Results 1H09

Analysts' Meeting

29 July 2009

MONDADORI

1H09 in brief

- The second quarter saw a continuation of the trends highlighted in the first months of the year in the markets of reference: in particular the sharp fall in advertising investments continued, as did the decline in add-on sales, which is now in its third year

- Mondadori was able to mitigate the effects on profitability of a fall in revenues by taking action aimed at containing costs, without sacrificing investments in developing businesses and the company’s key products

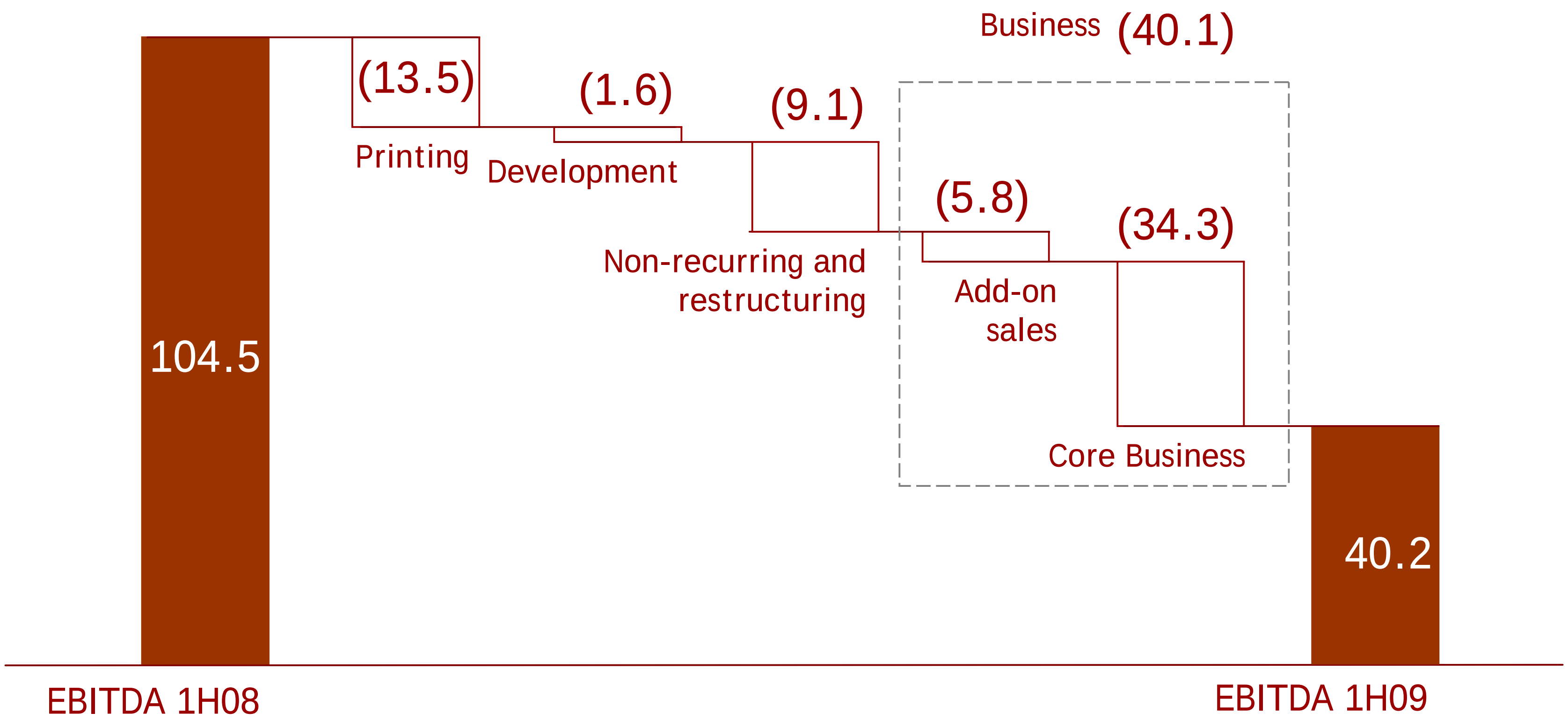
Profit & Loss

€m

	1H08	1H09	Change %	Excluding Printing
Revenues	930.1	730.7	*-21.4%*	-14.9%
EBITDA	104.5	40.2	*-61.5%*	
EBITDA margin	*11.2%*	*5.5%*		
EBIT	83.8	27.9	*-66.7%*	
EBIT margin	*9.0%*	*3.8%*		
Pre-tax profit	64.2	17.6	*-72.6%*	
Net profit	36.7	7.3	*-80.1%*	

Changes in EBITDA

€m

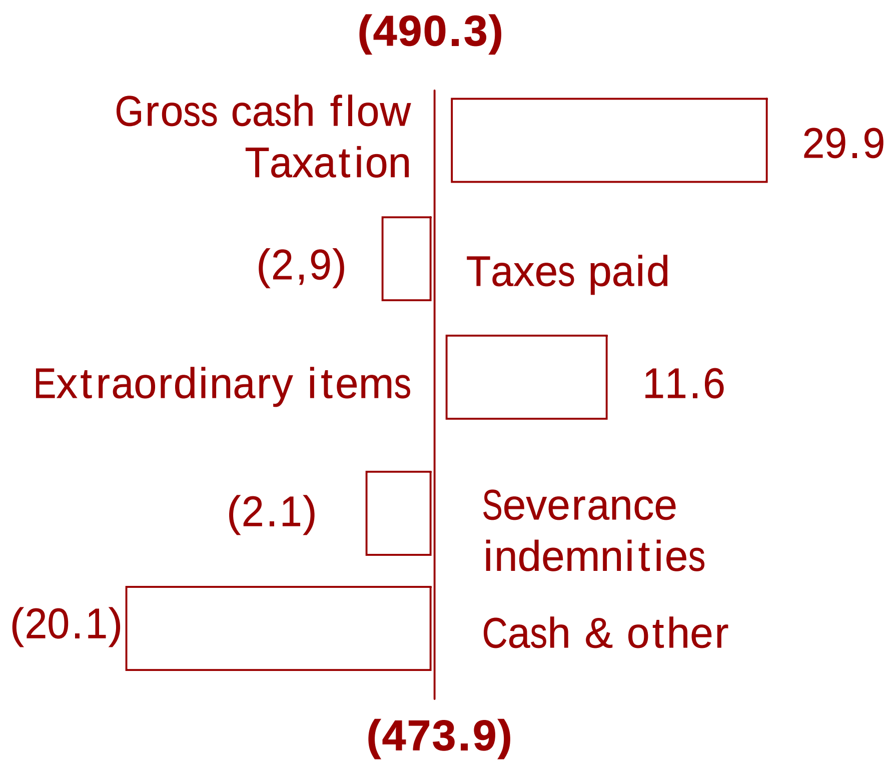


Balance sheet

	FY08	1H09
Net debt	(490.3)	(473.9)
Net equity	509.1	511.4
Net capital employed	999.4	985.3

Ratio of Net Working Capital to revenues	10.1%	10.8%

Changes in the Net Financial Position



Credit lines

Line	€m	Expiry	Covenant: Debt / Ebitda rolling	Covenant: Debt / Cap.	Covenant: Equity growth
Stand by	68	November 2009	-	-	-
Pool	500	July 2011	3.5	-	-
Bilateral	150	May 2013	3.5	-	-
USPP	296	2013/15/18 (€182,€34,€80m)	**3.5**	0.6	> €400m + 20% of annual net income
Total lines	1,014				

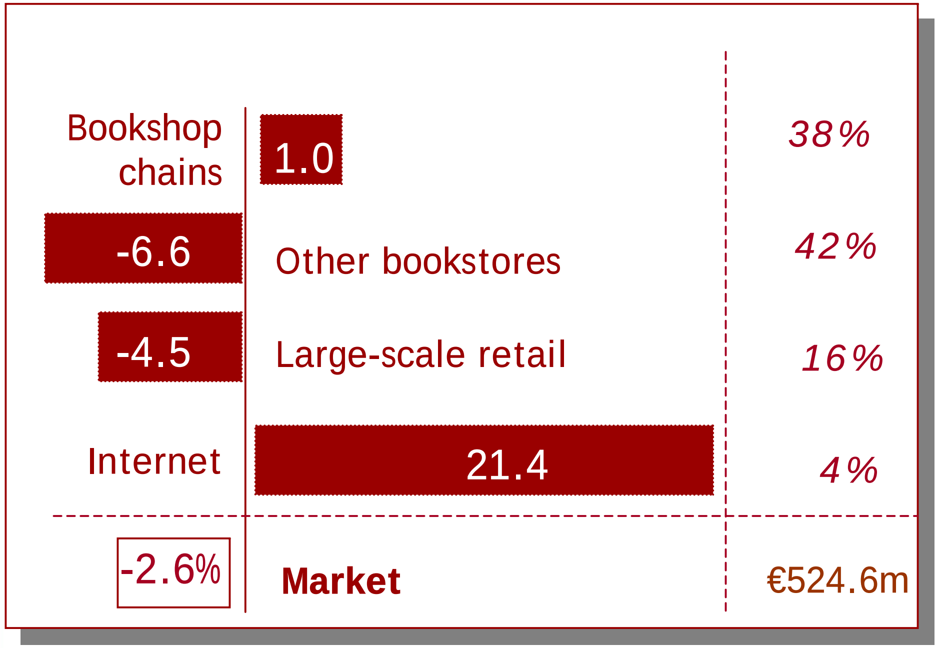
Revenues by Business

	1H08	1H09	Change %
Books	192.7	182.6	-5.2%
Magazines Italy	320.0	253.2	-20.9%
Magazines France	194.4	170.5	-12.3%
Advertising	178.2	126.4	-29.1%
Direct	12.0	10.5	-12.5%
Retail	86.2	83.1	-3.6%
Radio	8.2	7.0	-14.6%
Corporate	204.7	8.7	
Gross revenues	1,196.4	842.0	-29.6%
Intercompany	*-266.3*	*-111.3*	*-58.2%*
Net revenues	930.1	730.7	-21.4%
Excluding printing ▶	858.6	730.7	-14.9%

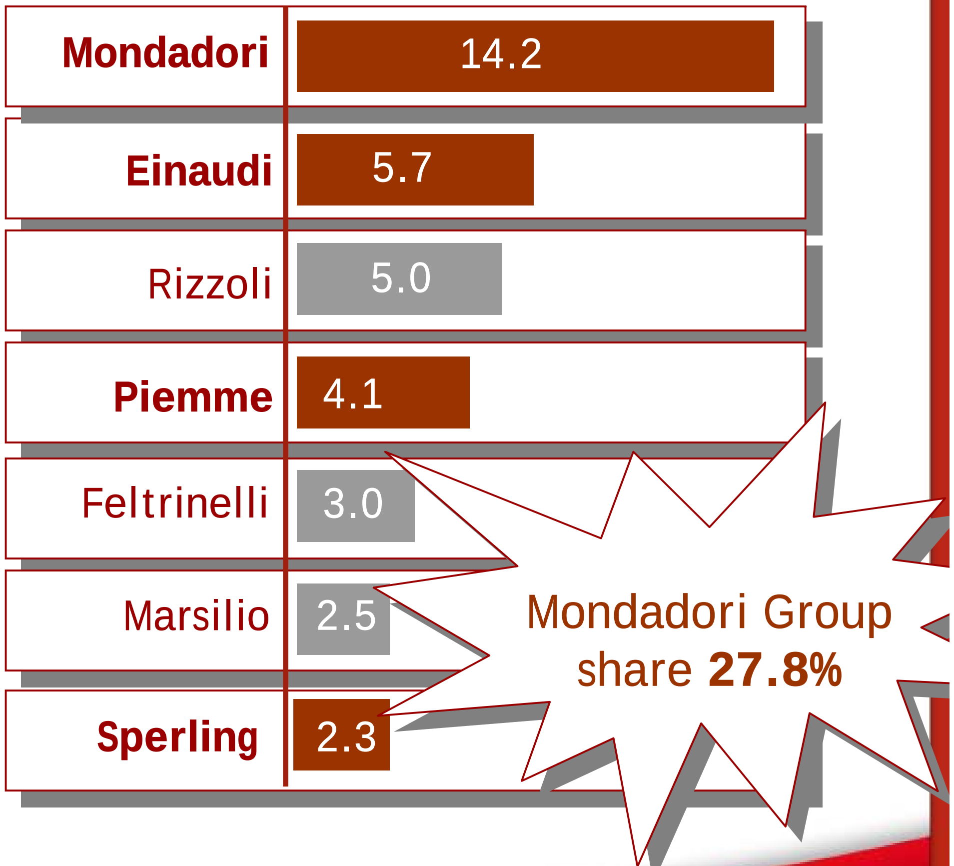
Books

Trade books (market)

Performance by channel (% change)[1]



Market share by editorial company[2]



[1]Source: Nielsen Bookscan – in terms of value – cumulative period P6 (13 June)

[2] excludes large-scale retail

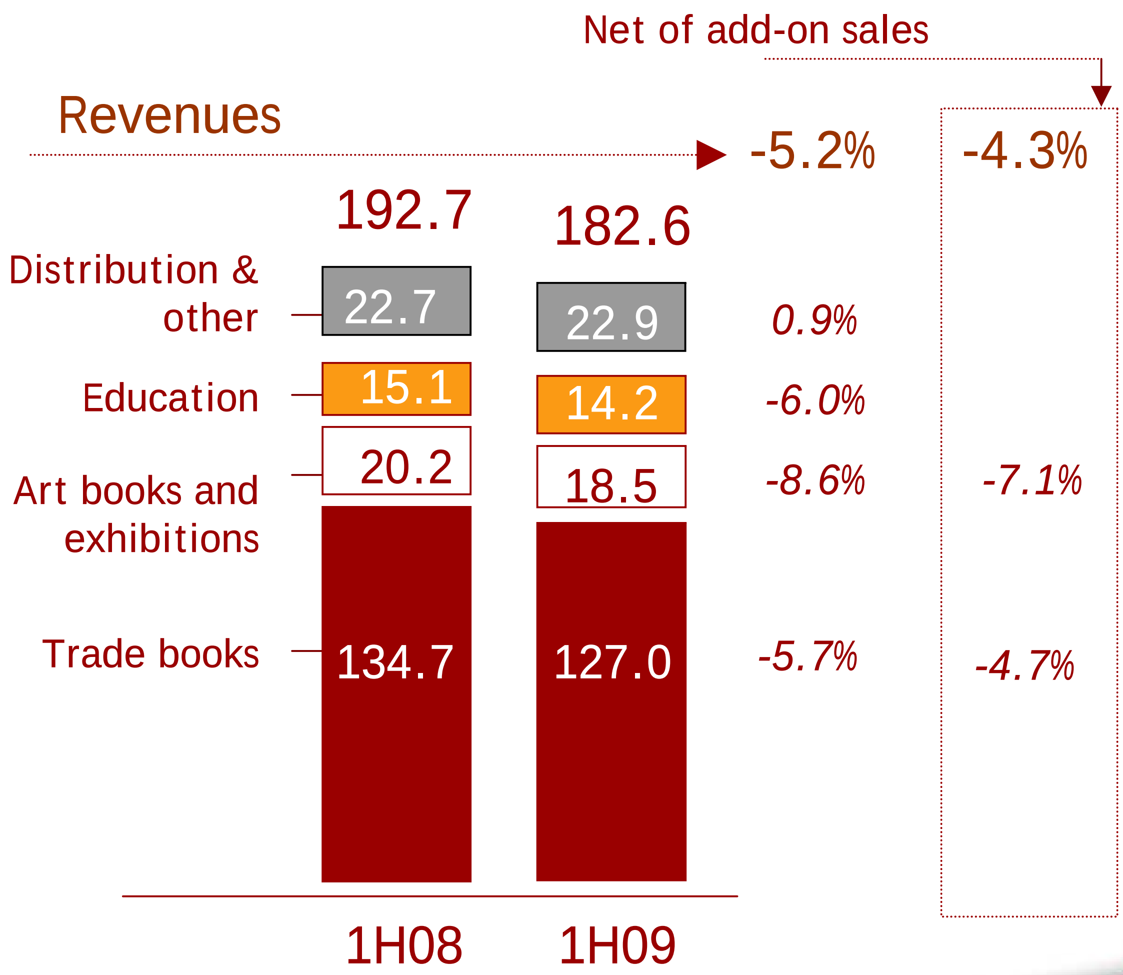
Books

Market

- No major best sellers in the period

Mondadori

- Mondadori maintained its leadership with a market share of 27.8%[1]
- Revenues were down in the Trade segment, net of the sale of rights for add-ons: a stronger editorial programme is foreseen during 2H09
- Good results from the Oscar promotional campaign
- Reorganisation of the Book Division into 2 areas ("author" and "development" publishing)



[1]excludes large-scale retail

Magazines

The Italian Magazine Market

	Circulation
Cumulative Q109	-10.1%
Cumulative May 09	-9.5%

Source: Internal figures – volume – May 2009

	Add-on sales
Cumulative Q109	-23.6%
Cumulative May 09	-23.1%

Source: Internal figures – value – May 2009

	Advertising
Cumulative Q109	-29.2%
Cumulative May 09	-29.5%

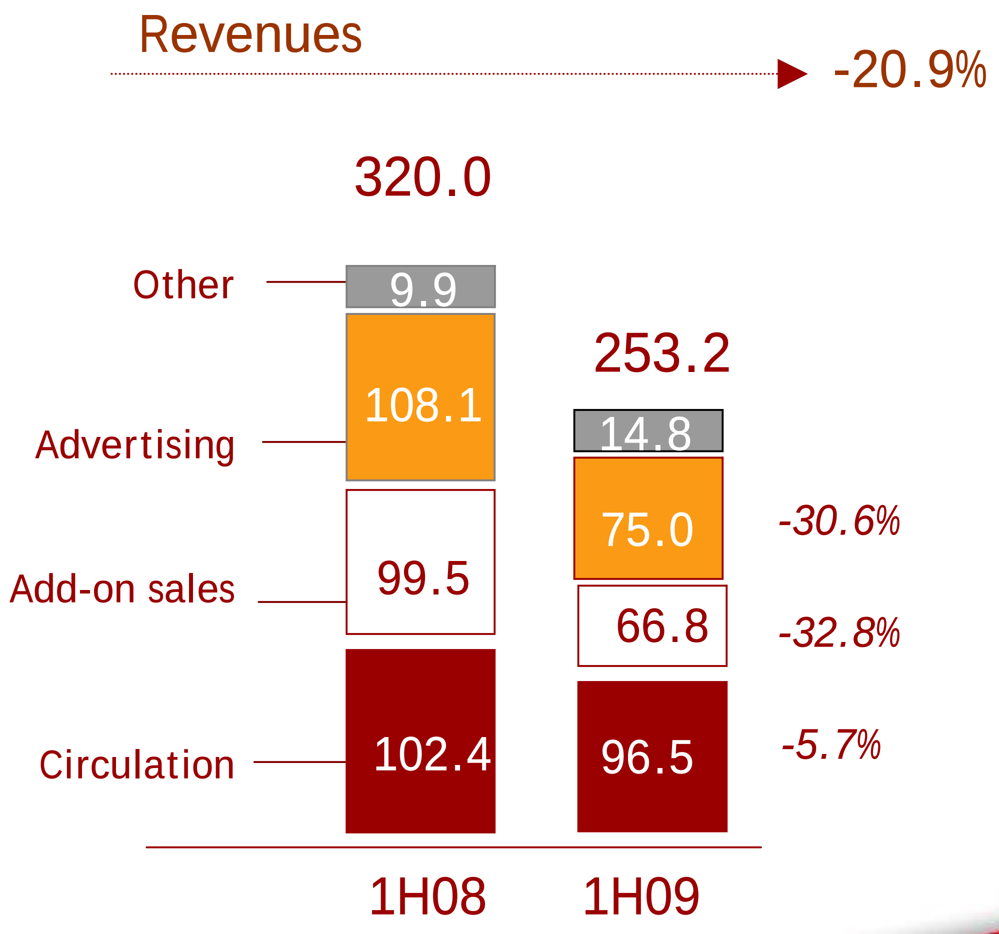
Source: Nielsen – value – May 2009

Magazines Italy

- Circulation held up well despite a reduction in promotional copies

- A further significant reduction in ADV revenues

- Marked fall in add-on sales, in particular in the editorial and home video segments



The French Magazine Market

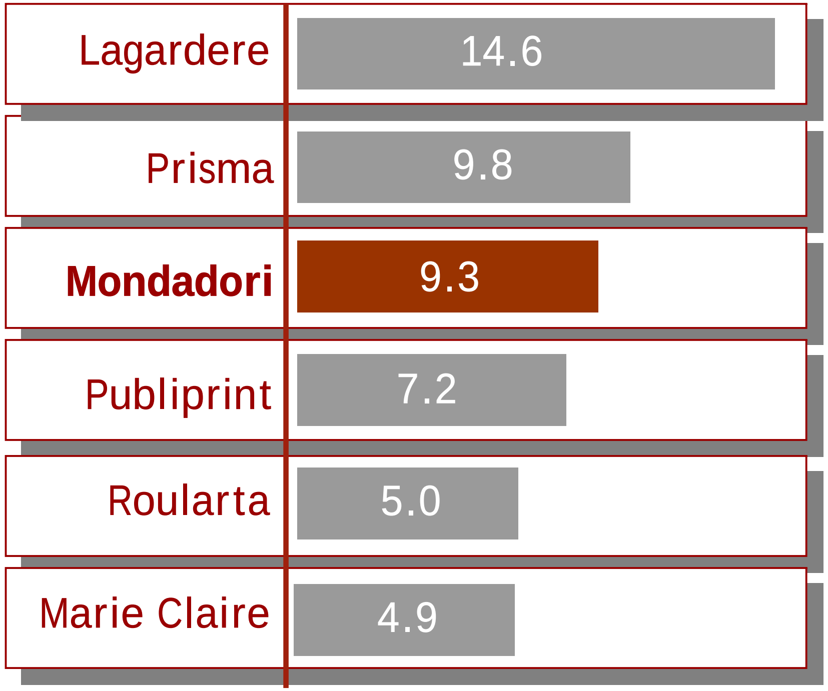
Circulation volumes -7.8%

Source: OJD – May 2009

Advertising volumes -17.8%

Source: TNS-MI – May 2009

Advertising market shares (volume)



Source: TNS-MI – May 2009

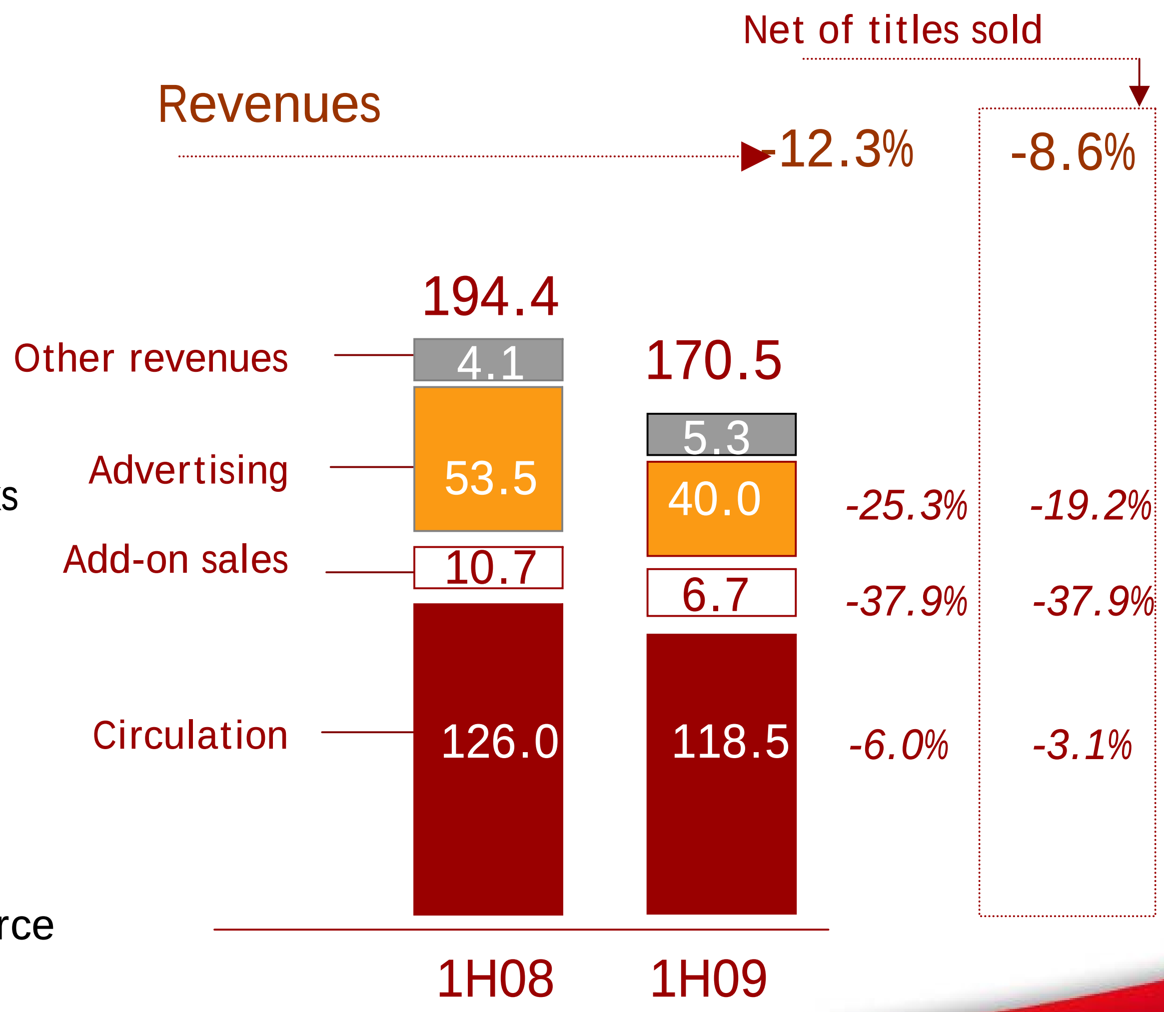
Mondadori France

Market

- The trend noted in the first part of the year was confirmed

Mondadori

- Limited fall in circulation thanks also to the contribution of subscriptions (+1% net of the titles sold)
- Advertising performance was in line with the market
- Confirmation of the September launch of *Grazia* that will reinforce the company's presence in the *upmarket segment*



Advertising

The Italian Advertising Market

Advertising (value)

Television	-14.8%
Newspapers	-22.2%
Magazines	-29.5% -30.9%[1]
Radio	-18.6%
Internet	+7.8%

Source: Nielsen – value - May 2009

[1]Source: FCP – value – May 2009

Performance by sector (volume)

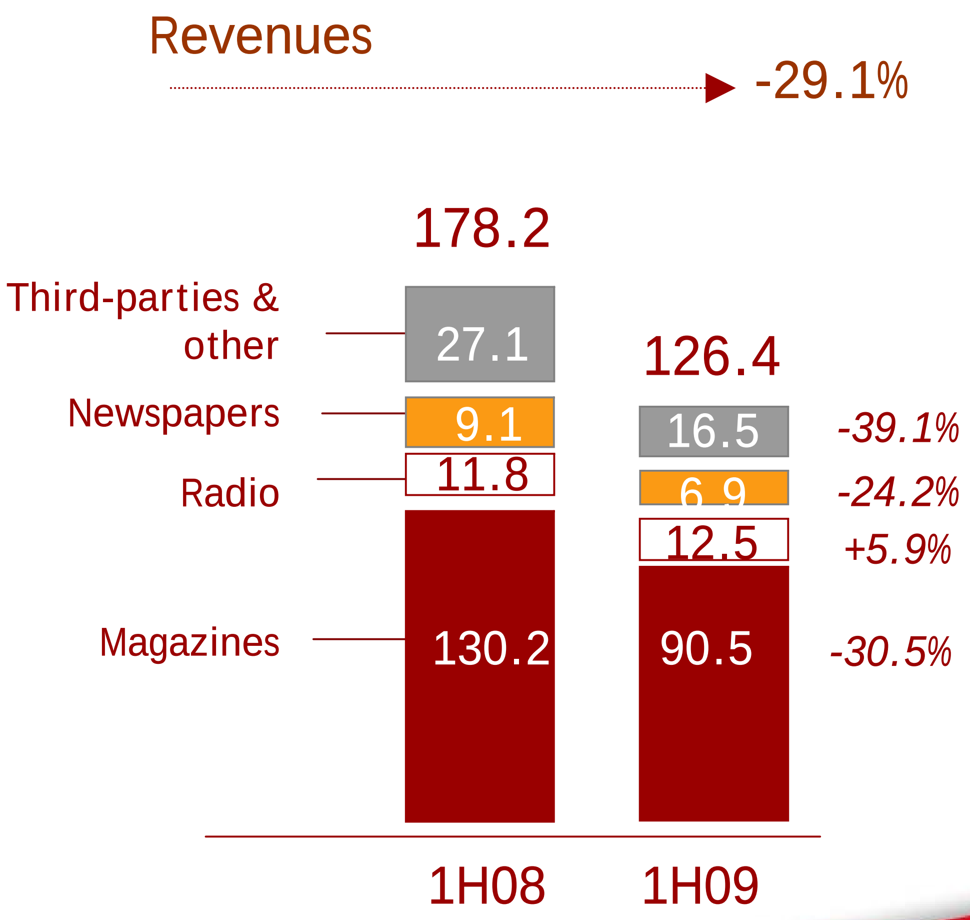
Sector	Weighting	Performance
Fashion	30.0	-25%
Furnishings	14.9	-24%
Cosmetics	14.3	-22%
FMCGs	10.0	-11%
Tourism	5.8	-17%
Auto	5.5	-29%
Finance	2.9	-35%

Advertising

- The fall in advertising investments in the market is characterised, as well as by a marked reduction in prices, also by significant delays in planning making it extremely difficult to make forecasts over more than the short term

- Sales for Mondadori titles showed a recovery in the second quarter thanks to target commercial policies

- There was a positive performance in radio thanks to advertising sales for Radio Kiss Kiss



Direct

SQL SERVER 2005
XML
Internet Explorer
Principi di Ingegneria del software
WINDOWS SERVER 2003
FLASH 8

Direct Marketing

Market

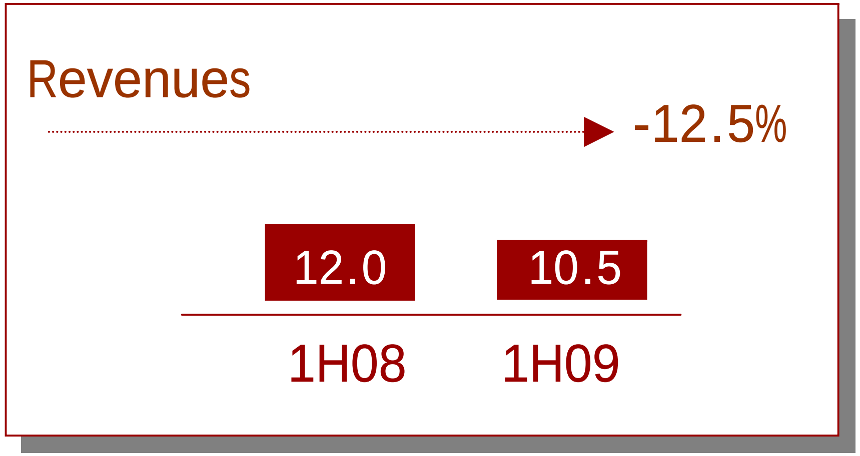
	Direct
Cumulative Q109	**-16.0%**
Cumulative May 09	**-17.8%**

Source: Nielsen – value – May 2009

- The direct marketing sector[1], which is worth €210m, recorded a fall of 17.8% and is feeling the impact of a general reduction in investments in communication

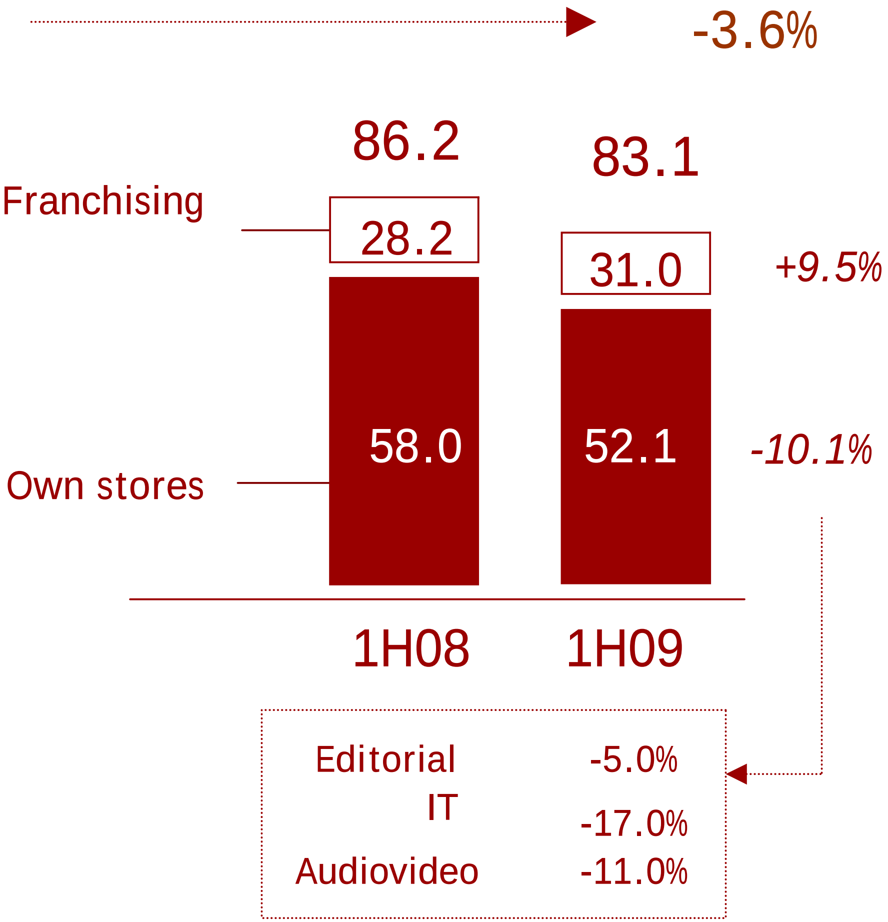
Cemit

- A better-than-the-market performance was achieved thanks to stability in the large-scale retail segment, which compensated for a significant fall in the auto and finance sectors



Retail

Revenues



	Stores
Own stores	29
Bookstores	232
Edicolè	178
Total	**439**

Radio

Radio

Market	Radio
Cumulative Q109	**-20.1%**
Cumulative May 09	**-18.6%**

Source: FCP Assoradio – value – May 2009

Ratings	Ascoltatori 7-28 giorni			
	7GG	14 GG	21 GG	28 GG
1 Deejay	13.115	15.161	16.091	16.679
2 Rtl 102,5	12.632	14.835	16.009	16.816
3 RDS	12.241	14.298	15.300	15.956
4 Radio 105	10.116	11.810	12.704	13.299
5 R101	6.227	7.641	8.428	8.961
6 Montecarlo	5.347	6.684	7.461	8.024
7 Capital	5.117	6.177	6.779	7.205

Source: Audiradio – 1st half 2009

- Radio posted net revenues of €7m (-14.5%) with a better-than-the-market performance
- R101 confirmed its position as Italy's fifth private commercial radio station over 7,14,21 and 28 days (the new measure recorded through panel diaries)

Expectations for the full year

- Forecasts concerning advertising investments remain difficult and there are no indications that make it possible to predict a turnaround

- It is not possible to expect a recovery in magazine sales or a slowdown in the collapse of add-on sales

- The book sector will continue to suffer less than others and the editorial programme for the second half of the year should make it possible to achieve a satisfactory end of year result

Activities over the coming months

The company’s response to the fall in revenues foresees:

- The continuation of actions aimed at simplifying processes and structures, also through an incisive restructuring plan
- Investments to support the company’s assets and to defend positions of leadership
- Increased investments in developing businesses and markets (digital, international network)
- The launch of *Grazia* in France

Corporate calendar 2009

14 May 2009
Q1 Results

29 July 2009
First Half Results

12 November 2009
Results for the First 9 Months

Disclaimer

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