROVED EBITDA FOR HY2016 WILL CONTRIBUTE MORE THAN 80% TO THE INCREASE EXPECTED FOR THE YEAR

2016 EFFICIENCY MEASURES HIGHER THAN PLAN TARGETS: EUR 50 MILLION BENEFITS EXPECTED IN THE YEAR

EXCELLENT SPORTS AREA PERFORMANCE

[1] Alternative performance ratios: EBITDA - Considered as the operating income before depreciation, amortisation and write-downs. It also includes income and expenses from equity investments measured with the equity method. Net Financial Debt - The financial ratio determined as the result of current and non-current financial payables net of cash and cash equivalents as well as current assets and non-current financial assets related to derivatives.

Milan, 11 May 2016 The board of Directors of RCS MediaGroup met today chaired by Maurizio Costa to examine and approve the preliminary consolidated results at 31 March 2016, for updates regarding implementation of the 2016-2018 Industrial Plan, as well as to share the progress on negotiations with lending banks and further preliminary remarks in relation to the share-based takeover launched by Cairo Communications on RCS MediaGroup shares.

Consolidated Figures (EUR million)	**31/03/2016**	**31/03/2015**	**Δ**
Consolidated revenue	219.8	229.4	-4.2%
EBITDA before non-recurring income and expense	(3.4)	(15.5)	+78%
EBITDA after non-recurring income and expense	(3.7)	(16.2)	+77.2%
EBIT	(17.5)	(30.9)	+43.4%
Net loss	(22)	(35.2)	+37.5%

Equity Figures (EUR million)	**31/03/2016**	**31/03/2015**	**31/12/2015**
Net financial debt	509.1	507.5	486.7

(1) Official figures retreated for uniformity to include the classification of the Books area in discontinued operations, as well as the classification of net income from equity investments measured at shareholder's equity in an income statement line before EBITDA.

The Group's **consolidated net revenue** at 31 March 2016 was EUR 219.8 million, compared to EUR 262.9 million for the same period in 2015 (excluding the Books area) **Advertising revenue** compared to the same 2015 period **reported a 1.1% improvement, which increases to around 2%** excluding the disposed assets of Sfera China and Gazzetta TV from the comparison, thus advertising revenue stand at EUR 97.4 million, **with improved performance also in relation to the assumptions for the 2016-2018 Industrial Plan period**. **Circulation revenue** stands at EUR 94.7 million, down EUR 12.4 million on a like-for-like basis, of which EUR 5 million related to a different editorial plan for add-ons (with no effect on profit) and the rest due to the forecast decrease in the reference markets in both Italy and Spain.

EBITDA before non-recurring income and expense totals EUR -3.4 million versus EUR -15.5 million in the first quarter of 2015. The significant improvement of more than EUR 12 million compared to the same period last year **was achieved thanks to the contribution from all business areas**. The excellent performance reported in the first quarter of 2016 contributes **more than 40% to the increase forecast by the RCS Group for the entire year**, once again confirming the goal set for 2016. **EBITDA after non-recurring income and expense totals EUR -3.7 million** compared to EUR -16.2 million of 31 March 2015, reporting an increase of EUR 12.5 million..

The strong commitment to reduce costs also contributed to the good EBITDA performance, **which generated benefits for EUR 13.7 million during the quarter**. **All of the efficiency measures envisaged by the Plan were implemented** and additional optimisation interventions planned which will make it possible to **surpass the annual target, reaching EUR 50 million net**.

The table below shows the breakdown of EBITDA and revenue performance for the individual business areas.

(EUR million)	**Figures at 31/03/2016**					**Figures at 31/03/2015**				
	Revenue	**EBITDA BEFORE NON-RECURRING**	**% of revenue**	**EBITDA**	**% of revenue**	**Revenue**	**EBITDA BEFORE NON-RECURRING**	**% of revenue**	**EBITDA**	**% of revenue**
News Italy	89.5	0.3	0.3%	0.0	0.0%	97.9	(3.2)	(3.3)%	(3.4)	(3.5)%
News Spain	47.7	(2.3)	(4.8)%	(2.3)	(4.8)%	49.5	(3.6)	(7.3)%	(3.7)	(7.5)%
Sport	69.8	2.5	3.6%	2.5	3.6%	69.6	(2.2)	(3.2)%	(2.2)	(3.2)%
Other Activities	12.8	(3.9)	NS	(3.9)	NS	12.4	(6.5)	NS	(6.9)	NS
Consolidated	**219.8**	**(3.4)**	**(1.5)%**	**(3.7)**	**(1.7)%**	**229.4**	**(15.5)**	**(6.8)%**	**(16.2)**	**(7.1)%**

(Source: management reporting)

EBIT reported an improvement of more than EUR 13 million, reaching EUR -17.5 million, in part thanks to the performance described above and lower amortisation.

The **net result** for the first three months of 2016 show an increase of over EUR 13 million and is equal to EUR -22 million (EUR -35.2 million in the first three months of 2015).

Net financial debt at 31 March 2016 stands at EUR 509 million (EUR 508 million at 31 March 2015 and EUR 487 million at 31 December 2015), while **it would have reached EUR 411 million considering the effects of the disposal of the Books Area**, that occurred last 14 April (for a price of EUR 127.1 million and net financial position positive at 31 March 2016 for EUR 29.1 million). The difference compared to 31 December 2015 is the result of EUR - 15 million related to the Books Area, influenced by its traditional seasonal nature, EUR -16 million for payments of non-recurring expenses already accrued at 31 December 2015 and EUR +9 million in relation to current assets which reported a sharp improvement versus the same period last year.

Outlook and Plan Progress

The Chief Executive Officer then updated the Board on the first reports on the half year and activities to implement the Industrial Plan, received with satisfaction by the Directors.

The positive trend continued in the first quarter for **EBITDA, its improvement in the first half of the year is expected to contribute more than 80%** to the increase forecast by the RCS Group for all of 2016. **EBITDA before non-recurring expenses forecast for the year has been confirmed to increase reaching 10% of revenue.**

The **strong cost reduction commitment** has also been confirmed through the implementation of all the required measures, both in terms of external costs and cost of labour. Additional optimisation interventions have already been planned which will make it possible to **exceed the annual target**, **reaching EUR 50 million net of efficiency measures in 2016** (compared to their target for the three year Plan equal to EUR 60 million).

Revenue for the second quarter of 2016 is forecast to be in line/increase compared to the same 2015 period. Stable revenue is predicted for all of 2016 compared to 2015, mainly due to the positive contribution from the Sport Area and multimedia component.

Specifically, the **Giro d'Italia** in the **sports field**, which started this year from the Netherlands, met with excellent success and reported increased revenue compared to the 2015 edition; a cycle of six stops was also launched for the new mass event **Breakfast Run**, while the digital property **GazzaNet** has become the second most visited sports site in Italy, after the same gazzetta.it.

Thanks to the above, **the goal to reach a positive net result and net break even cash flow has been confirmed for the year 2016**. Moreover - barring any unforeseen events and subject to the EBITDA forecast for 2016 being reached **- a reduction in the Debt/EBITDA ratio of approximately 4x is expected at 31 December 2016**.

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The Board was then updated on the progress of the negotiations under way with the lending banks.

The legal advisors for the parties **finalized the Term Sheet** that contains the main updated terms and conditions of the existing Loan Agreement, with overall improvements for the Company and in line with the related Plan requirements.

To date two **Banks have already confirmed that their Boards have approved the new terms**, **the other Banks will submit the Term Sheet with a favourable opinion to their respective Boards within one month**. It should be noted that approval to change the Loan Agreement conditions by the Banks must be performed unanimously.

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Lastly, the Board shared additional preliminary remarks in relation to the share-based takeover launched by Cairo Communication on RCS MediaGroup shares, in part based on the explanatory notes of 10 May 2016 published by Cairo Communication in light of its shareholders' meeting of 12 May 2016.

Specifically, the Board noted that the explanatory notes of 10 May 2016 confirm the preliminary remarks made during the 13 April 2016 meeting, both in terms of the valuation of the consideration offered and in regard to the reflections of the condition set by Cairo Communication on the offer related to the commitments that would have to be undertaken by RCS' lending banks.

The Board also noted that the explanatory notes of Cairo Communication mentioned above confirmed that the bid is aimed at acquiring the control of the RCS MediaGroup at a discount stock, when normally bids aimed at acquiring control contain a premium to the benefit of the market. Specifically, as mentioned above, the consideration for the share-based takeover is lower than the target prices of analysts (whose average, before announcement of the takeover, was equal to €0.81 per share), and compared to the historic trend of the share in the 3, 6 and 12 months prior to the announcement of Cairo Communication on 8 April 2016.

Moreover, as already stated in Cairo Communication's release of 8 April 2016 and which is clearer in their explanatory notes, the occurrence of the condition of the absolute standstill commitment of RCS' lending banks (which assumes reaching an unspecified agreement with the banks or with another unidentified lender that is satisfactory for Cairo Communication) is subject to the advantage and discretion of Cairo Communication. This would allow the bidder - which reserves the right to change and even waive this condition all or in part right up to the closing of the takeover - to retract the bid up to its sole discretion, in breach of the principle of irrevocable share-based takeovers sanctioned by the law.

In terms of the intention stated by Cairo Communication in its explanatory notes to start negotiations with the Company's lending banks, the Board observed that it is not clear in what capacity Cairo Communication could hold discussions with these banks in relation to loans granted to the Company. The negotiations between the Company and the banks to renegotiate the existing debt are at an advanced stage and any interference could seriously compromise the Company in this delicate phase.

The Board reiterated the difficulties in valuating the Cairo Communication stock, moreover characterised by reduced trading volumes, in light of the lack of available public information issued by Cairo Communication on its economic-financial targets, as well as a medium term plan of Cairo Communication which explains quantitative or measurable objectives (or in any case comparable with the level of disclosures released by RCS MediaGroup to the market).

The Board is maintaining its goal to create value for RCS MediaGroup in the best interests of all shareholders, not neglecting any strategic options and with the support of its financial and legal advisors.

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Following the enactment of Italian Legislative Decree no. 25 of 15 February 2016 on 18 March 2016, which eliminates, in compliance with the EU Transparency Directive, the obligation to publish interim management reports, the Group voluntarily decided to publish a consolidated financial situation and a comment on the main economic performance ratios of the Group's activities and on the most significant events for the period, both in relation to the Group's financial situation and on the outlook. This decision is not to be considered permanent, the Group reserves the right to reassess the situation, including based on possible amendments to the regulatory framework.
This Interim Management Report at 31 March 2016 can be found on the pages below. It is based on the assumption of a going concern (as better described in the paragraph "Integration requested by CONSOB pursuant to article 114, paragraph 5, of the Italian Legislation Decree 58/1998, of 27 May 2013") and has been prepared in keeping with the International Accounting Principles applied to the Annual Report of 31 December 2015, and IAS 34 is not applicable.

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***Conference Call** – The results of the 1st quarter of 2016 will be presented to the financial community today at 16:30 (CET) via web/phone conference call and in streaming on the website www.rcsmediagroup.it.*

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Riccardo Taranto, the Director responsible for drawing up the company's statements, hereby declares, pursuant to article 154-bis, paragraph 2 of the Consolidated Law on Finance (Testo Unico della Finanza, TUF), that the information contained in this press release accurately represents the figures contained in the Group's accounting records.

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Interim Management Statement

at March 31, 2016

This is English translation of the Italian Interim Management Statement, which is the sole authoritative version

RCS MediaGroup S.p.A.
Via A. Rizzoli, 8 – 20132 Milan
Share Capital €475,134,602.10 - Company Register and Tax Code/VAT No. 12086540155, REA No. 1524326

Contents

CONSOLIDATED FINANCIAL HIGHLIGHTS OF RCS MEDIAGROUP

(€/millions)	1st quarter 2016	1st quarter 2015 (2)	Year 2015
INCOME STATEMENT			
Revenue	219.8	229.4	1,032.2
EBITDA (1) (4)	(3.7)	(16.2)	16.4
OPERATING LOSS	(17.5)	(30.9)	(107.0)
Loss before tax and non-controlling interests	(25.4)	(39.9)	(143.3)
Income taxes	3.2	9.2	7.9
Loss from continuing operations	(22.2)	(30.7)	(135.4)
Profit (loss) from assets held for sale and discontinued operations (2)	-	(4.9)	(38.8)
Loss for the period	(22.0)	(35.2)	(175.7)
Basic earnings per share: continuing operations	(0.04)	(0.06)	(0.26)
Diluted earnings per share: continuing operations	(0.04)	(0.06)	(0.26)
Basic earnings per share: assets held for sale and discontinued operations	-	(0.01)	(0.08)
Diluted earnings per share: assets held for sale and discontinued operations	-	(0.01)	(0.08)

STATEMENT OF FINANCIAL POSITION	Mar/31/2016	Mar/31/2015	Dec/31/2015
Net capital employed	588.9	750.0	591.9
Net financial debt (3)	509.1	507.5	486.7
Net financial debt - continuing operations	538.2	507.5	530.9
Equity	79.8	242.5	105.2
Average number of employees excluding those involved with assets held for sale and discontinued operations	3,656	3,684	3,704
Average number of employees	3,987	3,995	4,031

(1) Earnings before interest, tax, amortisation/depreciation and impairment losses. Includes the share of profit and loss of equity-accounted investees.

(2) At March 31, 2015, the costs and revenue relating to the activities in the Books segment were reclassified to Profit (loss) from assets held for sale and discontinued operations, for which a sale agreement was signed on October 4, 2015; the sale was completed on April 14, 2016.

(3) Indicator of financial structure, calculated as current and non-current financial liabilities less cash and cash equivalents, current financial assets and non-current financial assets recognised for derivatives. Net financial debt as defined by CONSOB in its Communication DEM/6064293 dated July 28, 2006 excludes non-current financial assets. Non-current financial assets relating to derivatives at March 31, 2016, March 31, 2015 and December 31, 2015 amounted to zero and, therefore, RCS's financial ratio at March 31, 2016, March 31, 2015 and December 31, 2015 matches the net financial debt as defined by the above-mentioned CONSOB Communication.

(4) As of December 31, 2015, the share of profits of equity-accounted investees is classified on a pre-EBITDA line of the financial statements, and the first quarter of 2015 has been reclassified accordingly. This classification has been deemed more consistent with the substance of the facts, as following the disposal, liquidation or full impairment of non-core equity-accounted investees, this item now includes profit and loss from equity investments the activities of which are strictly functional to Group operations.

Following the entry into force on March 18, 2016 of Legislative Decree no. 25 dated February 15, 2016, which eliminated quarterly reporting requirements in compliance with the European Union's Transparency Directive, the Group has decided to voluntarily publish a consolidated statement of financial position and income statement and comments on the main economic performance indicators of Group operations and the most significant events during the period, as well as on the Group's financial situation and on the outlook for operations. This decision should not be considered final, as the Group reserves the right to make a different assessment in the future, also in light of any changes in the regulatory framework.

This Interim Management Statement is based on the going concern assumption (as described in more detail in the section "Additional information required by CONSOB pursuant to Art. 114, paragraph 5 of Italian Legislative Decree no. 58/1998 of May 27, 2013"), has been prepared in continuity with the International Accounting Standards applied in the Annual Report at December 31, 2015 and does not apply IAS 34.

This Interim Management Statement at March 31, 2016 was approved by the Board of Directors on May, 11 2016

SEGMENT PROFILES

In March 2016, a new organisational structure was presented, in line with the expected evolution of the business forecast in the 2016-2018 Business Plan approved by the Board of Directors on December 18, 2015.

The table below shows the new organisational structure:

FORMER OPERATING SEGMENTS	NEW OPERATING SEGMENTS
Media Italy	**News Italy**
Corriere della Sera System, La Gazzetta dello Sport System, Verticals, Digicast	Corriere della Sera System, Verticals, Digicast, Sfera
Media Spain	**News Spain**
El Mundo System, Marca System, Expansion System, Verticals, Last Lap Events, Other	El Mundo System, Expansion System, Verticals, Other
Advertising & Events	**Sport**
Sales on Group publications, Sales for third parties, RCS Sport sporting events	La Gazzetta dello Sport System, Marca System, International Sport Events & Formats (RCS Sport and Last Lap), International Audience
Corporate & Other	**Other Activities**
Corporate Functions, Sfera, New Business	Group Shared Services, Sales for third parties

Details of activities in the sectors noted above are provided below:

News Italy

The News Italy segment is primarily dedicated to the editing, production and marketing of publishing products linked to *Corriere della Sera* (*Corriere della Sera System* and *Verticals* publishing products (including the *Childhood Verticals*), as well as television activities.

In particular, *Corriere della Sera System* includes the national newspaper, the leading national news and general-interest information daily, in addition to a structured, integrated platform of paper and digital information media, including a network of local titles, the weekly *Sette*, special inserts and general interest and specialised supplements, as well as the website *corriere.it.*
The *Verticals* products include 7 Italian magazines, including weeklies and monthlies and concern the following areas: Women's (*IO Donna* and *Amica*), Home Furnishings and Interior Design and Architecture (*Living and Abitare*), Family (*Oggi System*) and Men's & Lifestyle (*Style Magazine*, *Dove*). It is also active in the multimedia domain through its websites (*Living.corriere.it, Iodonna.it, Amica.it, Oggi.it, Doveviaggi.corriere.it, Style.corriere.it, Doveclub.it* and *Abitare.it*). In the first quarter of 2015, the range was enhanced with the launch of two new monthlies under the *Oggi* name: *Oggi Cucino FREE*, a new magazine dedicated to the gluten-free world, and *Oggi Enigmistica*, a new monthly puzzles and games publication.
In addition to these are the *Childhood Verticals* (Sfera) specialised in the early childhood and new families segment, including the publications *Insieme* and *Io e il mio Bambino*, the controlled distribution of boxed sets containing assorted products for mothers, the organisation of events and fairs (*Bimbinfiera*), the offer of digital products (*quimamme.it* website and publication websites) and e-commerce and direct marketing functions. It is the market leader in Italy, Spain and Mexico (with business models similar to the Italian one) and has also had a presence in France with a digital offer for just over one year.

Television activities are carried out in Italy, through the company Digicast, which operates in the satellite television broadcasting segment, offering 5 channels on SKY: *Lei* (channel 127), *Dove* (channel 412), in addition to the optional channels *Caccia* (channel 235), *Pesca* (channel 236) and *Lei*+1 (channel 129).
This area also includes the activities of Hotelyo SA, a company operating under the *Dove Club* name in the on-line travel segment in 'flash sales', catalogue and 'tailor made' mode, in addition to high-range holiday offers, as well as classified activities, including *Trovocasa* and, through the company Trovolavoro S.r.l., the market segment dedicated to the search for qualified personnel.

Lastly, *m-dis Distribuzione Media S.p.A.*, an equity-accounted investee, handles the distribution of publishing products.

News Spain

The News Spain segment is primarily dedicated to the editing, production and marketing of publishing products linked to the newspapers *El Mundo (El Mundo System)* and *Expansión (Expansion System)*, in addition to the Spanish *Verticals* publishing products.
El Mundo System includes the second national general-interest daily newspaper, based on circulation, the associated publishing products and the website *elmundo.es*; *Expansión System* include the leading national business newspaper, the associated publishing products and the website *expansión.com.*
This area also includes Spanish Verticals activities, comprising the women's magazine *Telva* and the specialised *Historia* magazine, bookshop activities with the publishers *La Esfera de los Libros* and *A Esfera dos Livros* (Portugal) and a multiplex for national digital television broadcasting, through Veo TV.
This area also includes Logintegral, a company specialised in the distribution of products in its own portfolio and several other national and international products, and the company Corporation Bermont, an equity-accounted investee, which handles newspaper, magazine and other publishing product printing.

Sport

This area includes all Group assets relating to the sports business.
The area manages the editing, production and marketing of publishing products linked to the newspapers *La Gazzetta dello Sport (Gazzetta dello Sport System)* and *Marca (Marca System)* as well as all sporting event organisation activities of RCS Sport and Last Lap.

La Gazzetta dello Sport System includes the national newspaper, the leading Italian sports information publication, the weekly *Sportweek*, special inserts and specialised supplements, the website *gazzetta.it*, the *Gazzabet* portal in the on-line football and sports betting sector and, since August 2015, the *infotainment GazzaNet* website, featuring the latest news and details about the main teams and athletes.

In January 2016, a new publishing project linked to *Gazzetta Tv* was launched online, where some programmes continued such as *Gazza Offside* and *Calciomercato* which showed successful results already in February with 20 million streams.

The *Marca System* includes the daily newspaper, the leading Spanish sports information publication, the associated publishing products, the top national sports radio station *Radio Marca* and the website *marca.com.*

RCS Sport organises and manages extremely high profile events for a variety of sports at national and international level (including the *Giro d'Italia*, the *Milano Sanremo*, the *Tirreno Adriatico*, the *Dubai Tour* and the *Abu Dhabi Tour*), by providing a full and customised range of services as well as advertising sales activities for third parties.

Last Lap is one of the leading Spanish agencies specialised in the organisation and marketing of mainly sporting events. It creates tailor-made initiatives for each customer, which includes 360-degree marketing activities and the design and development of strategies implemented by a team of highly qualified, young and creative professionals.

Other Activities

This area includes the structures responsible for Group-wide policy-making, control and coordination, as well as the provision of services to support other Group companies. The latter include, in particular, IT, administration and tax, finance and treasury, procurement, legal and corporate affairs, human resources and facility management provided for all business areas.

This area also includes advertising sales on behalf of third party publishers. In particular, the RCS Group manages national print advertising sales for the newspapers of the *Monrif* group - *QN, Il Giorno, Il Resto del Carlino e La Nazione* - ("Poligrafici Editoriale"), national print and on-line advertising sales with the publisher Itedi S.p.A. relating to *La Stampa* and its supplements, *La Stampa.it* and *Il Secolo XIX* and *Il Secolo XIX.it* publications.

The Group is also the concessionaire for domestic advertising sales on the website *Kelkoo* as well as print and on-line advertising sales for some publications distributed in southern Italy. The agreements were entered into with the following publishers: Società Editrice Sud or SES, which publishes *Gazzetta del Sud, Gazzetta Avvisi* (Friday insert also on-line), *Noi Magazine* (Thursday school insert) and *Gazzetta del Sud.it*; Domenico Sanfilippo Editore, which publishes *La Sicilia* and *La Sicilia.it*; Editrice del Sud Edisud, the publisher of *Gazzetta del Mezzogiorno* and *Gazzetta del Mezzogiorno.it*; and Giornale di Sicilia Editoriale Poligrafica, which publishes *Giornale di Sicilia* and *Giornale di Sicilia.it.*

Lastly, on March 1, 2016, the RCS Group entered into a domestic print and on-line advertising sales sub-concession agreement with Piemme S.p.A. relating to *Leggo* and *Leggo.it*.

The RCS Live events agency is known for its direct, multimedia and efficient approach to the design, planning and execution of business to consumer, business to business and corporate events.

The segment also includes Other Digital Activities, comprising direct marketing services, subscriptions and mail order sales managed by the RCS Mediagroup's Direct division, as well as digital development activities carried out by RCS Digital Ventures.

The Fondazione *Corriere della Sera* should also be pointed out, which organises and keeps the archives of the *Corriere della Sera*, and RCS Group magazines and publishing houses. The Foundation increases the archive and cultural value of its assets through intense activities involving debates, conferences, publications and photographic and documentary exhibitions. Lastly, the Fondazione *Candido Cannavò per lo sport*, created following the death of the esteemed journalist and writer, was established in order to operate in the field of solidarity, social development and sport, in the tradition of the work and message of Candido Cannavò.

GROUP PERFORMANCE IN THE FIRST QUARTER OF THE YEAR

In the initial months of 2016, the phase of moderate economic growth continued in Italy, with first-quarter GDP up by 0.1% compared to the previous quarter, supported by stronger private consumption, but hindered by weaker demand from abroad (Source: ISTAT forecast data - monthly note on Italian economic performance, February 2016).

In Spain, first-quarter growth reached 0.8% (preliminary data of the national statistics institution, INE), equal to the growth recorded in the fourth quarter of 2015. Compared to the same period of last year, GDP rose by 3.4%.

The Group's financial highlights and related comments are presented below.

(€/millions)	Mar-31-2016	%	Mar-31-2015	%	Difference	Difference
	A		B		A-B	%
Revenue	**219.8**	**100.0**	**229.4**	**100.0**	**(9.6)**	***(4.2%)***
Distribution revenue	*94.7*	*43.1*	*107.1*	*46.7*	*(12.4)*	*(11.6%)*
Advertising revenue	*97.4*	*44.3*	*96.3*	*42.0*	*1.1*	*1.1%*
Other revenue (1)	*27.7*	*12.6*	*26.0*	*11.3*	*1.7*	*6.5%*
Operating expenses	*(151.0)*	*(68.7)*	*(169.5)*	*(73.9)*	*18.5*	*10.9%*
Personnel expense	*(71.1)*	*(32.3)*	*(73.9)*	*(32.2)*	*2.8*	*3.8%*
Provisions for risks	*(1.6)*	*(0.7)*	*(1.6)*	*(0.7)*	*0.0*	-
Allowance for impairment	*(0.4)*	*(0.2)*	*(1.2)*	*(0.5)*	*0.8*	*66.7%*
Share of profits (losses) of equity-accounted investees (4)	*0.6*	*0.3*	*0.6*	*0.3*	*0.0*	-
EBITDA (2)	**(3.7)**	**(1.7)**	**(16.2)**	**(7.1)**	**12.5**	***77.2%***
Amortisation of intangible assets	*(9.2)*	*(4.2)*	*(9.2)*	*(4.0)*	*0.0*	*0.0%*
Depreciation of property, plant and equipment	*(4.4)*	*(2.0)*	*(5.0)*	*(2.2)*	*0.6*	*12.0%*
Depreciation of investment property	*(0.2)*	*(0.1)*	*(0.2)*	*(0.1)*	*0.0*	-
Impairment losses on non-current assets	*0.0*	*0.0*	*(0.3)*	*(0.1)*	*0.3*	*n.s.*
Operating loss	**(17.5)**	**(8.0)**	**(30.9)**	**(13.5)**	**13.4**	***43.4%***
Net financial expense	*(8.0)*	*(3.6)*	*(8.8)*	*(3.8)*	*0.8*	*9.1%*
Gains (losses) on financial assets/liabilities	*0.1*	*0.0*	*(0.2)*	*(0.1)*	*0.3*	*n.s.*
Loss before tax	**(25.4)**	**(11.6)**	**(39.9)**	**(17.4)**	**14.5**	***36.3%***
Income taxes	*3.2*	*1.5*	*9.2*	*4.0*	*(6.0)*	*(65.2%)*
Loss from continuing operations	**(22.2)**	**(10.1)**	**(30.7)**	**(13.4)**	**8.5**	***27.7%***
Profit (loss) from assets held for sale and discontinued operations	*0.0*	*0.0*	*(4.9)*	*(2.1)*	*4.9*	*n.s.*
Loss before non-controlling interests	**(22.2)**	**(10.1)**	**(35.6)**	**(15.5)**	**13.4**	***37.6%***
Profit attributable to non-controlling interests	*0.2*	*0.1*	*0.4*	*0.2*	*(0.2)*	*(50.0%)*
Loss attributable to owners of the parent	**(22.0)**	**(10.0)**	**(35.2)**	**(15.3)**	**13.2**	***37.5%***

(1) Other revenue mostly refers to revenue from the television activities of News Italy and News Spain, revenue associated with events and exhibitions in Italy and Spain, e-commerce revenue and revenue from the sale of customer lists as well as children's boxed sets by companies in the Sfera Group, which are classified within News Italy.

(2) Earnings before interest, tax, amortisation/depreciation and impairment losses. Includes the share of profit and loss of equity-accounted investees.

(3) At March 31, 2015, the costs and revenue relating to the activities in the Books segment were reclassified to Profit (loss) from assets held for sale and discontinued operations, for which a sale agreement was signed on October 4, 2015; the sale was completed on April 14, 2016.

(4) As of December 31, 2015, the share of profits of equity-accounted investees is classified on a pre-EBITDA line of the financial statements, and the first quarter of 2015 has been reclassified accordingly. This classification has been deemed more consistent with the substance of the facts, as following the disposal, liquidation or full impairment of non-core equity-accounted investees, this item now includes profit and loss from equity investments the activities of which are strictly functional to Group operations.

Market trend

In March, the Italian print media advertising market (Source: FCP) was down once again compared to the first quarter of 2015 (-4.4%), with newspapers down by 4.6% (national business newspapers down 1.6%) and magazines decreasing by 3.9%. On-line advertising rose slightly by 0.8%.

In Spain, there was a 3.2% increase in advertising sales compared to the same period of 2015 (Source: i2p, Arce Media), with newspapers decreasing by 5.8% (national business newspapers down by 6.2%) and magazines declining by 2.1%. On the other hand, on-line advertising posted 12.6% growth.

In terms of circulation, in Italy the unfavourable trend in the paper products market was seen again in the opening months of 2016. Specifically, the distribution of general-interest newspapers in the first quarter of 2016 was down by 6.5% (including digital copies) compared to the first quarter of 2015 (Source: ADS figures, January-March 2016).

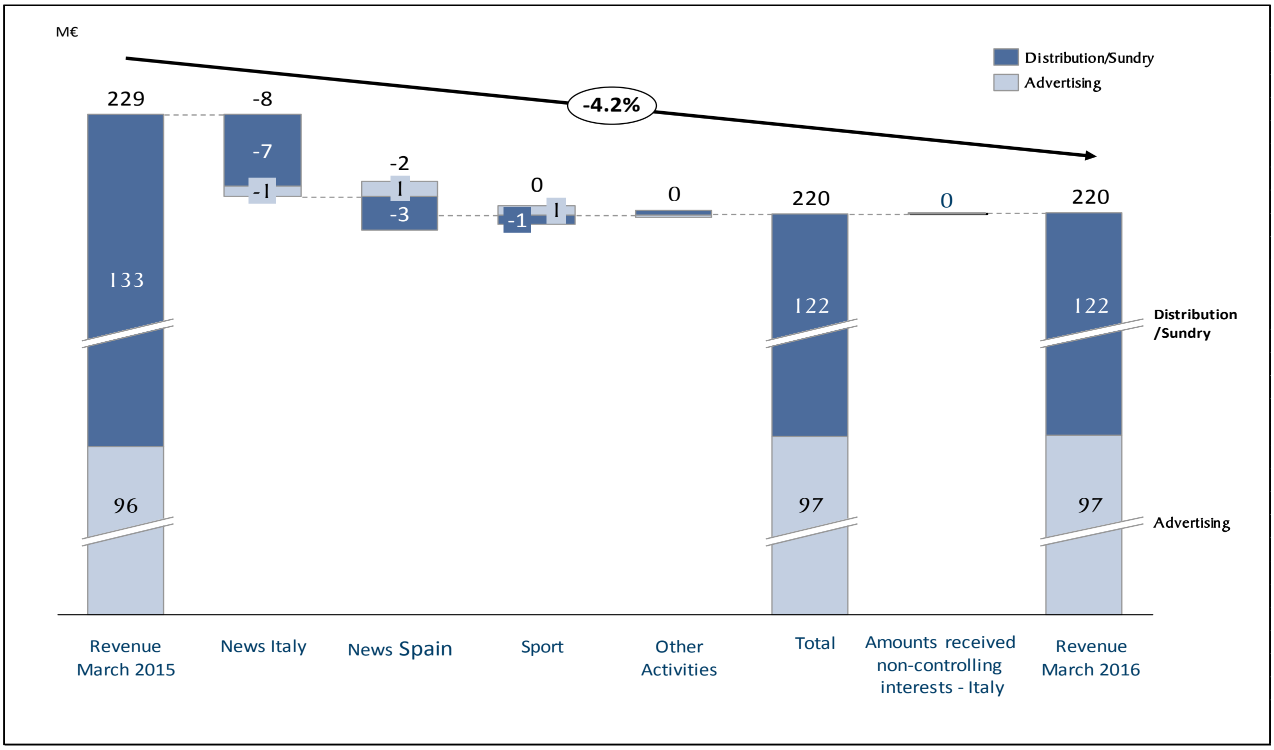
In the first quarter of 2016, sports newspapers showed a decrease in circulation of 8.3% (including digital copies - Source: ADS figures, January-March 2016).

As regards circulation figures for Spain until March 2016, OJD data point to a downturn with respect to the first quarter of 2015 in general interest newspapers (those with a circulation exceeding 70 thousand copies) of 9.2%, in business newspapers of 13.6% and in sports newspapers of 6.4%.

Segment results

The Group's consolidated revenue at March 31, 2016 amounted to €219.8 million, down compared to €229.4 million in the same period of 2015 on a like-for-like basis (excluding the Books segment).

The main changes influencing this trend are summarised below:



Source: Management Reporting

The decline was entirely due to distribution revenue (-€12.4 million), also as a result of lower revenue from add-on products (€4.6 million caused by the different publishing plan), with almost no impact on the margin, and was partially offset by increases in advertising revenue (+€1.1 million) and other revenue (+€1.7 million).

Distribution revenue by business area is presented below:

(€/millions)	Distribution revenue		Delta
	Mar-31-2016	Mar-31-2015	
News Italy	39.4	46.6	(7.2)
News Spain	20.2	23.1	(2.9)
Sport	35.1	37.6	(2.5)
Other Activities and eliminations	0.0	(0.2)	0.2
Total distribution revenue	**94.7**	**107.1**	**(12.4)**

Source: Management Reporting

This figure totalled €94.7 million, compared to distribution revenue of €107.1 million in the first quarter of 2015. The decline was caused by almost all business areas, particularly

- Lower distribution revenue of **News Italy** (-€7.2 million). This decline of €3.9 million was caused by the adoption of a different add-on product publishing plan. The remaining decline was due to the contraction in the distribution of *Corriere System*, as well as the downturn in *Verticals* distribution revenue (-€1.1 million), primarily triggered by the Family area (*Oggi System*). *Corriere della Sera* recorded an **average** of 434 thousand **copies distributed**, down 6.3% compared to the first quarter of 2015 (including digital copies, down due to promotional agreements that have now expired) (Internal Source). This publication's leadership in the reference market segment was confirmed. (Source: ADS January-March 2016). The main **digital performance indicators** show that average monthly unique browsers for the *corriere.it* site reached 40 million in the first quarter of 2016 (+2.5% compared to 2015), and the average unique browsers on weekdays totalled 2.6 million, marking a slight decrease (-2.3% compared to the first quarter of 2015) (Source: Adobe Analytics). This decline is in line with expectations, and partly resulted from the launch of the paid version of the website on January 27.
  At the end of March, there were more than 30 thousand paid website subscriptions.

- The decline of €2.9 million in **News Spain** distribution revenue was associated primarily with the decrease in distribution revenue relating to *El Mundo* (-15.4% compared to the first quarter of 2015). Distribution revenue of the business information newspaper *Expansion*, amounting to €3 million, decreased by €0.3 million (down 9.2% compared to the same period of 2015). This change was primarily the result of the market trends described above, in addition to the effects of the different promotional policy adopted by Unidad Editorial, and was partially mitigated by the increased cover price of *El Mundo*, which rose from €1.40 to €1.50 for the Monday-Friday editions starting in February. The **average daily circulation of copies** of *El Mundo* and *Expansion* (including digital copies) stood at 139 thousand and 37 thousand copies, respectively (Source: OJD). As regards **on-line activities**, the average monthly unique browsers (source: Adobe Analytics) of *elmundo.es* reached 41.5 million in the first quarter of 2016 (+13.5% compared to the same period of 2015), and average weekly unique browsers amounted to 2.9 million (+14.0% compared to the first quarter of 2015). The average monthly unique browsers of *expansión.com* reached 8.6 million unique users in the first three months of 2016, up by 7.4% compared to the same period in the previous year. Average daily unique browsers (Mon.-Sun.) totalled 0.5 million (up 8.6% compared to the same period of 2015) (Source: Adobe Analytics).

- **Sport** distribution revenue declined by €2.5 million, with €1.1 million attributable to *La Gazzetta dello Sport* and €1.4 million attributable to the Spanish publication *Marca*. These trends, which were penalised by the drop in the reference markets and, in Spain, also by the adoption of a different promotional policy, were partly offset in Italy by the rise in the *La Gazzetta dello Sport* cover price to €1.50 starting in June 2015. In detail, the decrease of 12.1% in *Marca* distribution revenue with respect to the first quarter of 2015 would fall to 7% excluding the effects of the different promotional policy. **Total distribution** of *La Gazzetta dello Sport* in the first three months of 2016 came to 201 thousand copies per day on average (including 27 thousand digital copies on average - Internal Source). The circulation of sports daily *Marca* reached a daily average of roughly 150 thousand copies, including digital copies (Source: OJD). In **on-line activities**, the site *gazzetta.it* recorded 19.1 million average unique browsers per month in the first quarter of 2016 (up 17.1% compared to 2015). The average unique browsers on weekdays totalled 1.9 million, up by 16.8% compared to 2015 (Source: Adobe

Analytics). At the end of March 2016, *marca.com* reached 36.5 million average unique browsers per month, with daily (Mon.-Sun.) unique browsers averaging 4.1 million, substantially in line with the first quarter of last year (Source: Adobe Analytics).

Advertising revenue by business area is presented below:

(€/millions)	Advertising revenue		Delta
	Mar-31-2016	Mar-31-2015	
News Italy	42.8	44.2	(1.4)
News Spain	23.1	21.6	1.5
Sport	21.9	21.0	0.9
Other Activities and eliminations	9.6	9.5	0.1
Total Advertising Revenue	**97.4**	**96.3**	**1.1**

Source: Management Reporting

This figure totalled €97.4 million, compared to €96.3 million in the first quarter of 2015, marking growth of €1.1 million (+1.1%). Excluding advertising revenue relating to the activities of *Gazzetta TV* and *Sfera China* from the figure for the first quarter of 2015, as these businesses were subsequently suspended, revenue would have improved by around 2%. This positive trend is mainly associated with **News Spain** (+€1.5 million) and **Sport** (+€0.9 million) and was only partially offset by declining advertising revenue for **News Italy** (-€1.4 million).
In particular, the advertising revenue of News Spain increased by a total of 6.8%.
Sport advertising revenue improved by €0.9 million compared to the same period of 2015. Excluding the suspended activities of *Gazzetta Tv* from the 2015 first-quarter figure, there would have been an improvement of €1.4 million. This increase is due essentially to higher revenue recorded by *La Gazzetta dello Sport System* and Sport Events. Advertising revenue for *Marca* rose by 2.7% on the first quarter of 2015.

The decrease in News Italy advertising revenue (-€1.4 million) was substantially caused by advertising sales trends of the *Verticals segment*, which were penalised by the continuation of negative market trends (-3.9% compared to the same period of last year), and of *Childhood Verticals* due to lower revenue earned in Mexico, which is going through a serious recession, as well as in China due to the closure of activities in that geographical area.
The net advertising revenue of *Corriere della Sera System* (including supplements and on-line) also decreased, by 1.9%.

Other revenue by business area is presented below:

(€/millions)	Other revenue		Delta
	Mar-31-2016	Mar-31-2015	
News Italy	7.3	7.1	0.2
News Spain	4.4	4.8	(0.4)
Sport	12.8	11.0	1.8
Other Activities and eliminations	3.2	3.1	0.1
Total other revenue	**27.7**	**26.0**	**1.7**

Source: Management Reporting

This figure totalled €27.7 million, compared to €26 million for the first three months of 2015 (+€1.7 million). This change is the result of other revenue of the **Sport** area and, in particular, events organised by RCS Sport (+€1.5 million) and Last Lap, a Spanish subsidiary.

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During the quarter and in subsequent months, actions continued to strengthen publishing and enhance digital offerings. Some of the significant activities during the quarter include the launch in late January of *C+*, the *Corriere della Sera* membership, a paid digital offering model for all site users, which also led to an overhaul of the graphic design and content of the *corriere.it* website to bring it more into line with the tone, style and treatment of the paper version and to further boost the quality of content for readers. Within the new digital offering, one fundamental opportunity is unlimited access to the historical archives of *Corriere della Sera* dating back to 1876, featuring almost eight million reports, inquiries, opinions and comments.

On March 5, *Corriere della Sera* reached its 140th anniversary, with many initiatives to celebrate this occasion together with readers. On March 4, to honour this event, a special edition was released at newsstands with the newspaper, “140 years of history”: 96 pages in which the top writers of via Solferino provide an overview of the history of our newspaper, which has been published across three centuries. During the year, *Corriere della Sera* will carry out a series of cultural initiatives to celebrate the anniversary. A commemorative stamp will also be released to celebrate 140 years of *Corriere della Sera.*

On April 3, *La Gazzetta dello Sport* celebrated 120 years of history with a special edition printed on green paper, just like the 1896 edition. The celebrations will be followed by many events organised by *La Gazzetta dello Sport* to celebrate the great world of sports along with readers and fans.

In Spain, the new *Marca apuestas* application for Apple and Android devices was launched in April. This fast, intuitive app was designed to simplify betting and give users the opportunity to bet on live events.

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EBITDA in the first three months of 2016 marked an improvement of €12.5 million compared to negative EBITDA of €16.2 million in the first quarter of 2015, reaching a negative €3.7 million.

Excluding non-recurring income and expense, EBITDA improved by more than €12 million with respect to the same period of the previous year, reaching -€3.4 million, favoured by the steadfast commitment to cost reduction (€13.7 million in efficiencies) as well as the streamlining of activities, which resulted in the suspension of broadcasting of *Gazzetta Tv* and *Childhood Verticals* sales in China (+€1.6 million total).
As regards efficiencies, the initiatives set forth in the Plan have been implemented and additional optimisation activities have been planned to make it possible to exceed the annual net target by surpassing €50 million.

All of the Group’s business areas contributed to this improvement.

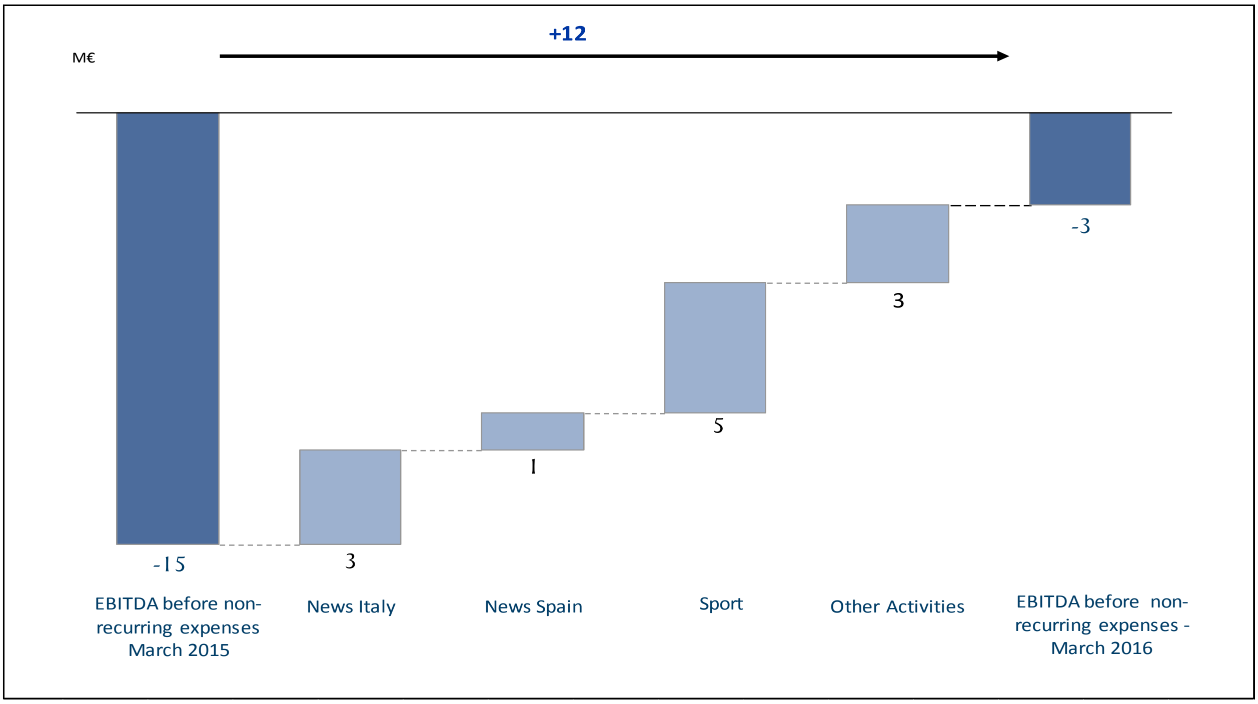
Revenue, EBITDA and EBITDA before non-recurring expense by business area are summarised below:

(€/millions)	Mar-31-2016					Mar-31-2015				
	Revenue	**EBITDA BEFORE NON-RECURRING EXPENSE**	**% of revenue**	**EBITDA**	**% of revenue**	**Revenue**	**EBITDA BEFORE NON-RECURRING EXPENSE**	**% of revenue**	**EBITDA**	**% of revenue**
News Italy	89.5	0.3	0.3%	0.0	0.0%	97.9	(3.2)	(3.3)%	(3.4)	(3.5)%
News Spain	47.7	(2.3)	(4.8)%	(2.3)	(4.8)%	49.5	(3.6)	(7.3)%	(3.7)	(7.5)%
Sport	69.8	2.5	3.6%	2.5	3.6%	69.6	(2.2)	(3.2)%	(2.2)	(3.2)%
Other Activities	12.8	(3.9)	n.s.	(3.9)	n.s.	12.4	(6.5)	n.s.	(6.9)	n.s.
Consolidated (1)	**219.8**	**(3.4)**	**(1.5)%**	**(3.7)**	**(1.7)%**	**229.4**	**(15.5)**	**(6.8)%**	**(16.2)**	**(7.1)%**

Source: Management Reporting

(1) Advertising revenue and costs (including structural costs) relating to the Italian advertising concessionaire and limited to advertising sales of the RCS publishers have been allocated to the individual pertinent business areas in the first quarter of 2016 and the first quarter of 2015.

The change in EBITDA before non-recurring expense with respect to March 31, 2015 is presented below.



Source: Management Reporting

Personnel expense decreased by €2.8 million compared to the first quarter of 2015. This decline remains confirmed even excluding from that item net non-recurring expense of the first three months of 2016 totalling €0.3 million and of the first three months of 2015, also totalling €0.3 million. The change was caused by a reduction in costs as well as a reduction in the workforce. In addition, again excluding the Books segment classified in assets held for sale, the exact headcount of the RCS Group at March 31, 2016 (3,630 resources, of which 169 on temporary contracts), was down 28 on March 31, 2015. The trend in the workforce was also characterised by hiring for the purpose of generating new revenue (new business/activities) or for stabilisation in light of the new regulatory structure introduced by the Jobs Act, more than offset by efficiency drives and transactions involving a change of scope (in particular, -28 units in relation to the closure of Sfera China).

In addition, the headcount at March 31, 2016 includes 1,034 people in Italy working under solidarity arrangements, with a reduction in working hours of 15%, up to a maximum of 30% (140 journalists for the publication *La Gazzetta dello Sport* and 894 other non-editorial staff), and 142 journalists placed in CIGS (Verticals, Childhood and RCD areas).
The average number of RCS Group employees (excluding the Books segment) in January-March 2016 decreased by 28 compared to the same period of 2015 (3,684).
Employees working in the Group's foreign operations, net of the Books segment, accounted for approximately 42% of the Group's average total in March 2016.

The **share of profit of equity-accounted investees** amounted to €0.6 million, in line with the share of profit of equity-accounted investees accounted for in the first quarter of 2015. This profit substantially comes from the m-dis investee in the News Italy segment.

Operating loss improved by €13.4 million to €17.5 million, compared to a loss of €30.9 million in the first three months of 2015. The increase reflects the phenomena described above in addition to the effect of the €0.6 million decrease in amortisation and depreciation, essentially due to the completion of the depreciation schedule for several owned or leased plants. The improvement also reflects the absence of impairment losses in the first quarter of 2016 (€0.3 million in the same period of 2015).

Net financial expense improved by €0.8 million, passing from €8.8 million in March 2015 to €8 million in the first three months of 2016. This improvement was due mainly to the reduction in net expense deriving from the discounting of financial statement items and to a lesser extent to lower interest expense on loans granted by banks.

Assets held for sale and discontinued operations posted a result of zero in the first quarter of 2016 (a loss of €4.9 million in the first quarter of 2015, relating to the Libri group held for sale). In detail, the Libri group is reflected in the financial statements at December 31, 2015 at the disposal price of €127.1 million, which incorporates certain adjustments set forth in the contract, with the exception of any price adjustment mechanisms, equal to a maximum of €+/-5 million, based on predetermined economic objectives linked to RCS Libri's 2015 results, which will be determined and communicated in the coming weeks, according to the provisions of the contractual agreements. Provision is also made for an earn-out in favour of RCS MediaGroup of up to €2.5 million, on verification of certain conditions relating to the aggregated 2017 results of the associated bookshop activities.

Income taxes registered an income of €3.2 million in March 2016, compared to a tax income of €9.2 million at March 31, 2015. This change was mainly due to €6.6 million in lower deferred tax assets on the tax loss of companies participating in group tax consolidation. In addition, €0.6 million in tax expense was recognised in the first quarter of 2015 (zero in the first quarter of 2016).

The loss for the first three months of 2016 shows an improvement of €13.2 million compared to the same period in 2015, reaching €22 million, and reflects the trends described above, adjusted by losses attributable to non-controlling interests (€0.2 million).

Reclassified statement of financial position

(€/millions)	Mar-31-2016	%	Dec-31-2015	%
Intangible assets	409.8	69.6	416.0	70.3
Property, plant and equipment	98.4	16.7	102.4	17.3
Investment property	21.8	3.7	21.5	3.6
Financial assets	203.9	34.6	205.1	34.7
Non-current assets	**733.9**	**124.6**	**745.0**	**125.9**
Inventories	19.8	3.4	21.4	3.6
Trade receivables	250.1	42.5	282.0	47.6
Trade payables	(292.6)	(49.7)	(284.2)	(48.0)
Other assets/liabilities	(54.1)	(9.2)	(83.4)	(14.1)
Net working capital	**(76.8)**	**(13.0)**	**(64.2)**	**(10.8)**
Provisions for risks and charges	(52.8)	(9.0)	(57.7)	(9.7)
Deferred tax liabilities	(57.1)	(9.7)	(57.9)	(9.8)
Employee benefits	(39.7)	(6.7)	(40.1)	(6.8)
Net operating capital employed	**507.5**	**86.2**	**525.1**	**88.7**
Net capital employed from assets held for sale	**81.4**	**13.8**	**66.8**	**11.3**
Net capital employed	**588.9**	**100.0**	**591.9**	**100.0**
Equity	**79.8**	**13.6**	**105.2**	**17.8**
Non-current financial liabilities	14.4	2.4	15.6	2.6
Current financial liabilities	529.4	89.9	517.7	87.5
Non-current financial liabilities recognised for derivatives	9.8	1.7	11.0	1.9
Non-current financial assets recognised for derivatives	-	-	-	-
Cash and cash equivalents and current financial assets	(15.4)	(2.6)	(13.4)	(2.3)
Net financial debt - continuing operations	**538.2**	**91.4**	**530.9**	**89.7**
Net financial debt (liquidity)	**(29.1)**	**(4.9)**	**(44.2)**	**(7.5)**
of assets held for sale		-		-
Total net financial debt (1)	**509.1**	**86.4**	**486.7**	**82.2**
Total sources of financing	**588.9**	**100.0**	**591.9**	**100.0**

(1) Indicator of financial structure, calculated as current and non-current financial liabilities less cash and cash equivalents, current financial assets and non-current financial assets recognised for derivatives. Net financial debt as defined by CONSOB in its Communication DEM/6064293 dated July 28, 2006 excludes non-current financial assets. Non-current financial assets relating to derivatives at March 31, 2016 and December 31, 2015 amounted to zero and, therefore, RCS's financial ratio at March 31, 2016 and December 31, 2015 matches the net financial debt as defined by the above-mentioned CONSOB Communication.

Net operating capital employed amounted to €507.5 million and reports a net decrease of €17.6 million compared to December 31, 2015. Net capital employed regarding assets held for sale amounted to €81.4 million, reported under a separate line in total net capital employed, and increased by €14.6 million compared to December 31, 2015. This change results from the increase in net capital employed of the Libri group due primarily to an increase in non-current assets, as well as the partial recovery of intangible assets recognised to re-align the group's carrying amount (decreased by the loss for the quarter) with the presumed disposal price, and the recognition of deferred tax assets.
Net operating capital employed decreased as a result of the reduction in non-current assets (€11.1 million) and in particular the decline in intangible assets (-€6.2 million) and property, plant and equipment (-€4 million). Net working capital was also down by €12.6 million due to seasonal factors. These trends are partially offset by a decline in provisions by €6.1 million, essentially used to continue implementing the restructuring plans.

Equity recorded a reduction with respect to December 31, 2015 amounting to €25.4 million. In particular, Group equity fell by €24.9 million, while non-controlling interests decreased by €0.5 million. The variation is essentially due to the profit for the period and the increase in the negative equity transaction reserve, substantially resulting from the acquisition of non-controlling interests of Digital Factory, a company that managed the activities of *Gazzetta TV* in 2015, and of Edivac, a Spanish investee.

Total net financial debt stood at €509.1 million (€538.2 million with reference to continuing operations). Taking into account the provisions of IAS 1, paragraph 74 regarding breaches of covenants, the long-term portion of the debt of around €320 million relating to the loan agreement entered into in summer 2013, originally for €600 million (which has now reduced to a nominal amount of €423.6 million), has been classified as a current liability, continuing with the approach used in the Annual Financial Report at December 31, 2015.

Total net financial debt marked an increase of €22.4 million since December 31, 2015, due essentially to disbursements relating to non-recurring expense (-€16 million), and the positive contribution of ordinary operations (+€9 million). This change includes the decline in cash and cash equivalents of RCS Libri (-€15 million), influenced by ordinary seasonal factors. However, considering the effects of the transfer of the Books Segment on April 14 (price paid of €127.1 million and the positive net financial position of €29.1 million at March 31, 2016), debt would amount to €411 million.

SIGNIFICANT EVENTS DURING THE FIRST QUARTER OF THE YEAR

- On February 22, 2016, the RCS MediaGroup Board of Directors met to examine the preliminary consolidated results at December 31, 2015.
  The Board then approved the 2016 Budget, confirming the objectives of the first year of the Plan, announced last December, which should not require a share capital increase to be achieved:
  - Revenue stable with respect to 2015;
  - Net efficiencies of €40-45 million;
  - EBITDA margin before non-recurring expense at 10%;
  - A slight net profit and net cash flow at break even level;
  - Reduction in Debt/EBITDA ratio to ~ 4x.

- On March 14, 2016, in line with the principles of the new Business Plan, a new company organisational model was defined to guarantee Plan execution by achieving the greatest integration and cost and revenue synergies possible between Italy and Spain, and to equip the Group with the tools and skills it will need throughout its transformation process. The following segments have been identified: News Italy, News Spain (Unidad Editorial), Sport and Other Activities.

EVENTS AFTER THE REPORTING PERIOD

- On April 8, 2016, the Chairman of the Board of Directors of Cairo Communication S.p.A., pursuant to and in accordance with Article 102, first paragraph of Italian Legislative Decree no. 58 of 1998 and articles 36 and 37 of Consob Regulation no. 11971 of 1999, announced that it had taken the decision to launch a voluntary public exchange offer pursuant to and in accordance with articles 102 and 106, fourth paragraph, of Italian Legislative Decree no. 58 of 1998 regarding all RCS Mediagroup S.p.A. ordinary shares, in accordance with the terms and conditions specified in the appropriate document attached to the communication itself.

- On April 13, 2016 the Board of Directors of RCS MediaGroup, which met under the chairmanship of Maurizio Costa, resolved to examine the preliminary results of the first quarter before the date of the Shareholders' Meeting, set for April 28, 2016.
  Therefore, the Board examined the communication sent on April 8 by Cairo Communication pursuant to art. 102 TUF (the "Buyer Communication") and shared the following observations in advance:

  - The offer was not agreed upon, nor communicated beforehand to the Company;

  - The average valuation from the analysts working with the Company disclosed an RCS target price of €0.81 cents on April 8;

  - The consideration offered is at a significant discount with respect to the averages of the RCS MediaGroup share in relation to the averages of the Cairo Communication share at three, six and twelve months;

  - The average price of the Company's shares in the final quarter was adversely affected by the announcement of the distribution of the equity investment to FCA, as well as protracted negotiations with the financing banks;

  - The actual amount of the consideration offered is difficult to value, also taking into account that the newly issued shares in service of the offer would represent around three times the current Cairo Communication free float shares.

  The Board also identified that the condition set out in point 1.3, letter (b) (ii) of the Buyer Communication impacts the Company's operations and could interfere with the ongoing negotiations with the creditor banks, and saw fit to request a clarification of the nature and the scope of the aforementioned condition, taking into account that the Company intends to continue negotiations with the financing banks, and hopes to conclude them very quickly, considering that (i) the continuation of negotiations are in the Company's interests and (ii) the terms and conditions of the renegotiations proposed by the Company are more favourable for the Company itself with respect to the conditions of the loan agreement in place; this was communicated to CONSOB.

- On April 14, 2016, RCS MediaGroup communicated the completion, having obtained the necessary authorisations from the competent regulatory bodies, of the sale to Arnoldo Mondadori Editore S.p.A. of the entire shareholding held in RCS Libri S.p.A., with the underlying equity investments (which include the 94.71% stake of Marsilio Editore S.p.A.).
  The transaction price, which includes some adjustments envisaged in the contract, with the exception of what follows, was €127.1 million. Any price adjustment mechanisms, equal to a maximum of €+/-5 million, based on predetermined economic objectives linked to RCS Libri's 2015 results, will be determined and communicated in the coming weeks, according to the provisions of the contractual agreements. Provision is also made for an earn-out in favour of RCS MediaGroup of up to €2.5 million, on verification of certain conditions relating to the aggregated 2017 results of the associated bookshop activities.
  It should be pointed out that, on March 31, 2016, the Books Segment involved in the sale showed net available funds of around €29 million, reduced in April due to the disbursement of roughly €9 million relating to the purchase of 43.71% of Marsilio Editori S.p.A., as well as due to the operating absorption of

working capital. Therefore, at closing, the net financial position of the Books Segment was estimated at around a positive €16 million.
Note that for all publications of the RCS Group, the agreement preserves the possibility of continuing to carry out bookshop publishing activities in line with the current offer to its readers. RCS MediaGroup also maintains ownership of the Rizzoli brand for all uses excluding bookshop activities.

- On April 21, 2016 the Board of Directors of RCS MediaGroup, which met under the chairmanship of Maurizio Costa, examined the consolidated preliminary results at March 31, 2016.

- On April 28, 2016, RCS MediaGroup's ordinary Shareholders' Meeting, chaired by Maurizio Costa, passed the following resolutions, approved by a large majority:

    - approval of the separate financial statements as at and for the year ended December 31, 2015, which reported a net loss for the year of €49,654,568 million, carried forward;

    - expression of a favourable vote on Section 1 of the Remuneration Report drafted by the Board of Directors in accordance with the provisions of Art. 123-ter of Italian Legislative Decree no. 58/1998 and the associated implementing provisions issued by Consob;

    - approval of the Board of Directors' proposal for the disposal of treasury shares based on the prior revocation of the previous authorisation. Based on the authorisation, the Board of Directors, pursuant to and in accordance with Art. 2357-ter of the Italian Civil Code, may dispose, wholly or partly, in one or more occasions, of treasury shares already in the portfolio at today's date, or require them to be subsequently acquired within eighteen months from the resolution date, in particular, via the following alternative methods: (i) through cash transactions, at a value of no lower than 10% of the reference price recorded on the Mercato Telematico Azionario (Electronic Equities Market) organised and managed by Borsa Italiana S.p.A. in the stock market trading session prior to each individual transaction through stock market sales, in blocks, via public offering, or (ii) through trade, exchange or transfer transactions, or another act of disposal not in cash within the context of business projects or extraordinary finance transactions under the economic terms of the transaction which will be determined, with the help of independent experts, on the basis of the nature and the characteristics of the transaction, also taking into account the market trend in RCS MediaGroup shares.

OUTLOOK FOR THE CURRENT YEAR

The advertising market in Italy currently does not show clear signs of being able to buck the trend in the current year. In Spain, on the other hand, the continuing situation of uncertainty generated in the wake of political elections in December could trigger a further slowdown in the advertising investment growth trend. The circulation market is also expected to decrease, with a fall in copies in traditional channels not offset by growth in digital copies.

The year 2016 confirms the forecast of stable revenue with respect to 2015, mainly thanks to the positive contribution from the Sport Area and the multi-media segment.

The huge commitment to cutting costs is confirmed, through the implementation of all planned initiatives, both regarding external costs, and in relation to personnel expense. Further optimisation initiatives have already been planned which will allow the annual target to be exceeded, reaching €50 million (net) in efficiencies in 2016 (with respect to the efficiencies target of €60 million the three-year period of the Plan).

EBITDA before non-recurring expense in the year therefore is expected to grow, until it amounts to 10% of revenue.
Thanks to the above, the objective of reaching positive net income and a break-even net cash flow is confirmed for the year 2016. In addition, in the absence of events that are currently unforeseeable and without prejudice to the obtainment of the EBITDA target for 2016, the Debt/EBITDA ratio is expected to fall to around 4x at 31 December, 2016.

With reference to the Company's financial obligations and the ongoing negotiations relating to the Loan Agreement, please refer to note d) of the paragraph "Additional information required by CONSOB pursuant to Art. 114, paragraph 5 of Italian Legislative Decree no. 58/1998 of May 27, 2013".

ADDITIONAL INFORMATION REQUIRED BY CONSOB PURSUANT TO ART. 114, PARAGRAPH 5 OF ITALIAN LEGISLATIVE DECREE NO. 58/1998 OF MAY 27, 2013

a) Net financial debt of the RCS Group and of its Parent showing short-term and medium/long-term components separately

(€/millions)	Carrying amount		Delta
	Mar-31-2016	**Dec-31-2015**	
Non-current financial assets recognised for derivatives	-	-	-
TOTAL NON-CURRENT FINANCIAL ASSETS	-	-	-
Securities	-	-	-
Financial receivables	2.6	3.6	(1.0)
Current financial assets recognised for derivatives	-	-	
Receivables and current financial assets	**2.6**	**3.6**	**(1.0)**
Cash and cash equivalents	12.8	9.8	3.0
TOTAL CURRENT FINANCIAL ASSETS	**15.4**	**13.4**	**2.0**
Non-current financial liabilities	(14.4)	(15.6)	1.2
Non-current financial liabilities recognised for derivatives	(9.8)	(11.0)	1.2
TOTAL NON-CURRENT FINANCIAL LIABILITIES	**(24.2)**	**(26.6)**	**2.4**
Current financial liabilities	(529.4)	(517.7)	(11.7)
Current financial liabilities recognised for derivatives	-	-	-
TOTAL CURRENT FINANCIAL LIABILITIES	**(529.4)**	**(517.7)**	**(11.7)**
Net financial debt - continuing operations	**(538.2)**	**(530.9)**	**(7.3)**
Liquidity (Net financial debt) of assets held for sale	29.1	44.2	(15.1)
Total net financial debt (1)	**(509.1)**	**(486.7)**	**(22.4)**

(1) Indicator of financial structure, calculated as current and non-current financial liabilities less cash and cash equivalents, current financial assets and non-current financial assets recognised for derivatives. Net financial debt as defined by CONSOB in its Communication DEM/6064293 dated July 28, 2006 excludes non-current financial assets. Non-current financial assets relating to derivatives at March 31, 2016 and December 31, 2015 amounted to zero and, therefore, RCS's financial ratio at March 31, 2016 and December 31, 2015 matches the net financial debt as defined by the above-mentioned CONSOB Communication.

The net financial debt was €509.1 million at March 31, 2016 (debt of €538.2 million with reference to continuing operations).
Considering the effects of the transfer of the Books Segment on April 14 (price paid of €127.1 million and the positive net financial position of €29.1 million at March 31, 2016), debt would amount to €411 million.

The decrease of €22.4 million in total net financial debt was basically due to outlays relating to non-recurring expense and new investments, and benefitted from the positive contribution from cash flows from the ordinary management of continuing operations.

In addition, taking into account the provisions of IAS 1, paragraph 74 regarding breaches of covenants, the long-term portion of the debt of around €320 million relating to the loan agreement entered into in summer 2013, originally for €600 million (which has now reduced to a nominal amount of €423.6 million), has been classified as a current liability, continuing with the approach in the Annual Financial Report at December 31, 2015.

The net financial debt of the Parent RCS MediaGroup S.p.A. is shown below, with short-term and long-term components displayed separately.

(€/millions)	Carrying amount		Delta
	Mar-31-2016	**Dec-31-2015**	
Current financial assets			
Cash and cash equivalents	0.4	2.3	(1.9)
Current financial assets	50.9	51.9	(1.0)
A) Total current financial assets	**51.3**	**54.2**	**(2.9)**
Current financial liabilities			
Bank loans and overdrafts	(51.0)	(38.3)	(12.7)
Current financial liabilities	(997.3)	(997.9)	0.6
B) Total current financial liabilities	**(1,048.3)**	**(1,036.2)**	**(12.1)**
(A+B) Total current net financial debt	**(997.0)**	**(982.0)**	**(15.0)**
Non-current financial assets			
Financial assets recognised for derivatives	-	-	-
C) Total non-current financial assets	**-**	**-**	**-**
Non-current financial liabilities			
Non-current financial liabilities	(6.5)	(7.1)	0.6
Non-current financial liabilities recognised for derivatives	(9.7)	(11.0)	1.3
D) Total non-current financial liabilities	**(16.2)**	**(18.1)**	**1.9**
(C+D) Total non-current net financial debt	**(16.2)**	**(18.1)**	**1.9**
TOTAL Net Financial Debt	**(1,013.2)**	**(1,000.1)**	**(13.1)**

The Parent’s net financial debt increased by €13.1 million, up from €1,000.1 million at December 31, 2015, to €1,013.2 million at March 31, 2016. Capital expenditure and payments relating to the continuation of reorganisation plans underway contributed to this change, as well as for the coverage of the losses of subsidiaries, offset by proceeds from the collection of dividends. It should also be noted that cash flows from ordinary operations were positive.

Taking into account the provisions of IAS 1, paragraph 74 regarding breaches of covenants, the long-term portion of the debt of around €320 million relating to the loan agreement entered into in summer 2013, originally for €600 million (which has now reduced to a nominal amount of €423.6 million), has been classified as a current liability, continuing with the approach in the Annual Financial Report at December 31, 2015.

b) Past due borrowing positions broken down by type (financial, trade, tax and social security) and any related actions taken by Group creditors (reminders, injunctions, supply suspensions)

(€/millions)

Analysis of past due borrowing positions (1)

Mar-31-2016	30 days	31 - 90 days	91 - 180 days	181 - 360 days	> 360 days	Total past due	Falling due	Total
Trade borrowing positions	12.1	20.2	6.4	4.7	20.5	63.9	309.5	373.4
Financial borrowing positions							534.9	534.9
Tax borrowing positions							9.7	9.7
Social security borrowing positions							10.1	10.1
Other borrowing positions		0.1			0.4	0.5	103.6	104.1
Total borrowing positions	**12.1**	**20.3**	**6.4**	**4.7**	**20.9**	**64.4**	**967.8**	**1,032.2**

(1) The total amounts reported include the borrowing positions relating to the Books segment, classified under liabilities relating to assets held for sale and discontinued operations.

The total of borrowing positions excludes items with no contractual expiry such as short-term portions of provisions for risks and charges and payables arising from recognition of equity-accounted Group investees.
Borrowing positions amounted to €1,032.2 million at March 31 (€1,044.4 million at December 31, 2015). Positions which are not past due, of €967.8 million, represent roughly 93.8% of the total. At March 31, 2016, there were no past due amounts for financial, tax or social security borrowing positions.

Taking into account the provisions of IAS 1, paragraph 74 regarding breaches of covenants, the long-term portion of the debt of €319.1 million relating to the loan agreement entered into in summer 2013, originally for €600 million (which has now reduced to a nominal amount of €423.6 million), has been classified as a current liability. The reclassified non-current portion of debt amounted to €302.8 million at December 31, 2015.

Past due payables, mainly trade positions, amounted to a total of €64.4 million (€50.4 million at December 31, 2015), marking an increase of €14 million.
In particular, the comparison with December 31, 2015 showed an increase in past due amounts for almost all ranges: +€1.9 million within 30 days, +€9.7 million for 31-90 days, +€2.7 million for 91-180 days and +€1.9 million for 181-360 days. On the other hand, past due amounts over 360 days fell by €2.2 million.

Past due positions include €12.1 million in payables past due by less than 30 days (€10.2 million at December 31, 2015), basically associated with business operations (so-called technical past due amounts). In addition, positions maturing on March 31, 2016 amounting to roughly €17.8 million, have been conventionally classified as maturing payables. The remaining past due amounts of €52.3 million include a total of €18.3 million in past due amounts owed to agents (28.4% of the total past due amounts). On the basis of sector practice, a monthly advance is paid to agents for their respective activities and is recognised in the financial statements as a trade receivable. Agent advances associated with past due payables amount to around €31.1 million, which is higher than specific past due amounts. Please note that amounts due to agents past due by over 360 days represent approximately 70.9% of that past due range.
Past due trade borrowing positions totalling €63.9 million (€49.8 million at December 31, 2015) relate mainly to the Parent for €37.9 million.

There have been no legal actions for the recovery of significant sums allegedly due on the basis of trading relationships.

c) Related party transactions of the RCS Group and its Parent

As required by CONSOB Communication pursuant to article 114, paragraph 5 of Italian Legislative Decree 58/98, protocol number 13046378 of May 27, 2013, transactions with the related parties of the RCS Group are reported below.

As required by the applicable accounting standards, the following were identified as related parties:

- jointly controlled companies and associates of the Group
- shareholders (of RCS MediaGroup S.p.A.) who exercise significant influence over the RCS Group (and their parents, subsidiaries and jointly controlled companies)
- key management personnel

As regards the Regulations approved by CONSOB with resolution no. 17221 of March 12, 2010 and subsequent amendments, on November 10, 2010 the Parent adopted a procedure for transactions with related parties for authorisations and communication with the market and CONSOB. This procedure was subject to certain revisions effective as from January 1, 2014 and subsequently, further revisions became effective as from October 1, 2015. A copy of this new edition of the Procedure is published on the website of the Parent in the "Governance" section. This procedure, as the previous provisions, has also been described in the Report on Corporate Governance and Ownership Structure. In this regard, in consideration of the provisions of said Procedure, in addition to the more significant transactions indicated above, several less significant transactions were subject to the prior opinion of the Related Party Transactions Committee provided for therein.
Pursuant to this procedure, shareholders and the associated corporate groups (legal entities in the form of parent companies, subsidiaries or companies subject to common control) that have a stake of more than 3% in RCS with voting rights, calculated solely on the shares owned or under management, were also identified as related parties, in addition to the parties pursuant to annex 1 of the aforementioned Consob resolution 17221/2010, on a voluntary basis. Relations with intermediaries that exercise asset management activities are excluded from application of the Related Party Procedure, where the independence conditions required by the Issuer Regulations are met.

The following table shows the amount and proportion of related party transactions and balances included in each relevant financial statement caption. Intragroup transactions eliminated on consolidation are excluded.

Financial transactions (€/millions)	**Financial assets**	**Trade receivables**	**Cash and cash equivalents**	**Non-current assets held for sale**
Jointly controlled companies	-	23.4	-	
Associates	0.2	1.4	-	4.5
Supplementary pension fund for executives	-	-	-	
Other group companies (1)	-	4.0	4.1	0.2
Other related parties (2)	-	-	-	
Total	**0.2**	**28.8**	**4.1**	**4.7**
Total RCS Group	74.3	250.1	12.8	241.6
Related party % of the reported RCS Group total	0.3%	11.5%	32.0%	1.9%

Financial transactions (€/millions)	Non-current financial liabilities recognised for derivatives	Current financial liabilities	Trade payables	Other current liabilities	Liabilities relating to assets held for sale	Commit ments
Jointly controlled companies	-	5.8	3.2	2.0	0.1	
Associates	-	4.5	21.9	0.4	-	4.5
Supplementary pension fund for executives	-	-	-	-		
Other group companies (1)	8.9	207.5	11.3	-	3.6	17.3
Other related parties (2)	-	-	-	0.3		6.0
Total	**8.9**	**217.8**	**36.4**	**2.7**	**3.7**	**27.8**
Total RCS Group	9.8	529.4	292.6	110.0	131.1	81.7
Related party % of the reported RCS Group total	90.8%	41.1%	12.4%	2.5%	2.8%	34.0%

Income-related transactions (€/millions)	Revenue	Raw materials and services	Ordinary personnel expense	Other operating expense and income	Financial income and expense
Jointly controlled companies	57.0	(3.9)	-	0.2	0.0
Associates	0.5	(11.3)	-	0.0	-
Supplementary pension fund for executives	-	-	(0.1)	-	-
Other group companies (1)	1.5	(4.9)	-	-	(3.5)
Other related parties (2)	-	(0.3)	(1.3)	-	-
Total	**59.0**	**(20.4)**	**(1.4)**	**0.2**	**(3.5)**
Total RCS Group	219.8	(150.8)	(71.1)	(0.2)	(8.0)
Related party % of the reported RCS Group total	26.8%	13.5%	2.0%	-100.0%	43.8%

(1) Includes shareholders and the associated corporate groups (legal entities in the form of parent companies, subsidiaries or companies subject to common control) that have a stake of more than 3% in RCS Mediagroup SpA with voting rights
(2) It refers mainly to transactions with key management personnel and their close family members

Statement of cash flows (€/millions)	Changes in working capital	Net change in financial liabilities and other financial assets	Opening cash and cash equivalents	Closing cash and cash equivalents	Net financial income (including dividend income)	Net interest received
Related parties	(2.9)	(2.6)	(17.3)	(22.2)	(3.5)	(3.5)
Reported total	13.9	1.4	(25.8)	(40.6)	8.0	7.6

Transactions with associates and jointly controlled companies mostly refer to the exchange of goods, the provision of services, the provision and use of funds, as well as tax-related transactions. All such transactions are conducted on an arm's length basis, according to the quality of the goods and services provided.

Transactions with jointly controlled companies mostly refer to m-dis Distribuzione Media S.p.A., in respect of which Group companies have earned €57 million in revenue, incurred €3.9 million in costs, earned €0.2 million in operating income and reported €23.3 million in trade receivables, €5.8 million in current financial payables and €3.2 million in trade payables.

The most significant trade transactions between associates concerned the companies in the Bermont Group (for a total amount of: €21.9 million in trade payables, €1.2 million in trade receivables, €0.5 million in revenue, €11.1 million in costs) and Mach 2 Libri S.p.A. which, following the signing of the contract for the transfer of the equity investment in RCS Libri S.p.A., was reclassified under assets/liabilities held for sale (in particular, under non-current assets held for sale, the balance was €4.5 million).

The financial transactions with “other group companies” relate primarily to loan transactions and leases with companies in the Intesa SanPaolo Group and the Mediobanca Group as well as trade transactions with FCA (Fiat Chrysler Automobiles) Group companies. The trade transactions with “other group companies” mainly involve revenue of €1.5 million, costs of €4.9 million, as well as net financial expense of €3.5 million. Revenue was generated mainly with FCA (Fiat Chrysler Automobiles) and Intesa SanPaolo Group companies, while the costs incurred pertain mainly to the group companies of FCA (Fiat Chrysler Automobiles). Revenue refers mostly to the sale of advertising space and the provision of various services, including printing services. The costs incurred mainly concern the purchase of advertising space further to the contract entered into with the publisher *La Stampa S.p.A.* for national advertising sales. Financial expense refers to Intesa SanPaolo Group companies and Mediobanca - Banca di Credito Finanziario S.p.A. Group companies. The transactions with companies in the Intesa SanPaolo Group and the Mediobanca – Banca di Credito Finanziario S.p.A. Group relate to financial relationships involving mostly long-term credit facilities as well as leases.

In addition, there are arm's length derivative contracts with a total nominal amount of around €241.6 million subscribed with Intesa SanPaolo Group (€182.2 million) and Mediobanca Group – Banca di Credito Finanziario S.p.A. Group (€59.4 million) for ordinary operating requirements.

In particular, in 2016, there were no transactions of "greater significance" in accordance with the Procedure on related party transactions adopted by the Company pursuant to Consob Regulation no. 17221/2010.

Group tax consolidation for IRES purposes. During the first three months of 2016, RCS MediaGroup S.p.A. continued to file for tax on a group basis, as permitted by Legislative Decree no. 344 dated December 12, 2003 in order to achieve tax savings by calculating tax on a single tax base, with a consequent immediate offset of tax assets and tax liabilities for the year. Intragroup transactions deriving from the group tax consolidation are based on the objectives of fairness and neutrality.

Group tax consolidation for VAT purposes. In the first three months of 2016, RCS MediaGroup S.p.A. continued to make use of the rules allowing the Group filing of VAT returns, with a tax asset balance of €6.6 million. The Parent transferred net tax liabilities totalling €1.4 million to the group VAT position during the first three months of 2016.

Key management personnel were identified (in accordance with IAS 24) as members of the Board of Directors and Board of Statutory Auditors and the Chief Executive Officer of the Parent.
These are augmented, for the company Mediagroup S.p.A., by: the Company's Group Chief Financial Officer (formerly Finance, Legal & Purchasing), the Company's Group HR and Organisation Director (formerly Human Resources, Organisation & Operations), the Heads of the Company's operating departments carrying out activities in the publishing of newspapers and magazines and in advertising sales, respectively (News & Verticals Italy Director and Advertising and Communication Solutions Italy Director), the Group Procurement & Operations Director and the Strategy Development & Transformation Director, as well as the Group Chief Technology Officer and Sport Director, positions which are still unfilled at present.
Members of the Board of Directors, Board of Statutory Auditors (where applicable) and the Chief Operating Officers of the strategic subsidiaries (such as Unidad Editorial S.A. and RCS Libri S.p.A.) are also key management personnel.

The required information on their ordinary remuneration in the various forms paid is shown below.

(€/millions)	Service costs	Ordinary personnel expense	Other current liabilities
Board of Directors - fees	(0.2)	-	-
Board of Statutory Auditors - fees	(0.1)		0.3
Chief Executive Officers and Chief Operating Officers - other remuneration		(0.9)	
Executives		(0.4)	
Total related parties	**(0.3)**	**(1.3)**	**0.3**
Total RCS Group	(150.8)	(71.1)	110.0
Related party % of the reported RCS Group total	0.2%	1.8%	0.3%

"Personnel expense" includes €1.3 million in remuneration paid to key management personnel. Personnel expense referring to related parties accounted for 1.8% of total personnel expense.

These Chief Operating Officers of subsidiaries do not own any shares of the Parent or the subsidiaries.

There are also commitments to key management personnel amounting to €6 million and to other related parties amounting to €21.8 million.

Lastly, note that on March 2, 2016, FCA (Fiat Chrysler Automobiles) announced that, in line with the decision to concentrate on automobile activities, and before going ahead with the announced merger between ITEDI S.p.A. and Gruppo Editoriale L'Espresso S.p.A., it will distribute the entire equity investment held in RCS MediaGroup S.p.A. to its shareholders. Subsequently, on May 3 and 4, 2016, the company went ahead with this distribution.

<u>Related parties of RCS MediaGroup S.p.A.</u>

The following table shows the amount and proportion of related party transactions and balances included in each relevant heading of the statement of financial position and income statement.

Statement of financial position - assets

	Equity investments at cost	Non-current financial assets	Trade receivables	Other receivables and current assets	Current tax assets	Current financial assets	Non-current assets held for sale
Subsidiaries	1,127.0	-	11.3	0.2	3.7	50.9	127.1
Associates	10.5	0.2	23.4	-	-	-	-
Sub-holdings and their parents	-	-	3.2	-	-	-	-
Total related parties	1,137.5	0.2	37.9	0.2	3.7	50.9	127.1
Parent total	1,137.5	2.9	167.7	39.1	11.9	51.0	127.1
Related party % of the reported Parent total	100.00%	6.90%	22.60%	0.51%	31.09%	99.80%	100.00%

Statement of financial position - liabilities

	Financial liabilities recognised for derivatives	Other non-current liabilities	Bank loans and overdrafts	Current financial liabilities	Current tax liabilities	Trade payables	Other current liabilities	Liabilities relating to assets held for sale	Commitments
Subsidiaries	-	1.6	-	563.3	6.6	14.7	3.3	15.3	26.6
Associates	-	-	-	10.3	-	3.2	2.0	-	-
Sub-holdings and their parents	8.9	-	22.4	177.9	-	11.1	-	-	28.1 *
Other related parties (1)	-	-	-	-	-	-	0.3	-	3.8
Total related parties	8.9	1.6	22.4	751.5	6.6	29.0	5.6	15.3	58.5
Parent total	9.8	4.0	51.0	997.4	6.7	181.0	59.5	15.3	74.6
Related party % of the reported Parent total	90.82%	40.00%	43.92%	75.35%	98.51%	16.02%	9.41%	100.00%	78.42%

(1) Refers mainly to transactions with key management personnel and their close family members, as specified below.
* Include €22.5 million relating to sureties to guarantee the bank credit facilities for subsidiaries.

Income statement

	Revenue	Raw materials and services	Personnel expense	Other operating income	Other operating expenses	Financial income	Financial expense	Other gains (losses) on financial assets/liabilities
Subsidiaries	4.4	(16.7)	-	2.7	-	0.6	(3.2)	8.9
Associates	57.0	(3.9)	-	0.2	(0.1)	-	-	-
Supplementary pension fund for executives	-	-	(0.1)	-	-	-	-	-
Sub-holdings and their parents	0.9	(4.1)	-	0.1	(0.1)	-	(3.4)	-
Other related parties (1)	-	(0.3)	(0.9)	-	-	-	-	-
Total related parties	62.3	(25.0)	(1.0)	3.0	(0.2)	0.6	(6.6)	8.9
Parent total	132.3	(98.0)	(39.8)	5.7	(3.4)	0.7	(10.1)	8.9
Related party % of the reported Parent total	47.09%	25.51%	2.51%	52.63%	5.88%	85.71%	65.35%	100.00%

(1) Refers mainly to transactions with key management personnel and their close family members, as specified below.

Transactions between RCS Mediagroup S.p.A. and related parties primarily regard the provision of services, as already commented on in the note regarding the Group, which should be referred to for a more detailed analysis. In addition, it executed transactions with subsidiaries (eliminated on consolidation), primarily regarding the exchange of goods (mostly the purchase of advertising space), the provision of services (largely administrative, IT, financial, legal/corporate and tax, relating to the centralisation of these functions within Other Activities, as well as processing and printing services), the provision and use of funds, tax-related transactions as well as trade transactions relating to the lease of offices space and operations areas.

Key management personnel were identified (in accordance with IAS 24) as members of the Board of Directors and Board of Statutory Auditors and the Chief Executive Officer of Mediagroup S.p.A..
These are augmented by: the Company's Group Chief Financial Officer (formerly Finance, Legal & Purchasing), the Company's Group HR and Organisation Director (formerly Human Resources, Organisation & Operations), the Heads of the Company's operating departments carrying out activities in the publishing of newspapers and magazines and in advertising sales, respectively (News & Verticals Italy Director and Advertising and Communication Solutions Italy Director), the Group Procurement & Operations Director and the Strategy Development & Transformation Director, as well as the Group Chief Technology Officer and Sport Director, positions which are still unfilled at present.

The required information on their ordinary remuneration in the various forms paid is shown below.

	Service costs	Personnel expense	Other current liabilities	Commit ments
Board of Directors - fees	(0.2)	-	-	-
Board of Statutory Auditors - fees	(0.1)	-	0.3	-
Chief Executive Officer, Chief Operating Officer, Key management personnel, Manager in charge of Financial Reporting - other remuneration	-	(0.9)	-	3.8
Total related parties	(0.3)	(0.9)	0.3	3.8
Parent total	(59.1)	(39.8)	59.5	74.6
Related party % of the reported Parent total	0.51%	2.26%	0.50%	5.09%

d) Failure to comply with covenants, negative pledges and any other Group borrowing clause which limits the use of financial resources, including updated degree of compliance with such clauses

On June 14, 2013, RCS MediaGroup signed a Loan Agreement pursuant to which a pool of Financing Banks granted a loan to the Company for a maximum total amount of €600 million. At March 31, 2016, total agreed credit lines in the nominal amount of €423.6 million remained, of which a total of €418.6 million utilised.

The Loan consists of three separate credit facilities:

- Credit Line A (bullet), a term line of €225 million, subject to bullet repayment at the earlier of (i) the third anniversary of the date of utilisation and (ii) July 31, 2016, and whose use at March 31, 2016 totalled €71.6 million. It should be noted that said line was repaid early with gains from the sale of non-core assets;
- Credit Line B (amortising), a term line of €275 million, subject to repayment at the earlier of (i) the fifth anniversary of the date of utilisation and (ii) July 31, 2018, based on a repayment plan annexed to the Loan Agreement (with the first instalment due on June 30, 2016), and whose use at March 31, 2016 totalled €252 million; and
- Revolving Credit Line, a revolving line of €100 million, subject to repayment at the earlier of (i) the fifth anniversary of the first date of utilisation and (ii) July 31, 2018, and whose use at March 31, 2016 totalled €95 million.

The Loan Agreement establishes the right of lenders to request the repayment of the credit lines disbursed should the applicable covenants (as described below) be breached, or when additional qualified events occur such as, inter alia, failure to pay the amounts due under the Loan Agreement, cross default in relation to the Group's financial debt or the initiation of enforcement procedures by creditors for amounts exceeding certain thresholds, the violation of obligations undertaken under the Loan Agreement, Change of Control or the occurrence of events that have a significant negative effect as defined therein. As regards the Change of

Control, the termination of the Shareholders' Agreement which took place in October 2013 did not match the definition of change of control as it is set out in the Loan Agreement.

In particular, as regards the company’s financial obligations set out in the Loan Agreement for the previous year (financial covenants applicable for 2015), please refer to the information published in the communication approving the Financial report at December 31, 2015 and commented on the Financial Report itself, made public in accordance with the methods dictated by law.

It should also be noted that, for years subsequent to 2015, the Loan Agreement envisages the following financial obligations for the Company, which are in the process of being renegotiated as part of the aspects highlighted in the next paragraph:

Reference Date	**Financial Covenant** (at Group consolidated financial statements level)
Dec-31-2016	(i) Net Financial Debt < equal to €410 million; (ii) Net Financial Debt/EBITDA ratio (Leverage Ratio), lower than 3.25x.
Dec-31-2017	(i) Net Financial Debt < equal to €380 million; (ii) Net Financial Debt/EBITDA ratio (Leverage Ratio), lower than 3.00x.

Negotiations with the Banks

It should be noted that the company maintained constant contacts with the lending banks (starting in 2014) during 2015, aimed at renegotiating the terms and conditions of the Loan Agreement for an overall improvement for the company, again as described at length in the Annual Report at 31 December 2015 and made public as required by Law.

In terms of the relations existing with the Banks since the start of 2016, on 11 January 2016 the Chief Executive Officer illustrated to the Lending Banks the guidelines and main market and product assumptions backing the 2016-2018 Plan, the annually forecast cash flows and particularly in the first year 2016, and the constant improvement foreseen in the Debt/EBITDA ratio.

The Company and Lending Banks later continued these contacts and held many meetings to renegotiate the terms and conditions of the Loan Agreement. In this context, the legal advisors for the parties finalized a Term Sheet that contains the main updated terms and conditions of the existing Loan Agreement, with overall improvements for the Company, and in line with the related Plan requirements.

To date two Banks have confirmed that their Boards have approved the new terms, while the remaining Banks have confirmed that they will present the Term Sheet with a favourable opinion to their respective Boards within a month. It should be noted that approval to change the Loan Agreement conditions by the Banks must be performed unanimously.
Therefore, a significant uncertainty currently remains in relation to the failure to reach a definitive agreement with the Lending Banks regarding:

- failure to comply with the financial conditions at 31 December 2015;
- new terms and conditions of the Loan Agreement.

Despite considering the above uncertainty relevant which may lead to significant doubts on the Group’s ability to continue to operate as a going concern, the Directors report the following progress compared to the situation at 31 December 2015:
(a) the evolution of the negotiations existing with the Lending Banks with the definition of a shared Term Sheet in the progress of being approved as described above;

(b) the collection of the net income resulting from the sale of RCS Libri S.p.A. (based on an agreed price of EUR 127.1 million) as described in the paragraph Significant Events after the end of the quarter.

Therefore, the Directors believe that compared to 31 December 2015 there are higher expectations that the Group will possess adequate financial resources to continue operations for the foreseeable future and therefore they have based their Interim Management Report at 31 March 2016 based on the assumption of a going concern.

e) Business plan implementation status, including any variations between actual and forecast data

In 2016, the Group is working on the implementation of the new 2016-18 Business Plan (for comments please refer to the 2015 Annual Financial Report in the paragraph “Additional information required by CONSOB pursuant to Art. 114, paragraph 5 of Italian Legislative Decree no. 58/1998 of May 27, 2013”). The results achieved in the first quarter of implementation of the Plan confirm the objectives.

Revenue in the first quarter of 2016 is essentially in line with the provisions of the 2016-2018 Business Plan, highlighting growth in advertising revenue with respect to the assumptions for the period of 2016-2018 Business Plan.

EBITDA before non-recurring expense and income, amounting to -€3.4 million, showed improvement in the first quarter of 2016 compared to the same period in 2015, whose contribution with respect to the increase expected by the RCS Group for the whole first year of the 2016-2018 Business Plan was above 40%.

This result was also achieved thanks to the huge commitment to cutting costs. All efficiency initiatives set forth in the first year of the Plan have been implemented and additional optimisation activities have been planned to make it possible to exceed the annual net target of €40-45 million, by reaching €50 million net.

Net financial debt stood at €509 million at March 31, 2016 (€508 million at March 31, 2015, €487 million at December 31, 2015), a slight improvement over the forecast of the 2016-2018 Business Plan for the first quarter of 2016.

Milan, May 11, 2016

On behalf of the Board of Directors:

Chairman
Maurizio Costa

Chief Executive Officer
Laura Cioli

STATEMENT PURSUANT TO ARTICLE 154 BIS, PARAGRAPH 2 OF THE CONSOLIDATED FINANCE ACT

The undersigned, Riccardo Taranto, Manager in charge of Financial Reporting for RCS MediaGroup S.p.A.,

STATES

in compliance with the requirements of art. 154-bis par. 2 of Legislative Decree no. 58 dated February 24, 1998, that the financial information contained in this Interim Management Statement at March 31, 2016 corresponds to the underlying documentary and accounting books and records.

Milan, May 11, 2016

Manager in charge of
Financial Reporting
Riccardo Taranto

Fine Comunicato n.0145-19	Numero di Pagine: 37