Full Year Results 2010

Analyst's Meeting

Segrate, 21 March 2011

Key takeaways for 2010

- All Mondadori businesses **outperformed** their reference markets
- Fully achieved all targets, indicated in 2010; related to the restructuring, reorganization and operating costs reduction

EBITDA increased by +32%

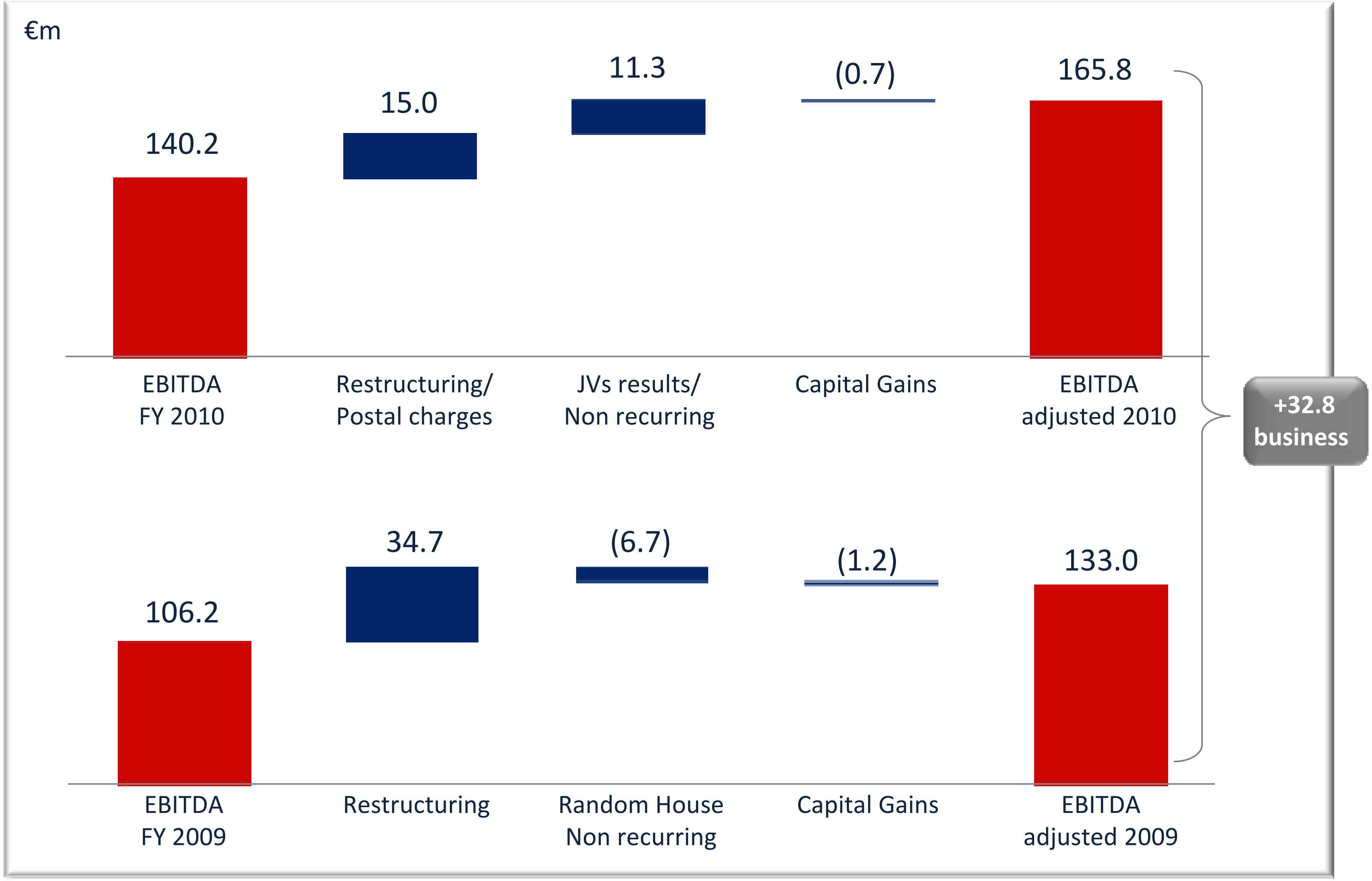
Net financial position improved by €30.5m to (€342.4 m)

Profit and loss FY2010

€ million	FY09	FY10	%
Revenues	1,540.1	1,558.3	1.2%
Labor costs	(302.8)	(271.5)	-10.3%
Cost of sales	(1,131.1)	(1,146.6)	0.9%
EBITDA	**106.2**	**140.2**	**32.0%**
Depreciation	(34.4)	(26.0)	-23.5%
EBIT	**71.8**	**114.2**	**59.1%**
Financial charges	(22.4)	(23.9)	
Financial gains	14.5	-	
Profit before taxes	**63.9**	**90.3**	**41.3%**
Taxes	(29.0)	(38.9)	
Extraordinary taxes	-	(8.7)	
Minority profit	(0.6)	(0.6)	
Net profit	**34.3**	**42.1**	**22.7%**
Net profit adjusted	**23.8**	**50.8**	**113.4%**

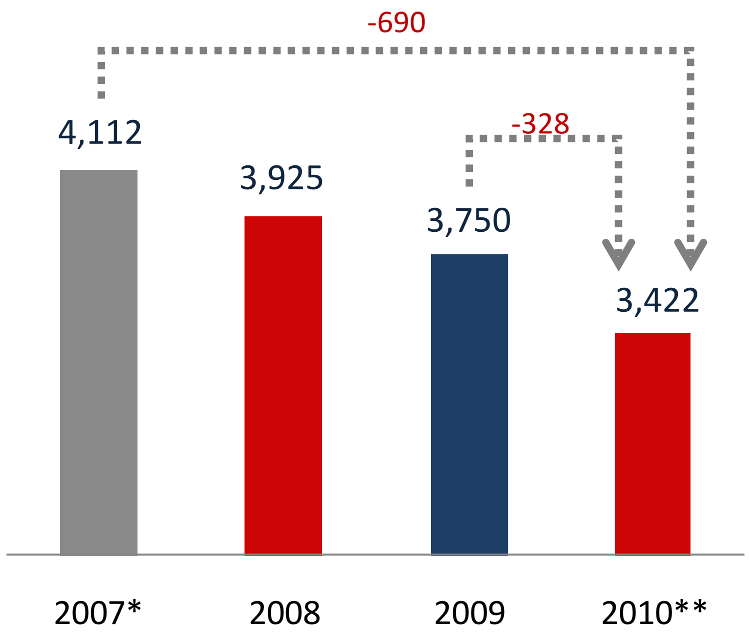
From EBITDA reported to EBITDA adjusted

- Strong EBITDA growth compared to 2009 also net of non recurring item



Cost saving plan evolution

Headcounts 2007 - 2010

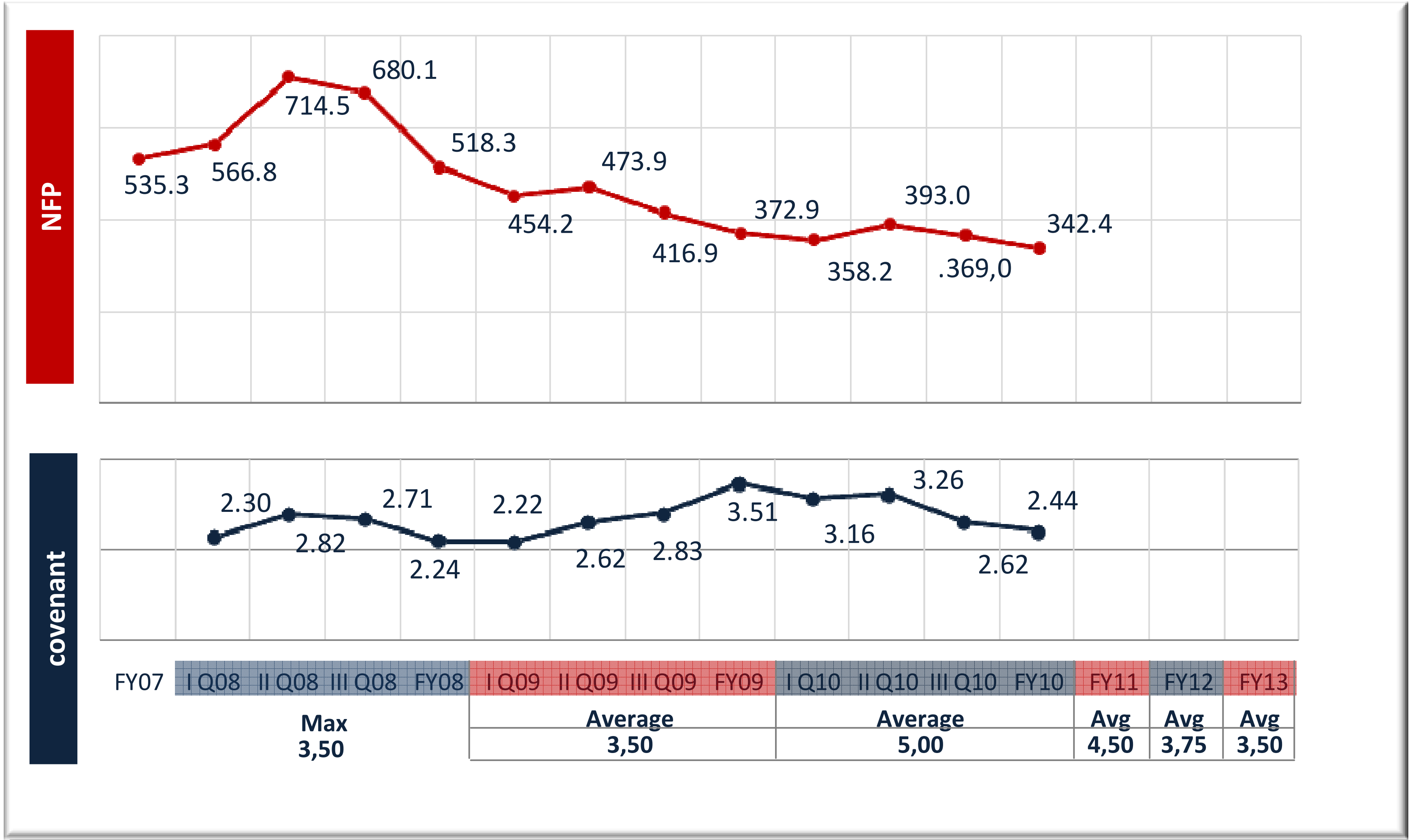


- **Restructuring** plan continued in 2010 together with the **reorganization** reaching in the year a reduction of -328 headcounts (approx. 700 in the three years period). Further improvement expected in 2011
- Reached **93% of cost saving plan** forecasting €170m in the 2009 – 2011 period

* Excluding printing (1,474 headcounts)
** Total headcounts 3,649 (Including Mondolibri consolidation); total headcounts reduction 347

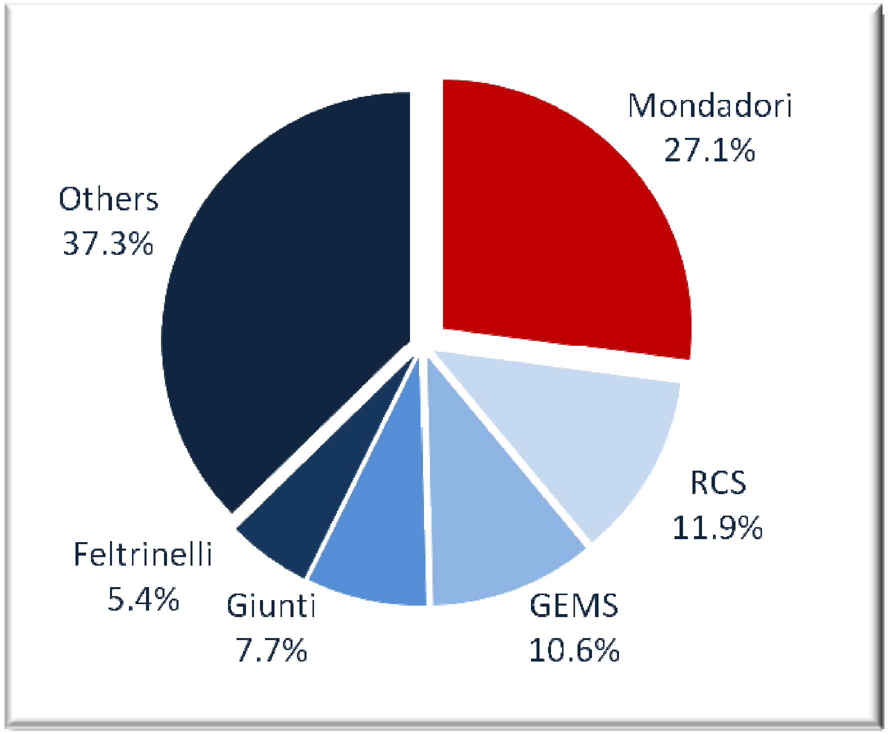
NFP and Covenants evolution

- In 2010 NFP improved by €30.5m to (€342.4m)
- Approx. €200m total debt reduction in the 2008-2010



Books: market highlights

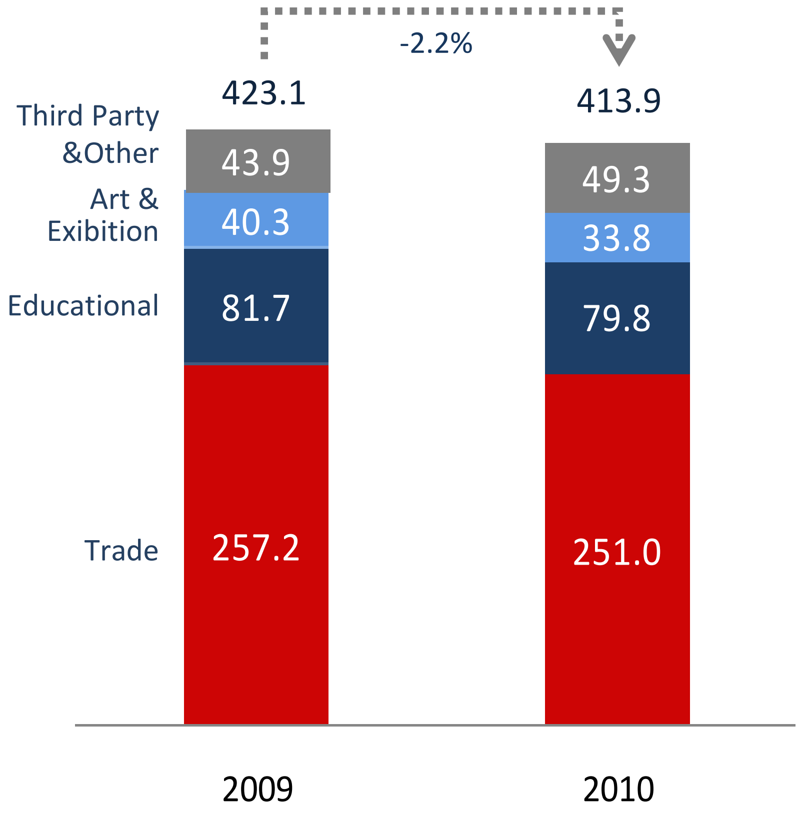
- Total market +1.8% by value in 2010
- Leadership confirmed with 27.1% market share
- Quality of the offer with the award of the following prizes: Strega (Pennacchi), Campiello (Murgia), Nobel (Vargas Llosa)
- Ebook catalogue: 1,500 titles (as of today over 1,700) distributed by all major Italian "e"stores



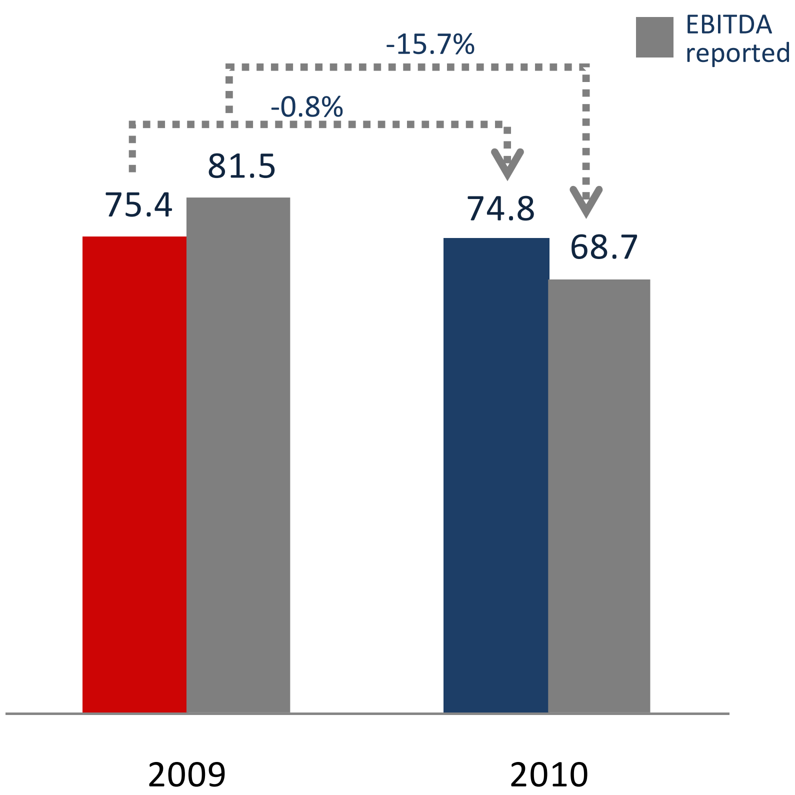
Books: financial highlights

- Trade revenues slightly below last year, but better 2 half (+2.5% vs 2H-'09)
- The decrease in Educational revenues is mainly due to the recent introduction of the school reform
- Adj. EBITDA for non recurring items mainly related to Mondadori Random House results (Mexico & Venezuela) is in line with last year. Adj.EBITDA margin 18.1%

Revenues (€m)

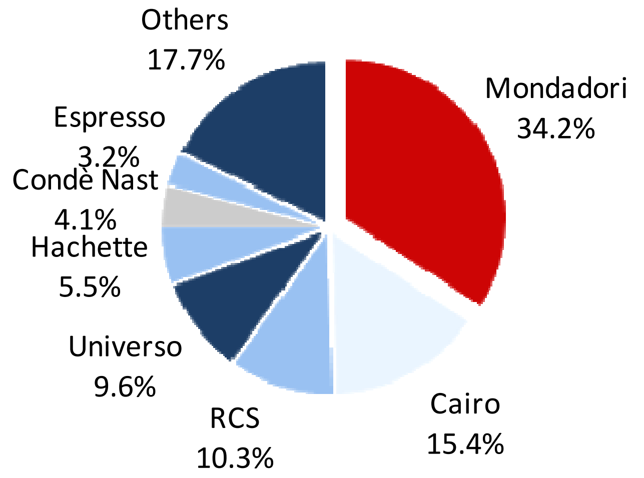


EBITDA adjusted and reported (€m)



Magazine Italy: market highlights

Market share by volume

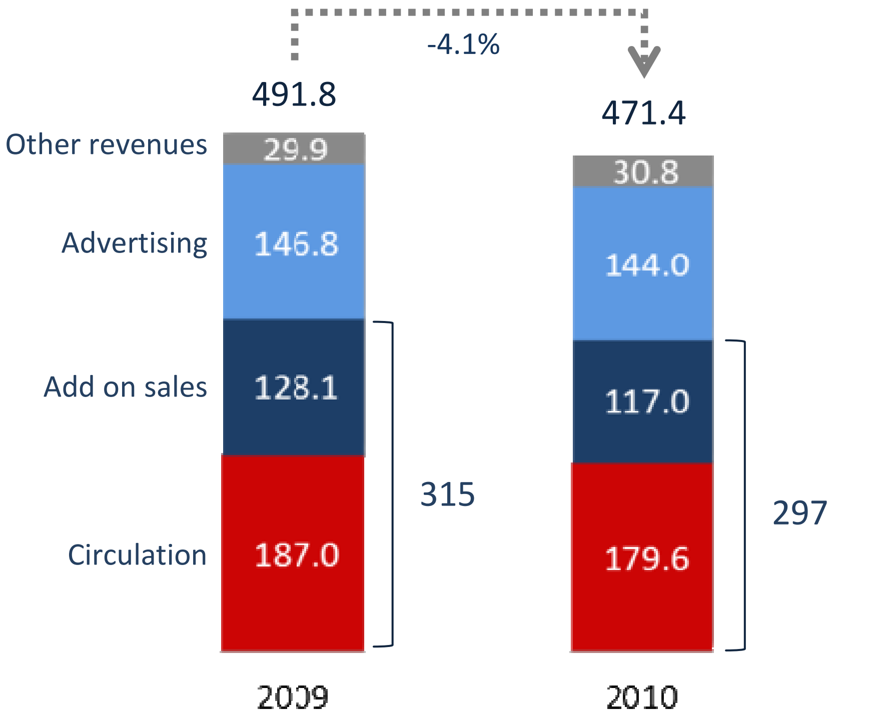


Circulation market (copies)	-5.8%	
Circulation Mondadori magazine (copies)	-4.8%	
Advertising market (value)	-5.4%	
Advertising Mondadori Magazine	-1.9%	Weeklies +1% Monthlies -11.5%
Add on Sales market (value)	-23.6%	
Add on sales Mondadori	-8.7%	

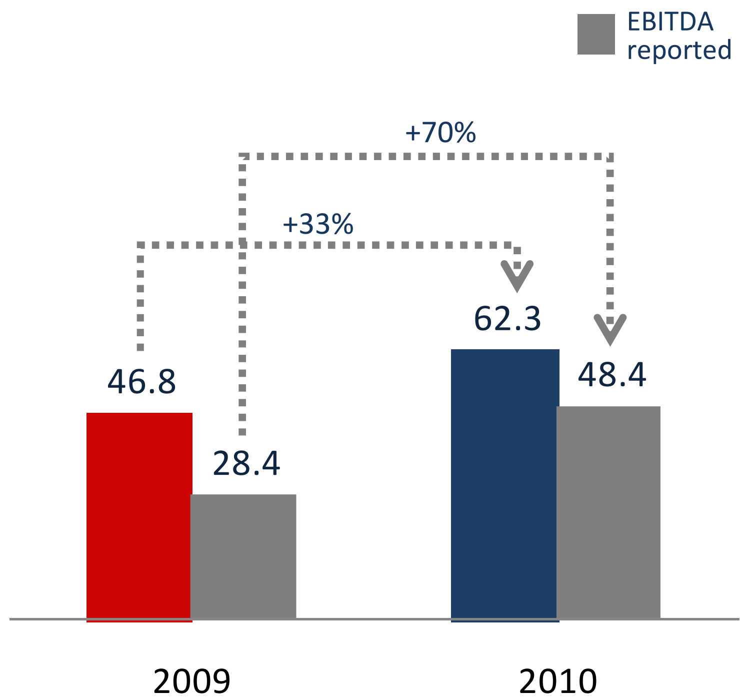
Magazine Italy: financial highlights

- Revenues decline by 4.1%, in line with the market
- The strong Adj. EBITDA growth for non recurring items (postal charges, restructuring and Attica JV devaluation) is mainly related to:
  - cost reduction plan
  - good profitability of all magazines and an increase in add on sales
- Adj. EBITDA margin increase to 13.2% from 9.5% in 2009

Revenues (€m)



EBITDA adjusted and reported (€m)

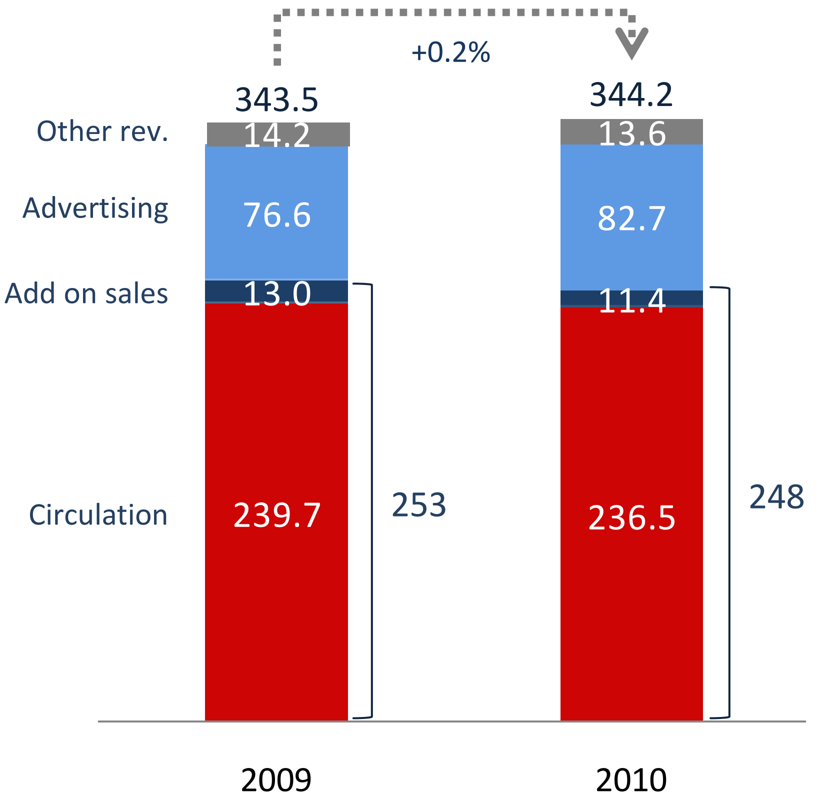


Magazine France: market highlights

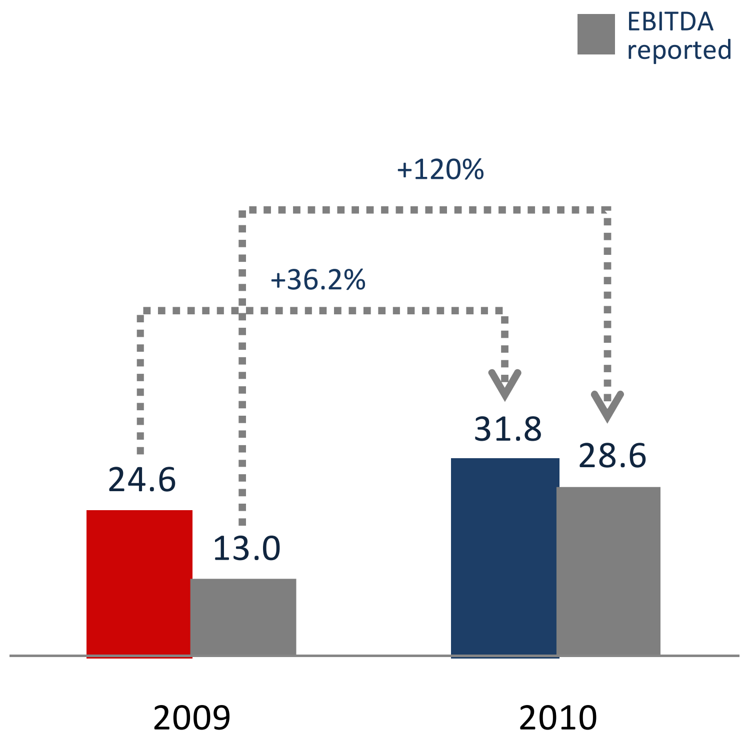
- Total revenues +0.2% including magazines closed or disposed of , the growth is for:
  - Advertising +4.1% (+19% Grazia included)
  - Circulation +1.7% (+3.9% Grazia included)
  - Total +1.3% (+6.2% Grazia included)

  Results better than the market
- Strong growth in adj. EBITDA +36% is related to sales level in line with lat year, improving performances of Grazia and significant cost reduction actions achieved over the year
- Adj.EBITDA margin growing to 9.2% from 7.1%

Revenues (€m)



EBITDA adjusted and reported (€m)



Advertising: market highlights

- Total advertising market +3.8% compared to 2009 thanks to good results in TV, Radio (7.7%) and internet (+20.1%) while magazines continue to suffer
- Among all segments , best performance is registered by the female segments (fashion & cosmetics) while autos, tourism and media continue to decline

Advertising market (k €)

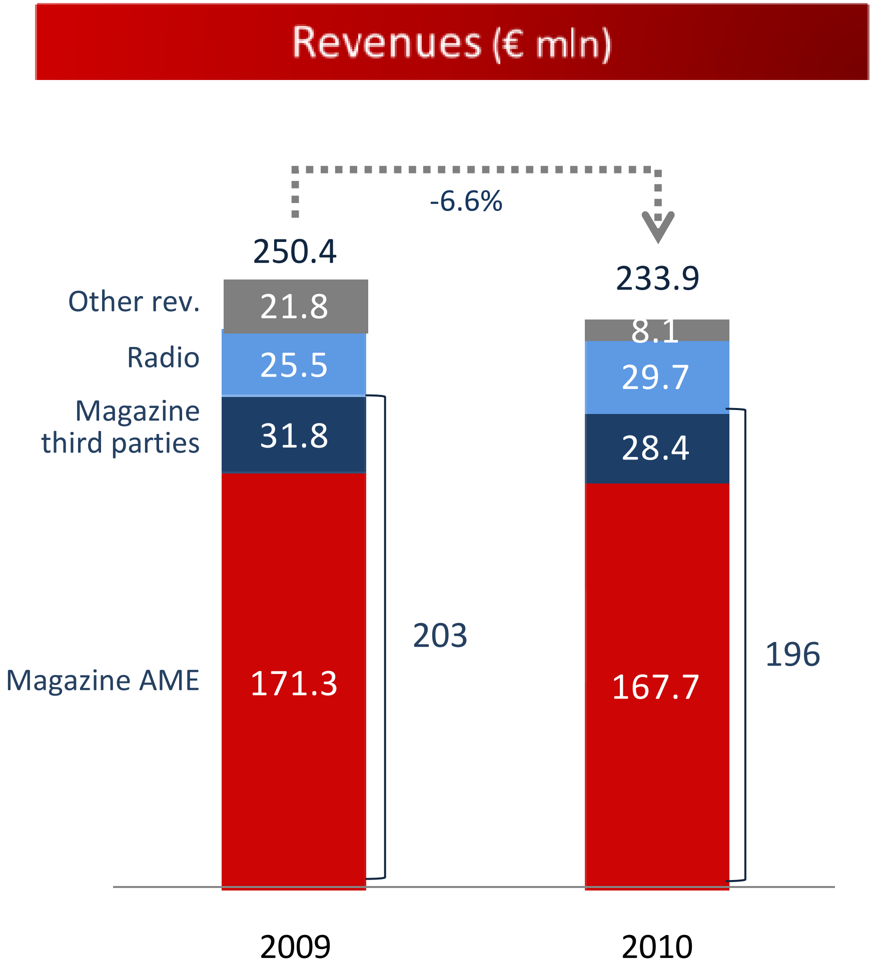
Media	2009	2010	%
TV	4,359	4,619	+6.0%
Print	2,392	2,290	-4.3%
Magazines	878	830	-5.4%
Newspaper	1,514	1,460	-3.6%
Radio	436	470	+7.7%
Internet	302	363	+20.1
Others	820	881	+7.4%

Industries

	% of composition	Performance
Fashion	33%	1.3%
Cosmetic	14%	2.9%
Design	13%	-1.0%
FMCG	12%	16.0%
Auto	6%	-4.9%
Turism	5%	-4.9%
Others	4%	5.4%
Pharma	3%	4.1%
Financial services	2%	-20.7%
Media	2%	8.7%
Tlc	1%	5.1%
Public services	1%	-5.5%
IT	1%	-51.3%
Various	2%	

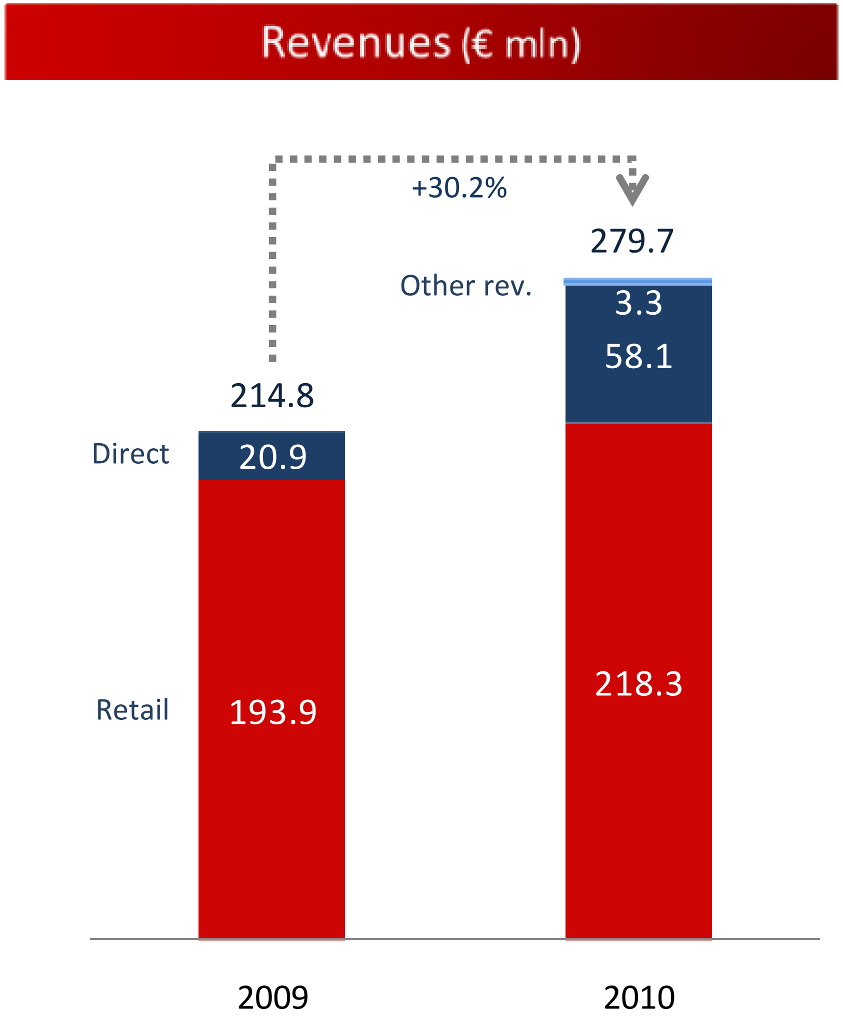
Nielsen 2010

Advertising: financial highlights



- Revenues decline by 6.6% due to
  - Expiration of the IL Giornale advertising collection
  - Move to Mediamond JV the internet advertising
  - collection
  - Reduction of third parties adv. collection
- Advertising collection for weeklies magazines +1% while monthlies still negative -11.5%
- Radio confirms positive trend for both R101 and Kiss Kiss (collection started in March 2010)
- Adj. EBITDA still negative (€-5.5m) due to revenues reduction

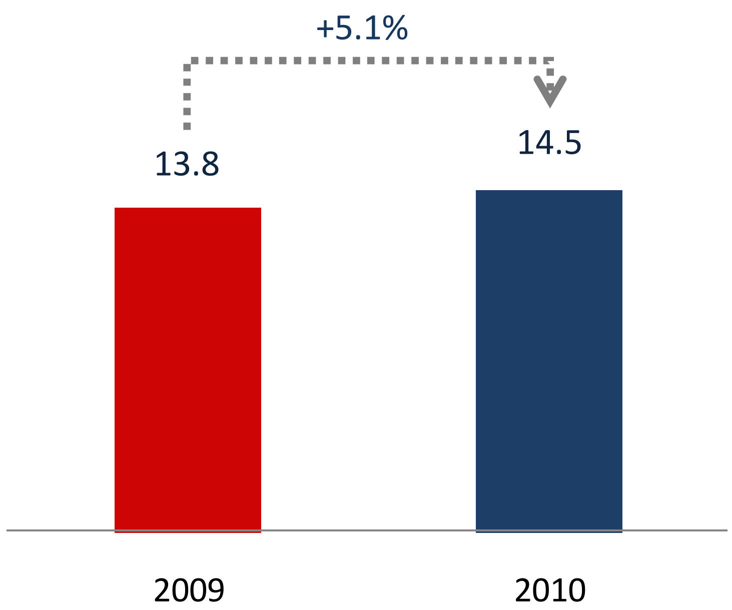
Direct & Retail: financial highlights



- Strong revenue growth thanks mainly to: Mondolibri consolidation (May 2010), increase of CEMIT +14,3% and Franchising +9.2%
- E commerce revenues with Bol.it increase strongly +28% compared to last year
- Adj. EBITDA increased to € 15m + 43% compared to 2009

Radio: financial highlights

Revenues (€ mln)



- Advertising Radio Market registered +7.7% compared to 2009 confirming a positive trend
- Revenues increased by 5.1% compared to last year with 2H better than the total market
- Profitability at EBITDA level continue to improve reducing losses to €-1.2m (€-3.3min 2009)

- Over the year were completed a number of initiatives to support the business
  - Multimedia development trough web radio and dedicated apps (on major social networks)
  - Google partnership to create a co branded channel on You Tube
  - Offer renewal (music and deejays) with focus on "adult contemporary radio" targeting 25-44 ages

Proposal to AGM

Thanks to the results achieved the Board resolved to propose that the AGM approves a dividend distribution of 0.17€ per share and cancellation of shares equal to 5% of Mondadori share capital

Three years plan overview

Introduction

M. Costa (CEO)

Our Goals … our Strengths

- Confirm Mondadori's **leadership** in its reference markets continuously improving **quality** and product **innovation**

- **Develop a business** model focused on continuous expansion of its core business, based on coherent diversification with, **in line with the Mondadori approach**

- Consolidate our **customer focus** by implementing a CRM system across all the businesses in order to optimize the potential synergies which have yet to be fully realised

- Leverage on **Mondadori's unique platform** and network (books store-subscriptions, Bol.it, Direct marketing etc.) in order to satisfy customers' needs

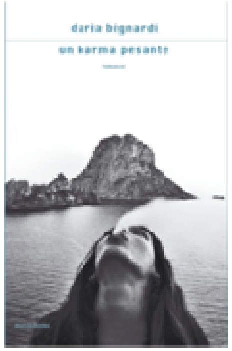
- **Exploit digital evolution** in order to cross-fertilize our business and find new drivers of growth

ALL of this with …

Our Goals … our Strenghts

… a **solid financial position** recorded in 2009 and consolidated in 2010

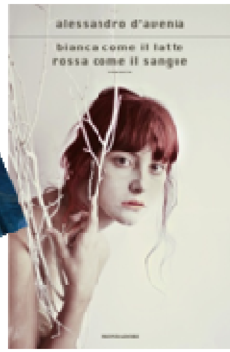
- IN preparation for:
  - Develop a **consistent dividend policy** over time
  - Take advantage of **the consolidation process** in both traditional and digital businesses

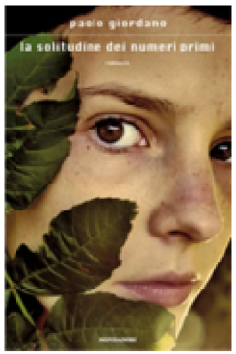


BOOKS

R. Cavallero

(GM Trade Books)





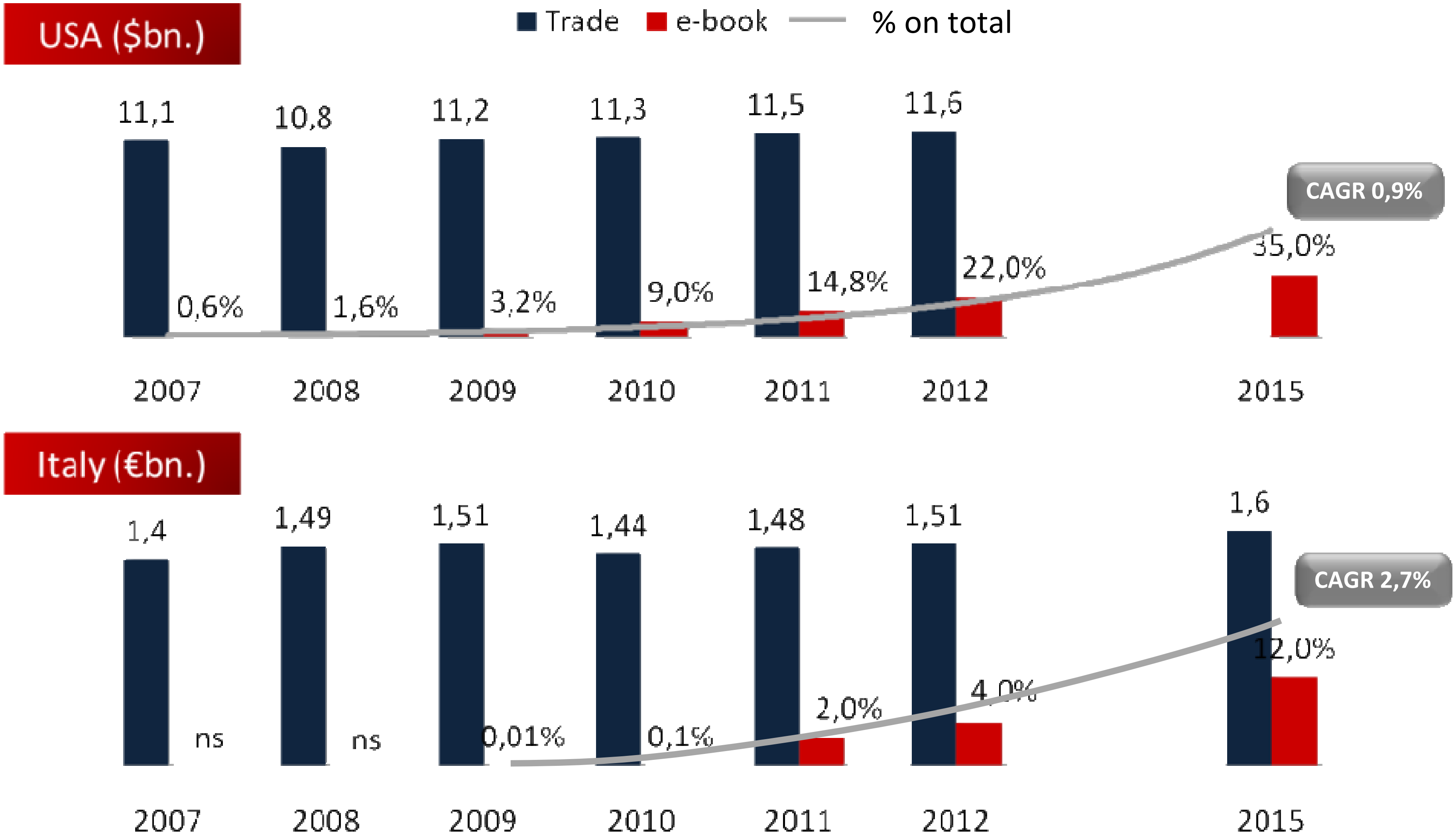
Books: Actions

- Confirm our **leadership in Italy with a 27-30%** market share both in paper books and in ebooks where Mondadori is a first mover (Telecom Italia, Google, etc)
- Reliable and **extensive talent scouting** (almost all authors have signed agreements for both paper and digital rights)
- Re-balance seasonality with profitable new **paperbacks offer** (Group current market share 45-50%)
- Development of an author's **oriented P&L** in digital

- The Educational area **is adapting** to the recent school reform where digital will play an increasingly important role
- Mondadori Education will focus on: **renewing** the existing catalogue, **developing** teacher's tutoring activities

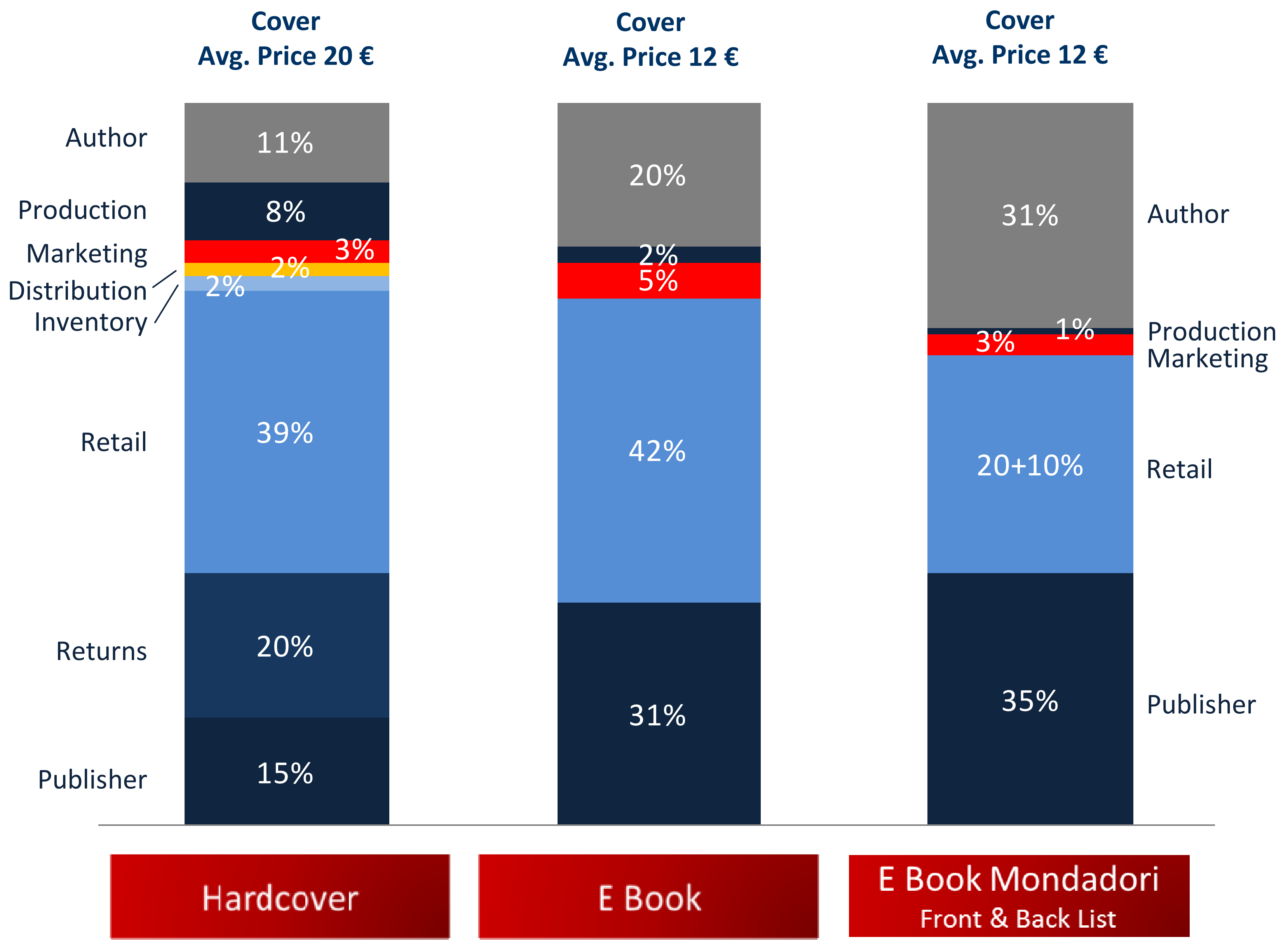
- **Play an active role in industry consolidation, in both trade and education**

Books: market evolution



Source: IDPF, Cefriel, AIE Editech

Cost Structure evolution



Books: Targets

- Sales to grow in line with market trend (increasing weight of trade books)
- Education is expected to recover from 2013 thanks to the new adoptions
- e-book contribution will gradually pick up reaching 7-10% of total sales
- Profitability is expected to remain high thanks to:
  - Confirmed leadership
  - Improved outlook for Mondadori Random House
  - No major digital investments in trade while some investments will be made in education in order to comply with the above mentioned school reform
  - Higher e-book profitability to contribute significantly after the end of the period

MAGAZINE ITALY

S. De Alessandri

(GM Magazine Italy)

Italian Magazine Portfolio (1/2)

Key figures at a glance

- **35%** market share, 35 magazines
- 3,1 Mio. copies sold weekly, 2,8 monthly, 192 million yearly
- **17,6 Mio**. weeklies readers, 16 million monthlies readers
- **One out of 2 Italians** reads a Mondadori magazine every week o months
- Mondadori publishes the best seller and the most read magazine both in weeklies (TV Sorrisi e Canzoni) and monthlies (Focus)

Italian Magazine Portfolio (2/2)

	Segments	Mkt position	Titles
W	Tv guides	Leader	TV Sorrisi e canzoni, Tele+, Guida TV,
	Weeklies women	Leader	Donna Moderna, Chi Grazia, Tu Style, Confidenze
	Newsmagazines	Leader	Panorama
M	Science	Leader	Focus
	Interior decoration	Leader	Casaviva, Casa Facile, G Casa, Interni, Casabella, Ville & Giardini
	Food	Leader	Sale & Pepe, Cucina Moderna, Cucina No Problem, Guida Cucina
	Specialized	Leader	Starbene, Men's Healt, Donna Moderna InForma, Panorama Auto, Evo, Panorama Travel, Geo, Ciak, PC Professionale, Panorama Economy, Focus Junior, Flair, Cosmopolitan, Jack, First

Magazine & Advertising Italy: Actions

- Confirm:
  - **Market leadership** in weekly magazines (80% of total)
  - **"Best in class"** in adds on sale increasing market share
  - No magazines with negative profitability

- Renewal/ repositioning of all existing magazines without significant investments

- Develop synergies (through CRM system) across all titles leverage on our community of **4.5 million** average unique users in 2010

- Digital for:
  - Projects Development for Panorama, Grazia, Donna Moderna
  - Empowerment for all magazines (website, social network, tablets, smartphone)

- Play an active role in industry consolidation, in both paper and digital

Magazine & Advertising Italy

Market drivers

Segment	Forecast	Mondadori 2010-2013
Advertising	Uncertainties but sign of improvement	Stable rates. Recovery expected over time
Circulation	Limited decline	Product reshaping
Adds on sale	Structural decline	40% market share Focus on home video, music, book and gadgets Leverage on existing relationship with the Majors
Digital	Growth without cannibalization	Digital expansion for all brands

Magazine & Advertising Italy

- Sales to grow in line with market trend
- Adds on sales decline below market expectations
- Break even of digital activities
- Profitability expected to improve thanks to cost controls

DIGITAL

V. Veltroni

(GM Digital)

Digital Division Goals

Affect the group's industrial process by bringing the customer at the centre

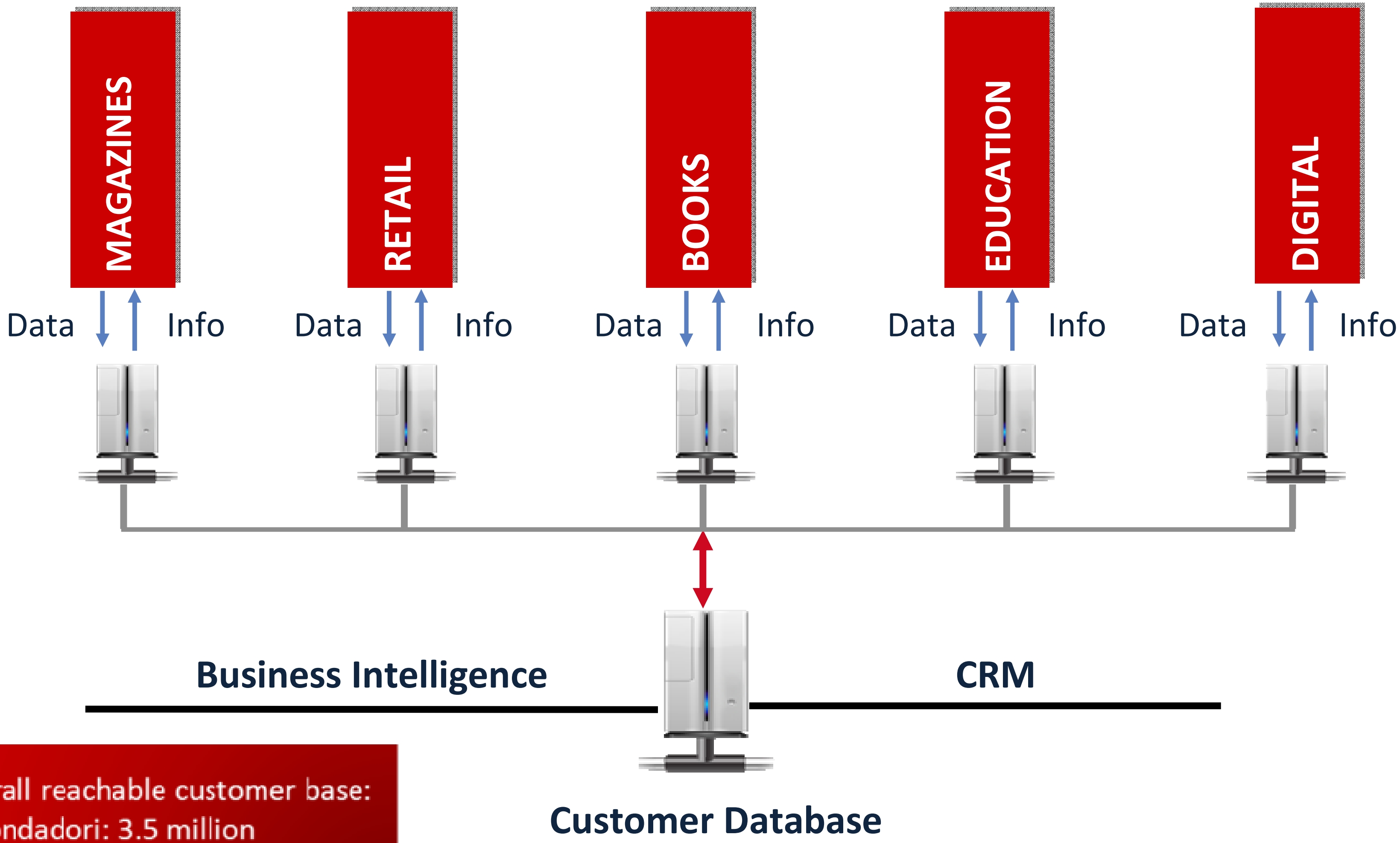
- Increase, through customer knowledge and intelligence, the company's ARPU

Grow Mondadori digital activities

- N. 1 in female digital segment
- N. 1 in digital cultural consumption
- N. 1 in tablet specific products
- Enter new areas arising from customer intelligence

Customer at the center

We build customers' narrative



Overall reachable customer base:
- Mondadori: 3.5 million
- Target 2013: 6.0 million

How to increase ARPU

Target 2013
ARPU +15%

- Increasing the number of interactions with the customer
- Increase the amount of time spent in each interaction
- Increase the depth of interaction to gather more data

To grow Mondadori digital activities

Italian digital peculiarity

- In 2010, 70% of Italians used Internet (65% from home), only 30% on daily basis
- +44% users from mobile/smart phone/IPAD (13% of population)
- Only 30% had broad band from home.
- As of today around 600k IPAD sold in Italy

We must have a multiplatform strategy

Digital revenues in Italian market

- 2010 adv revenues (no search): € 362 mln.
- 2010 e-commerce revenues: € 7 bln.

We must not relay on advertising as sole source of revenues

Our strenghts

- Strong brands with strong communities
- Availability of varied and quality content
- Direct relation with large Customer Base

We must leverage our profiled communities to engage users, satisfy adv clients and benefit Mondadori's digital services

Source: Audiweb, Politecnico di Milano, Nielsen , AME analysis

N. 1 in female digital segment

- Develop a segmented, international offer aimed at our female customers using the breadth of our properties;
- Launch or Relaunches :
  - New Grazia
  - Relaunch Donna Moderna
  - New video cooking channel
  - Relaunch Cosmopolitan
  - Tustyle as social brand
  - Introduce high street group commerce Easy Shop
- Scouting the market for opportunities

To reach 5 million unique female visitors in 2013 leveraging on our actual 2.3 million

N. 1 in digital cultural consumption

- Transforming BOL from an online shop to an online cultural consumption experience
- New editorial contents, social engagement and live events
- Enrich product categories (digital movies, ticketing)
- Stimulating users in displaying cultural consumption as a key part of their social identity
- Ubiquitous mobile and big screen presence

THE ITALIAN CULTURAL CONSUMPTION HUB

Increase revenues and margin at least by 3 times in 2013

N. 1 in Apps development

- Adding new distribution platforms (Android and Samsung TV)

- Build on serial approach for apps:
  - Virtual History: Rome (already on sale: as of today 11.900 downloads), Venice, Florence, Milan, and the last supper
  - Collectibles: Soldiers, Paintings and Personalities
  - Cooking
  - Branded Apps (Panorama, Donna Moderna, etc.)

- Leveraging Mondadori’s legacy content archive and Italy’s worldwide appeal

To have at least 4 apps ranking n. 1 in Apple store each year

Financial goals

Quick organic growth to reach Digital Division break-even in 2013

Quick organic growth to reach cruising speed in 5 years producing at least 15% on Group revenue

and …

Evaluate accelerating organic growth through acquisitions in the years 2011-2013

INTERNATIONAL

&

MONDADORI FRANCE

R. Briglia

(Chief Content Officier)

MONDADORI FRANCE

International businesses: FRANCE …4 pillars

- **Grazia success as the most innovative and successful launch of the last 15 years**
  - Major driver of the transformation of Mondadori France as:
    - Revenue growth driver in highly profitable segment (women upscale)
    - New revenue mix reducing weight of TV Guides (from 38% in 2007 to 20% in 2015)

- **Confirm leadership in key segments :**
  - Continue actions on contents and on portfolio restyling
  - High profitability without any loss making titles in portfolio (27.1% avg. profitability)
  - Outperforming the market:
    - Adv. +16.6% vs +5.6% of the market
    - Circulation +1.7% vs -2.1% competitors

- **Digital:**
  - Replicate the Mondadori Italy strategy (exploiting technological synergies)
  - CRM system implementation (2.9 subscribers)
  - Number one in Auto segment
  - Selective acquisition strategy

- **New Launches :**
  - Brand extension in order to create “Grazia System”
  - New titles, only in most attractive and niche segments

France: targets

Sales / Profitability evolution

- Sales overperforming market trend
  - increasing contribution of advertising focusing on upscale female segment (Grazia and BIBA to contribute to 35% by 2013 in adv revenues from 27% in 2010)

- Digital contribution will peak over the period (>5% of total sales)

- Strong improvement in EBITDA (back to pre acquisition level) thanks to:
  - Sales increase
  - Grazia halving losses every year (Euro 10mio in 2010) reaching breakeven in 2013
  - Important savings (approx. € 10 mio over the three year period) coming from relocation (completed end 4Q-2010) and personnel costs

MONDADORI

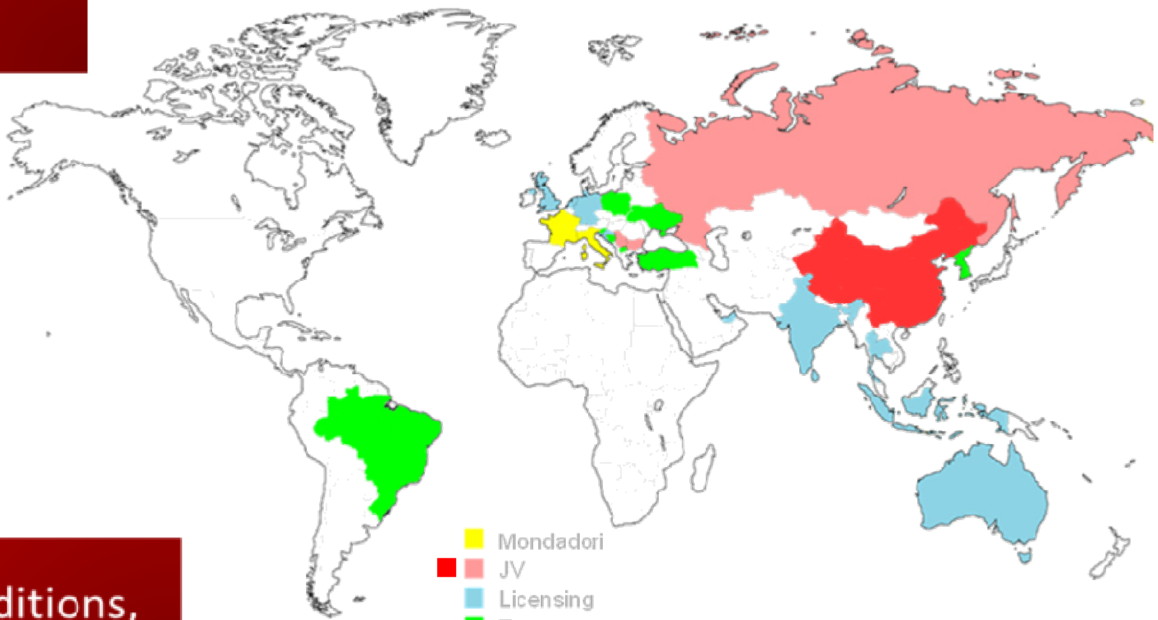
INTERNATIONAL

International: International Network

- In only six years the fastest growing network among global players

FY2005 - The 1st international edition: Grazia UK

FY 2010 - 29 International editions, 21 countries



FY 2013 - 40 International editions, 30 countries

International: Grazia International network

- 15 editions in the world
- Total turnover over Euro 100 million

Development

- Investments in “BRIC” countries. Russia, China, India, already existing, Brazil in 2012
- By 2015 additional countries to reach a total of 25
- Reinforcing the European footprint (Poland / Spain)
- Develop a unique worldwide digital platform including versions for ipad and tablets
- Advertising: multi country deals with global brands in fashion and cosmetic

International: Focus on China

- By 2012 launch of weekly edition of Grazia (currently fortnightly)
- Exploit the advertising booming market (+12% in 2011) mainly in fashion and cosmetics
- Distribution development in 2nd tier cities
- By 2011 launch of Grazia Web site and mobile version
- Create the “Grazia System” and launch new titles only in upscale segments
- Investments in events and in fashion shows
- Option to launch a version of “Interni”

International

Sales / Profitability evolution

- Further strong growth of sales
- Maintaining the current profitability (59%) in licensing
- Positive EBITDA of Russia and China JVs by end of 2012

Conclusion

M. Costa

(CEO)

Our targets

- Forecasted sales include only organic growth
  - Traditional business in line with market trend
  - Digital to progressively pick up boosting at the end of the period

+40% EBITDA

+++ Sum of the parts

While is more performing both in terms of profitability and value creation:

- Safeguarding profitability of core businesses
- Continue efficiency
- JVs within International Network improvements
- Grazia France break even
- Develop digital activities with short term break even

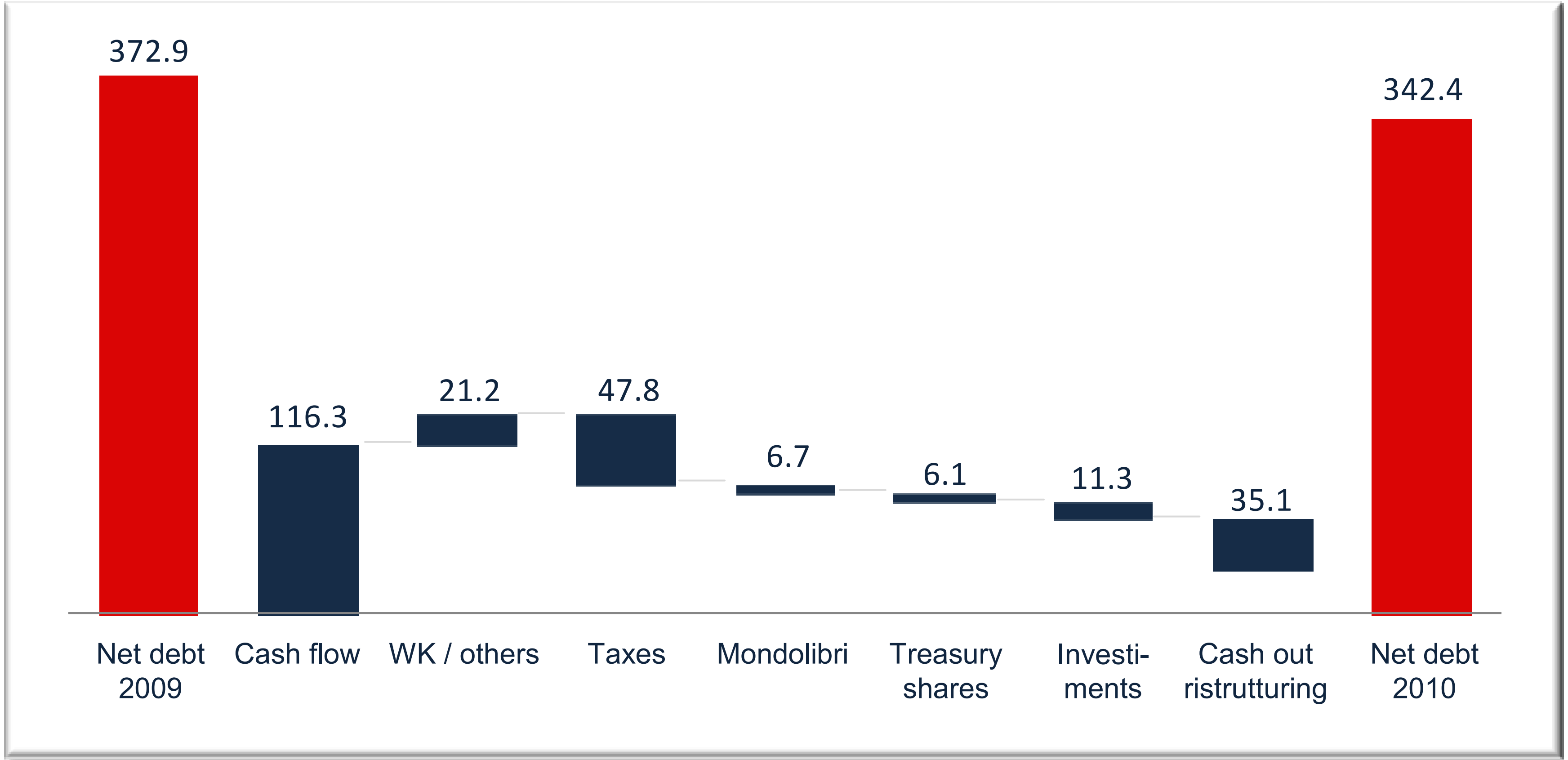
- With investments in line with recent years and improving significantly the Net Financial Position despite a consistent dividend policy …

… covenants from 3.51 (FY2009), 2.44 (FY2010) to **< 2.0 (FY 2013)**

- **Mondadori will therefore be able to seek for developments opportunities …**

Annexes

2010 Net debt evolution



Results by business units

Revenues 2009 - 2010

€ mln	FY09	FY10	%
Books	423.1	413.9	-2.2%
Magazine Italia	491.8	471.4	-4.1%
Magazine Francia	343.5	344.2	0.2%
Advertising	250.4	233.9	-6.6%
Direct & Retail	214.8	279.7	30.2%
Radio	13.8	14.5	5.1%
Others	17.6	19.0	8.2%
Gross revenues	**1,755.0**	**1,776.6**	**1.2%**
Intercompany	**(214.9)**	**(218.3)**	**1.6%**
Net revenues	**1,540.1**	**1,558.3**	**1.2%**

EBITDA reported

€ mln	FY09	FY10	Δ
Books	81.5	68.7	(12.8)
Magazine Italia	28.4	48.4	20.0
Magazine Francia	13.0	28.6	15.6
Advertising	(4.7)	(5.5)	(0.8)
Direct & Retail	10.4	13.7	3.3
Radio	(2.1)	(0.9)	1.1
Holding & Others	(20.3)	(12.7)	7.6
EBITDA	**106.2**	**140.2**	**34.0**

EBITDA adjusted

€ mln	FY09	FY10	Δ
Books	75.4	74.8	(0.6)
Magazine Italia	46.8	62.3	15.5
Magazine Francia	24.6	31.8	7.2
Advertising	(3.7)	(5.5)	(1.8)
Direct & Retail	10.5	15.0	4.5
Radio	(3.3)	(1.2)	2.1
Holding & Others	(17.3)	(11.4)	(5.9)
EBITDA	**133.0**	**165.8**	**32.8**

Market evolution by segment/country

Italy (var. %)

Sector	in term of	FY09	1Q10	1H10	9M10	FY10
Books Trade	Value	1,8	ND	1,8	1.7	1.8
Magazines circulation	Volume	(6.7)	(10.6)	(9.3)	(9.1)	(5.8)
Add sales	Value	(22.1)	(32.5)	(30.8)	(22.0)	(23.6)
Magazine advertising	Value	(28.7)	(10.3)	(9.3)	(8.4)	(5.4)
Radio advertising	Value	(7.7)	12.6	14.6	12.8	7.7

France (var. %)

Sector	in term of	FY09	1Q10	1H10	9M10	FY10
Magazines circulation	Volume	(3.5)	ND	(3,0)	(1,8)	-1.2
Magazine advertising	Volume	(13.0)	3.0	3.1	8.8	9.5

Disclaimer

Certain statements contained herein may be statements of future expectations and other forward-looking statements based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. In addition to statements which are forward-looking by reason of context, the words 'may, will, should, expects, plans, intends, anticipates, believes, estimates, predicts, potential, or continue' and similar expressions identify forward-looking statements. Actual results, performance or events may differ materially from those in such statements due to, without limitation, (i) general economic conditions, including in particular economic conditions in the Mondadori core business and core markets, (ii) performance of financial markets, including emerging markets, (iii)) interest rate levels, (vii) currency exchange rates including the Euro-U.S. dollar exchange rate, (viii) changing levels of competition, (ix) changes in laws and regulations, including monetary convergence and the European Monetary Union, (x) changes in the policies of central banks and/or foreign governments, (xi) the impact of acquisitions including related integration issues, and (xii) general competitive factors, in each case on a local, regional, national and/or global basis.

Forthcoming events

21 April 2011
Annual General Meeting

9 May 2011
Q1-11 Results

27 July 2011
H1-11 Results

10 November 2011
9M-11 Results

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