Mondadori Group

Investors' Presentation
1Q 2011 Results

Segrate, May 2011

Highlights 1Q 2011

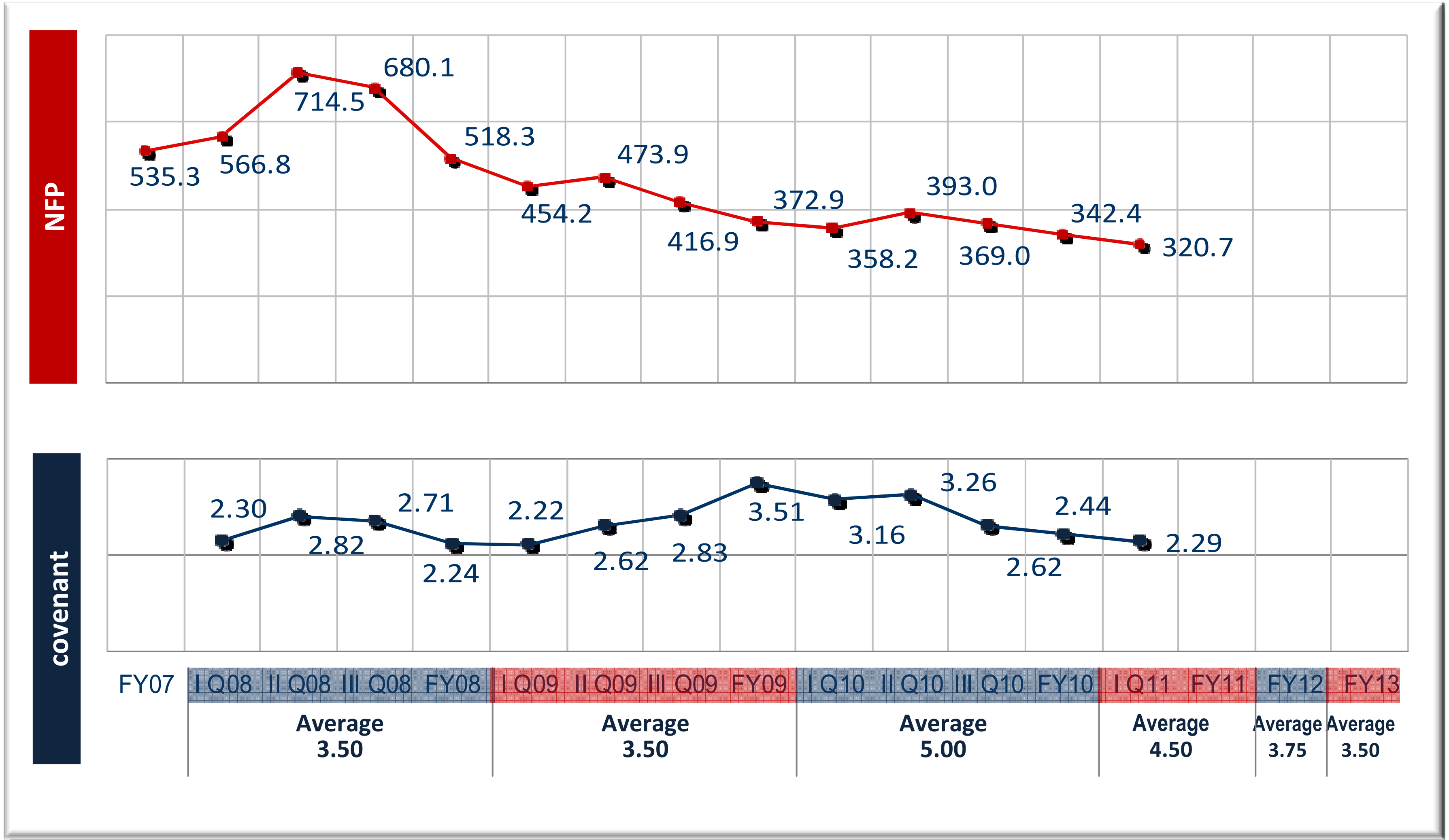
- In a quarter marked by disappointing economic data (contracting productivity, high unemployment rate and declining consumer confidence), Mondadori reported **growing results** compared to the same period of 2010
- All group businesses performed well:
  - Revenues +3.2%
  - EBITDA +2.8% despite growing investment for the development of the new digital activities
- Further improvements achieved from the **cost saving plan**
- **Net Financial position improved by** +€21.7 m compared with FY 2010

Profit and Loss Q1-2011

€ million	Q1 2010	Q1 2011	%
Revenues	344.7	355.6	3.2%
Labor costs	(66.9)	(68.5)	2.4%
Cost of sales & other	(256.6)	(265.3)	3.4%
EBITDA	**21.2**	**21.8**	**2.8%**
Depreciation	(5.5)	(5.5)	-
EBIT	**15.7**	**16.3**	**3.8%**
Financial charges	(7.1)	(5.4)	(23.9%)
Profit before taxes	**8.6**	**10.9**	**26.7%**
Taxes	(6.0)	(5.7)	(5.0%)
Minority interests	(0.2)	(0.2)	-
Net Profit	**2.4**	**5.0**	**108.3%**

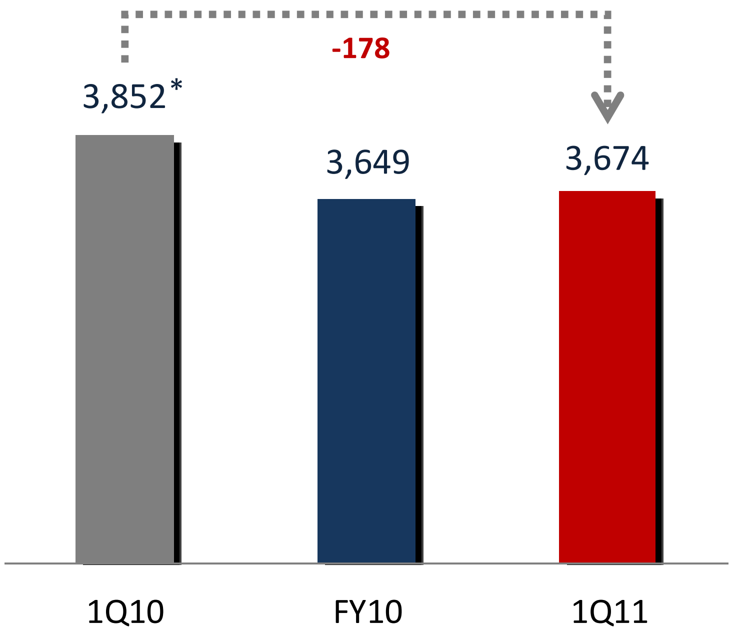
NFP and covenants evolution

- In Q1 2011 NFP **improved by €21.7m** to €320.7m
- In 2008-2011 period (36 months rolling) **total reduction was around €250m**



Headcounts and cost saving plan evolution

Headcounts evolution (units)



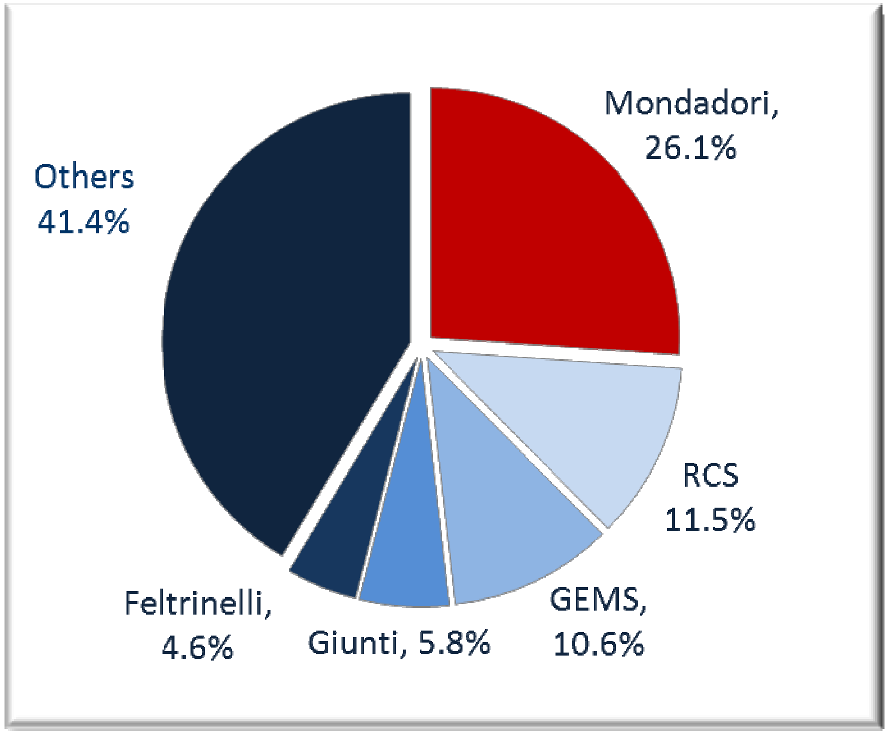
- **Headcounts:**
  - **Reduction of 178 units** compared with Q1 10, including the consolidation of Mondolibri
  - **Increase of 25 units** compared to FY 2010 due to the ongoing development of the new digital activities

- **Operating Costs: reached the target of costs reduction three quarters ahead of** the **forecasted plan** (€170m in 2009-2011 on a like for like basis)

* Including Mondolibri consolidation (May 2010)

Books: market highlights

- **Market: slight decrease in value** (-0.1%) compared with Q1 10
- **Leadership confirmed** with 26.1% market share (in line with Q 1 10)
- **e-book market still to be developed awaiting for the opening of the** “e- stores” of major international players (Amazon, Apple, Google)
- **e-book Catalogue: 1.700 titles** (+200 compared FY2010**)**

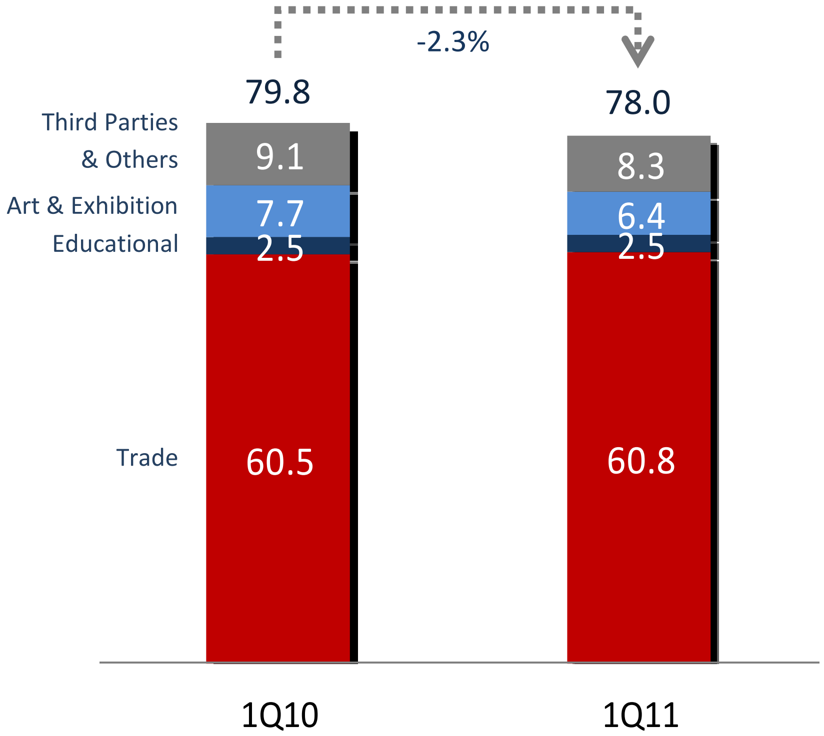


Source: Nielsen 2011, trade segment

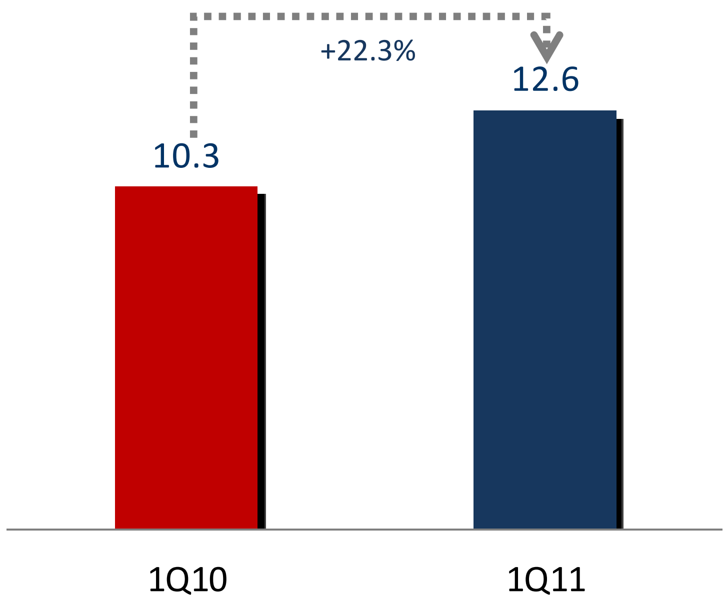
Books: financial highlights

- **Trade revenues** +0.5%, (78% of total divisional revenues) while total books revenues were down by (-2.3%), due to a slump in Art & Exhibition (-17%) and third parties distribution (-9%); Educational remained flat compared with the same period 2010
- In March a new brand in the paperback segment **"Numeri Primi" has been successfully launched**
- **Positive expectations for the fully year** thanks to a promising editorial programme
- **EBITDA: strong growth** (+22.3%) driven by better product mix and cost saving

Revenues (€ million)

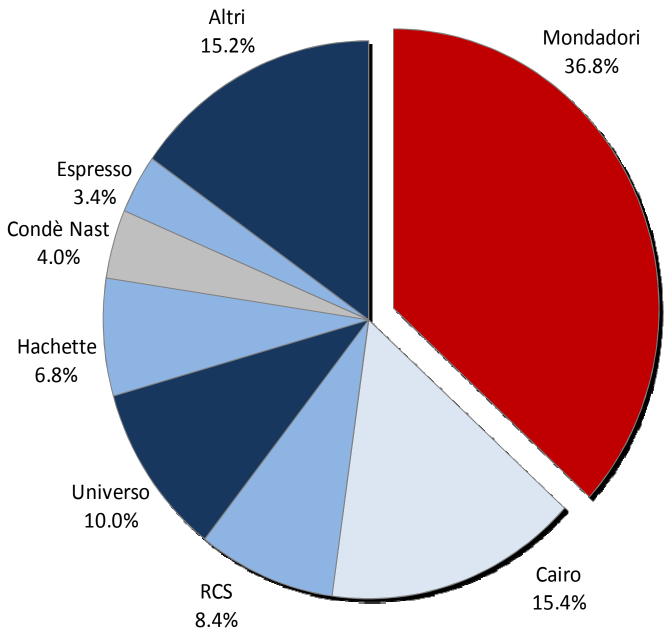


EBITDA (€ million)

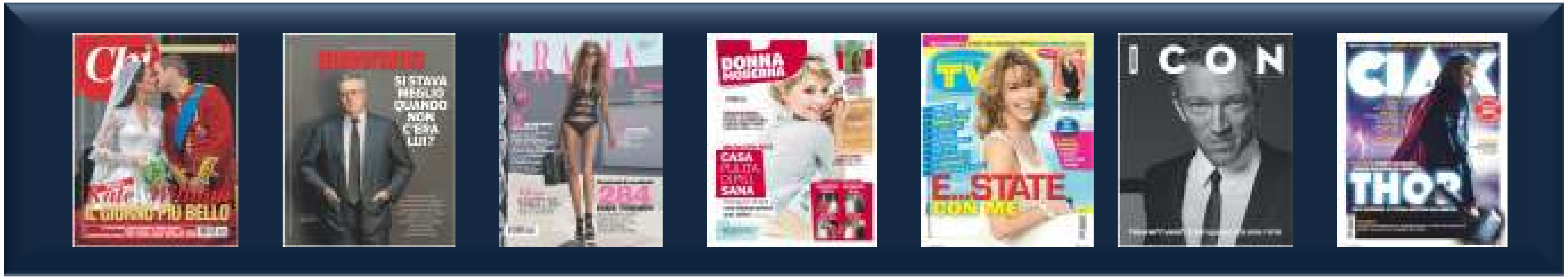


Magazine Italy: market highlights

Market share by volume



Circulation market (copies) *	-7.5%		
Circulation Mondadori (copies)	-6.4%		
Advertising Magazine (value)*	-4.3%		
Advertising Mondadori Magazine	+3.0%	Weekly	+5.6%
		Monthly	-6.9%
Add on Sales Mercato (value)*	+7.3%		
Add on Sales Mondadori	-0.0%		

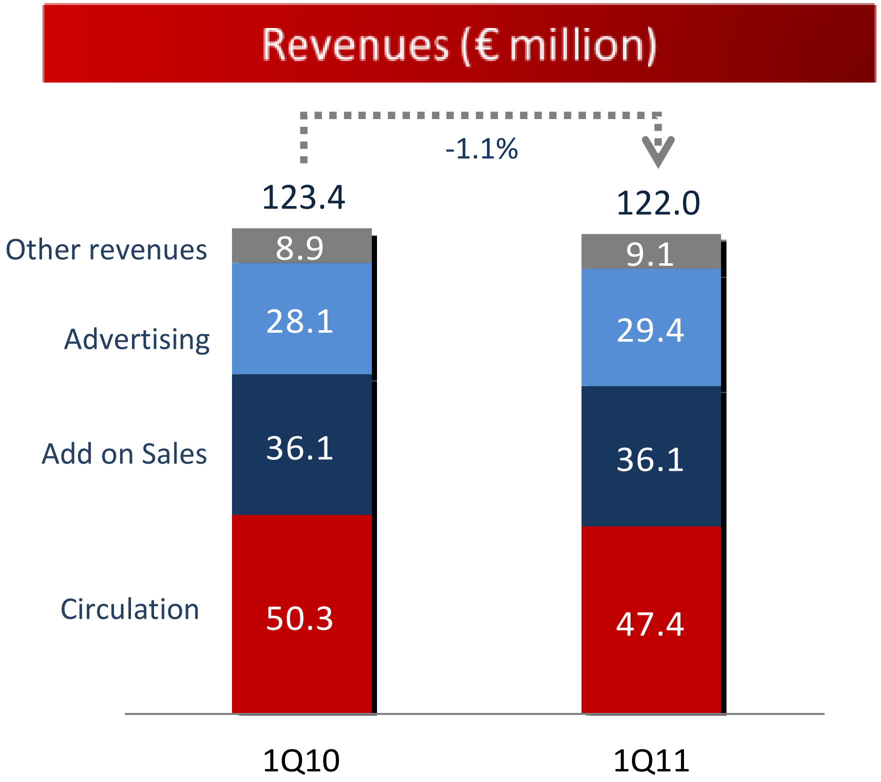


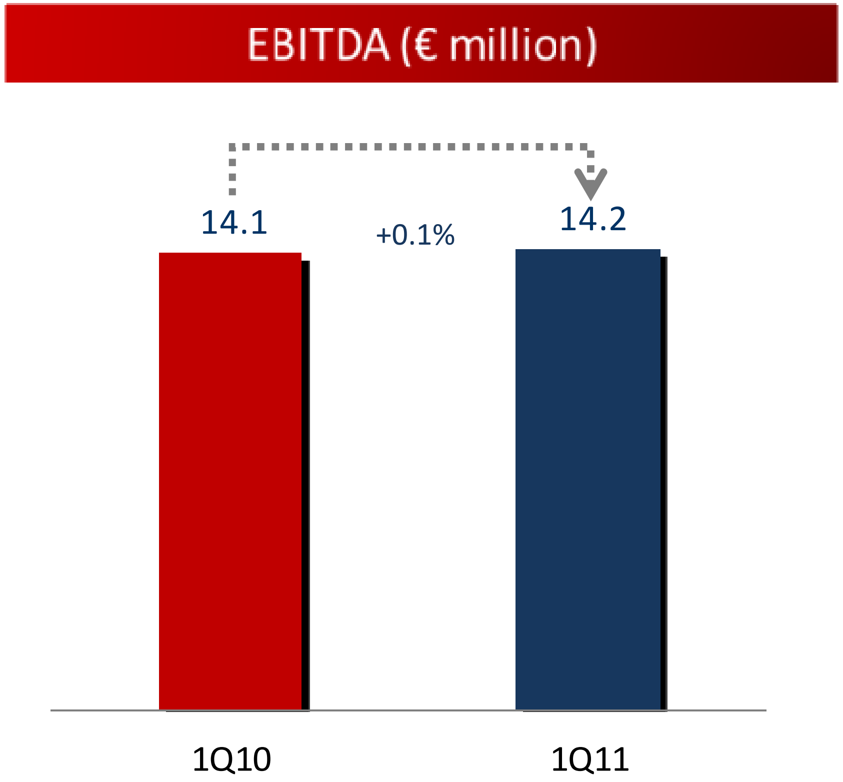
*Source: Internal and Nielsen (first two months 2011)

Magazine Italy: financial highlights

- **Revenues -1.1%** with the following mix :
  - **Advertising +4.8%** thanks to the good performance of Mondadori Magazines (+3.0%) and a marked increase of internet and international activities
  - **Circulation -5.8%** while Add on Sales revenues were flat compared with Q1 10
- In the quarter the group continued the renewal / restyle of some magazines (Casaviva and Ciak)
- **Strong results by International activities** from licensing revenues and from the success of editions of Grazia in Russia and China (published in joint ventures)

- **EBITDA in line with Q1 10**, EBITDA margin at 11.6%

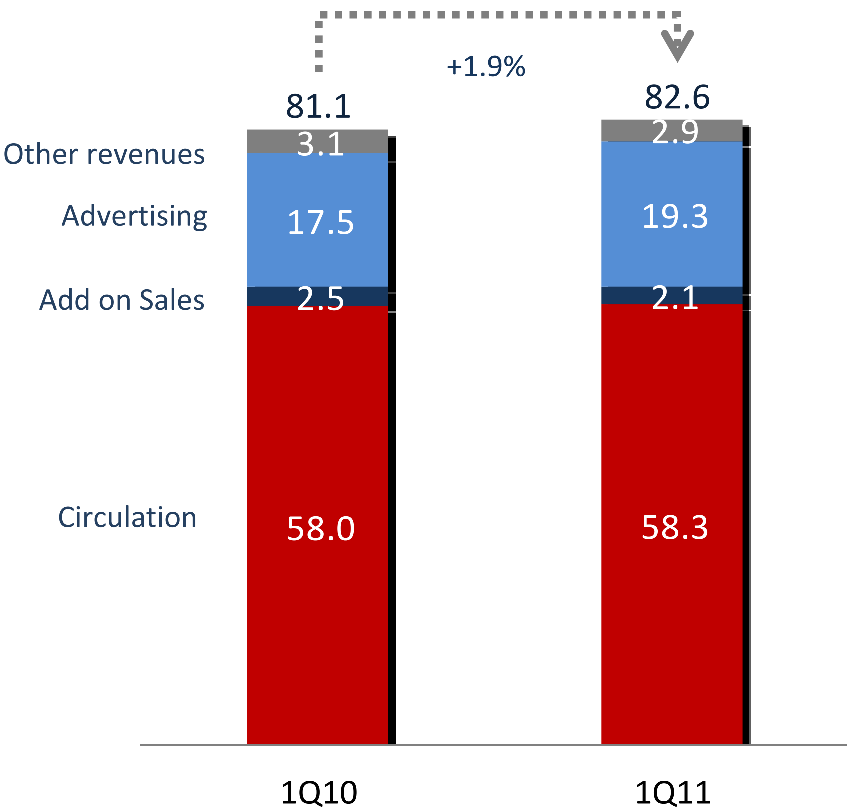




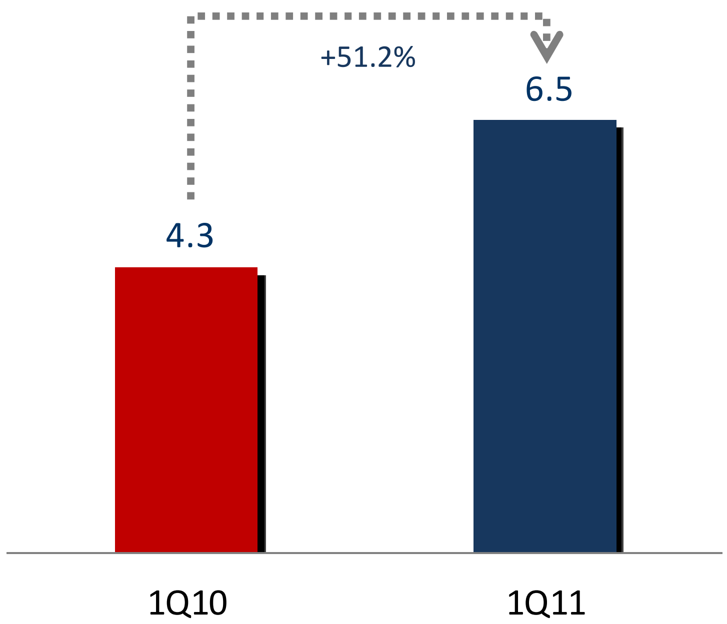
Magazine France: market highlights

- **Positive performance confirmed; revenues +1.9%:**
- Strong upswing in advertising (+10.2%) thanks to Grazia and other women's title, which now represent 32.5% of total revenues (24.6% in Q1 10)
- Circulation +0,5% (71% of total revenues). All women's magazines (BiBa, Top Santè, Modes & Travaux) posted an increase in revenues
- **EBITDA: strong increase (+51.2%)** compared with the same period of 2010, thanks to an increase in revenues, the performance of Grazia and to significant cost reduction actions

Revenues (€ million)



EBITDA (€ million)



Advertising: market highlights

- **Total advertising market -2.0% in the first two months of 2011** due to a slowdown in TV (60% of total market); internet +15.5% confirming the growing trend while newspapers and magazines still negative (-4.3%)
- **Best segment performance** in Q1 11 was recorded by cosmetics, pharma and auto, fashion was essentially stable **with an growing weight on the total** (38.6% in Q1 11 versus 33.0% FY 2010)

Advertising market (€ million)

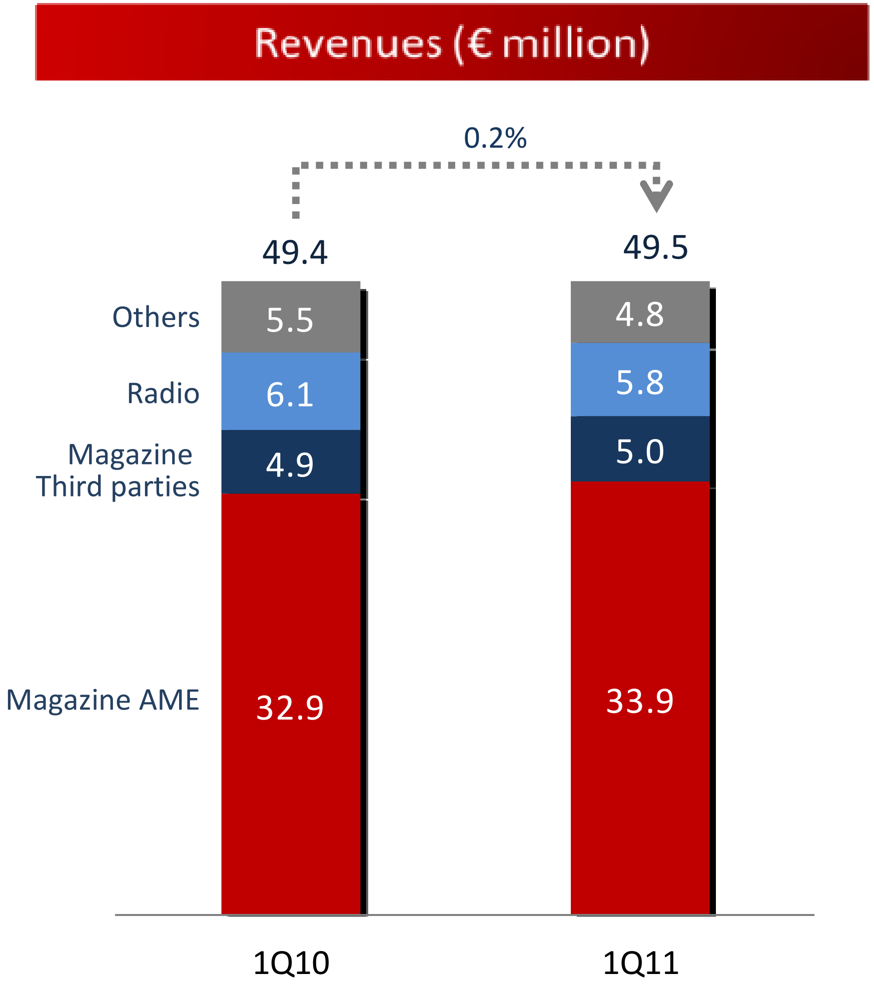
Sector	2M10	2M11	(%) change	weight
TV	735	731	-0.5	59.6%
Magazine	89	85	-4.3	6.9%
Newspaper	210	192	-8.7	15.6%
Radio	58	59	+1.0	4.8%
Internet	43	49	+15.5	4.0%
Others	119	112	-5.5	9.1%
Total	**1,252**	**1,227**	**-2.0**	**100%**

Sector evolution (magazines)

Sector	2010	2011	(%) change	weight
Fashion	9,209	9,196	-0.1	38.6%
Cosmetics	3,533	3,796	+7.4	14.8%
Design	3,367	2,949	-12.4	14.1%
FMGC	2,708	2,402	-11.3	11.4%
Auto	1,119	1,274	+13.9	4.7%
Turism	1,032	954	-7.6	4.3%
Pharma	752	819	+8.9	3.2%
Media	578	576	-0.3	2.4%
Finance	602	511	-15.1	2.5%
Public services	341	397	+16.4	1.4%
IT	355	343	-3.4	1.5%
Tlc	261	237	-9.2	1.1%
TOTAL	**23,857**	**23,454**		**100%**

Source: Internal data and Nielsen (February 2011)

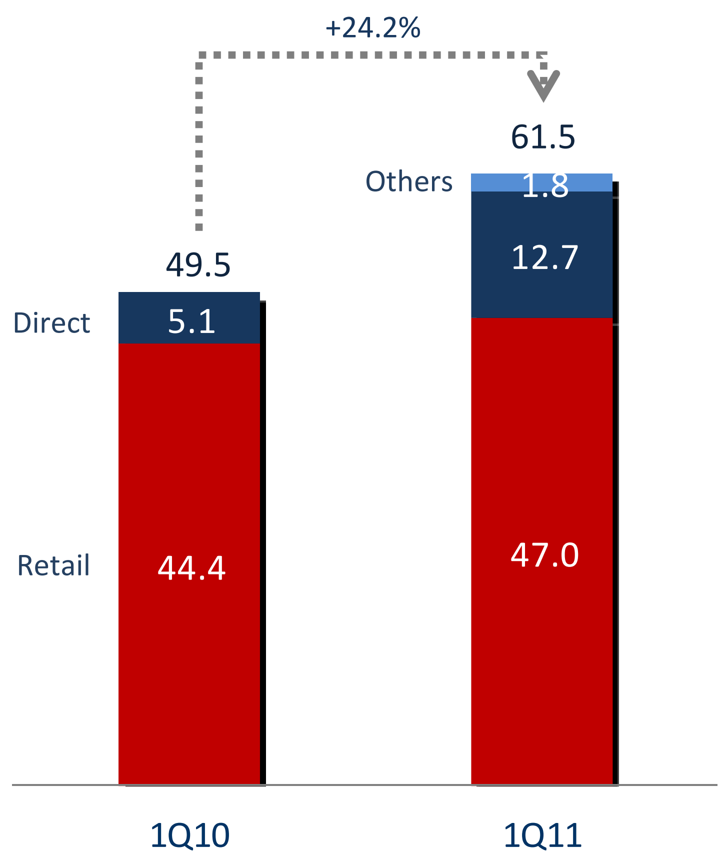
Advertising: financial highlights



- **Revenues stable to €49.5m** compared with Q1 10, in details:
  - **Mondadori Advertising +3% with:**
    - **Weeklies** : +5.6% with strong performance of Grazia and TuStyle (after the re-launch)
    - **Monthlies**: -6.9% with positive performance by Star Bene and Flair
    - **Radio**: -4.9%
      - stable adv. collection for Radio 101,
      - reduction for Radio Kiss Kiss

Direct & Retail: financial highlights

Revenues (€ million)

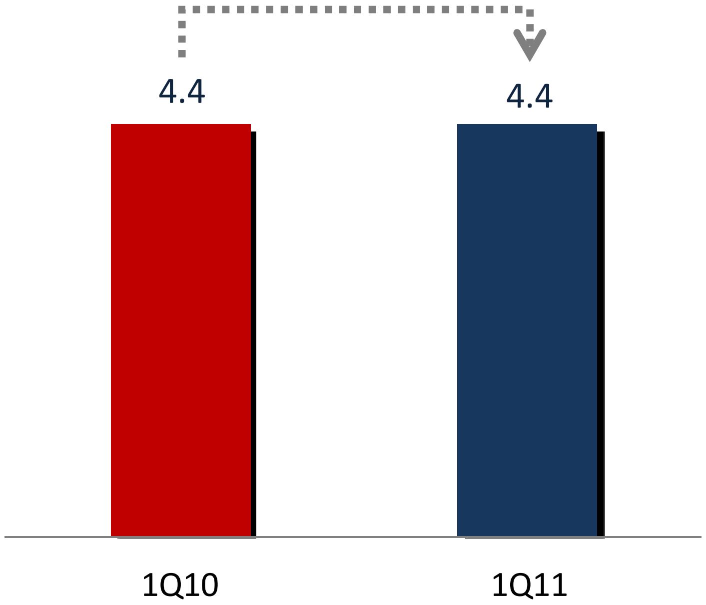


- **Revenues +24.2%** compared with Q1 10 thanks to the consolidation of Mondolibri (May 2010) and franchising network (+5%). Mondadori Multicenter signed agreement for with leading brands for in-store corner development

- **The group is** continuing the development of **private label offer to expand the product range** (es. gift box)

Radio: financial highlights

Gross Revenues (€ million)



- **Advertising market declined by -5%** compared to Q1 10 (source FCP Assoradio)
- National data on listeners **not yet available** from Audiradio

- R101:
  - **Ongoimg digital development** (5 Web thematic stations available)
  - **Presence on major social network** like Facebook, Twitter, FriendFeed e YouTube
- **The web site**, with a new WebTV channel, **reached over 200.000 unique visitors** and 3 million monthly page views

Digital: financial highlights

- Digital business includes:

  1) Digital Activities:

  - E-commerce:
    - Bol.it: 835.000 unique users (+14% vs Q1 10)
    - Easy Shop.it: web site launched in March
  - CRM: system to gather clients data for profiling
  - Gaming: request submitted to obtain government concession
  - Applications: i.e. Rome Virtual History and others in pipeline

  Revenues €4.4m
  EBITDA: €3m

  2) Activities to support publishing businesses: e-book, book club on line, internet web site, subscriptions and advertising on digital

  - +20% adv. Collection compared to 1Q10
  - +26% (approx. 4 million) Donna Moderna Network unique users
  - +57% unique users on the Grazia web site

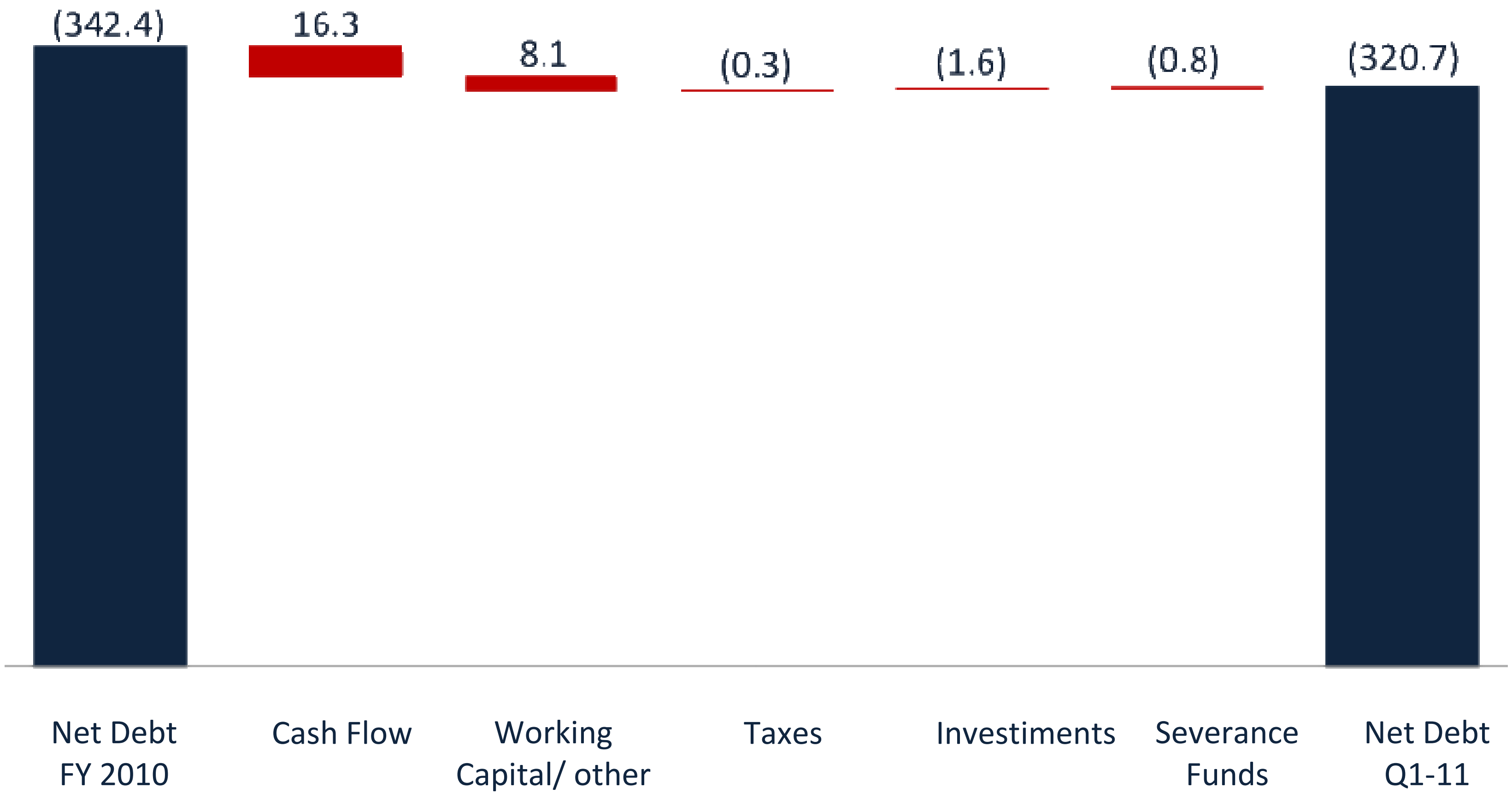
  Revenues.: €7.6m
  EBITDA: in other areas

- Total digital revenues reached €12.0m in Q1 11

Annexes

Net Debt Evolution

(€ million)



Results Breakdown by division

Revenues (€ million)

€ million	Q1 10	Q1 11	% change
Books	79.8	78.0	-2.3
Magazine Italy	123.4	122.0	-1.1
Magazine France	81.1	82.6	1.9
Advertising	49.4	49.5	0.2
Direct & Retail	49.5	61.5	24.2
Radio*	3.1	3.3	6.5
Digital	-	4.4	Ns
Holding/ Others	4.8	5.2	8,3
Gross Revenues	**391.1**	**406.5**	**3.9**
Interelimination	**(46.4)**	**(50.9)**	**-**
Net Revenues	**344.7**	**355.6**	**3.2**

EBITDA (€ million)

€ million	Q1 10	Q1 11	% change
Books	10.3	12.6	22.3
Magazine Italy	14.1	14.2	0.1
Magazine France	4.3	6.5	51.2
Advertising	-2.3	-2.4	-
Direct & Retail	-0.5	-1.7	-
Radio*	-1.2	-1.0	-
Digital		-3.0	
Holding/ Others	-3.5	-3.6	-
EBITDA	**21.2**	**21.8**	**3.8%**

* Net Revenues

Three years plan overview

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

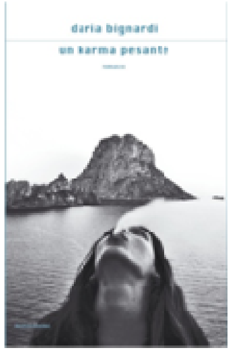
ALL of this with ...

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


mauro corona
la fine del mondo storto


daria bignardi
un karma pesante

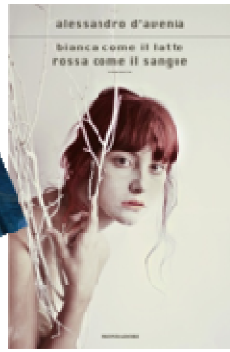

SOPHIE KINSELLA
I LOVE
MINI SHOPPING

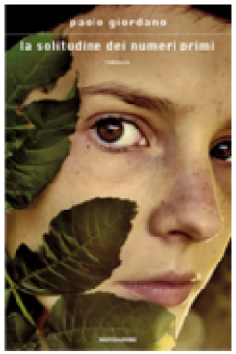

carlos ruiz zafón
il palazzo della mezzanotte


MICHELA MURGIA
ACCABADORA
PREMIO CAMPIELLO
Vincitore
Premio Campiello Letteratura
2010

BOOKS


antonio pennacchi
canale mussolini
STREGA
MONDADORI


alessandro d'avenia
bianca come il latte
rossa come il sangue


paolo giordano
la solitudine dei numeri primi


PATRICIA CORNWELL
IL FATTORE SCARPETTA


LUCIANA LITTIZZETTO
I DOLORI DEL GIOVANE WALTER

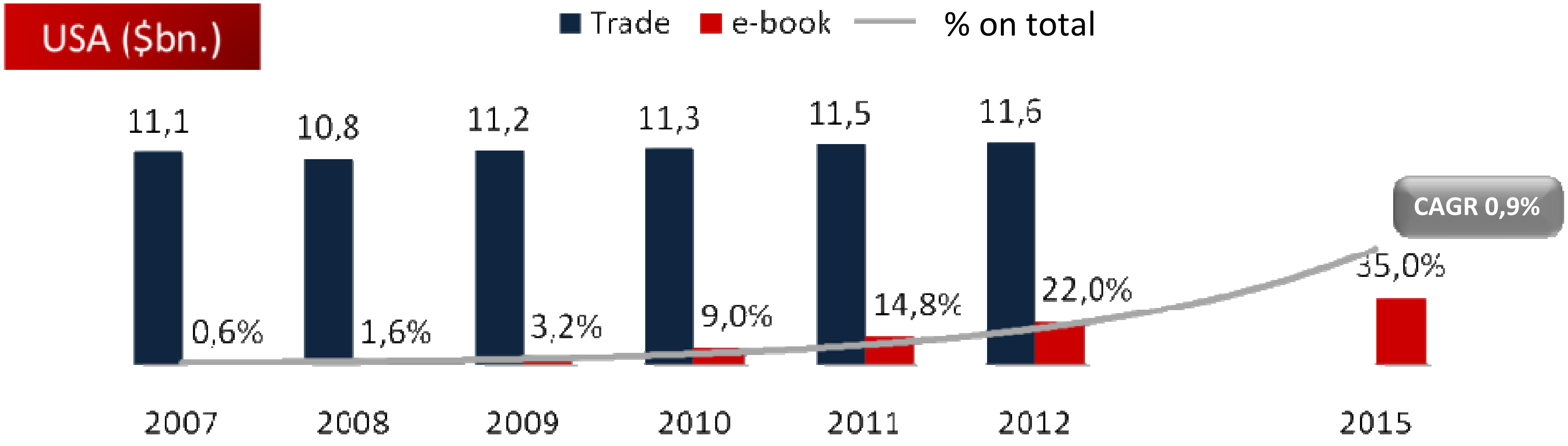
Books: Actions

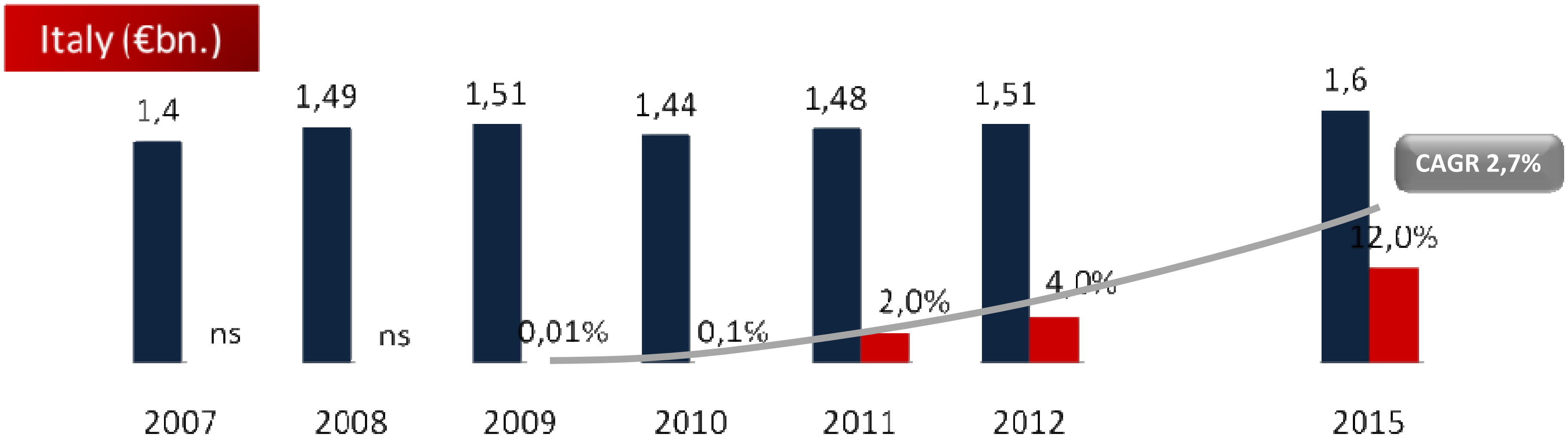
- Confirm our **leadership in Italy with a 27-30%** market share both in paper books and in ebooks where Mondadori is a first mover (Telecom Italia, Google, etc)
- Reliable and **extensive talent scouting** (almost all authors have signed agreements for both paper and digital rights)
- Re-balance seasonality 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**

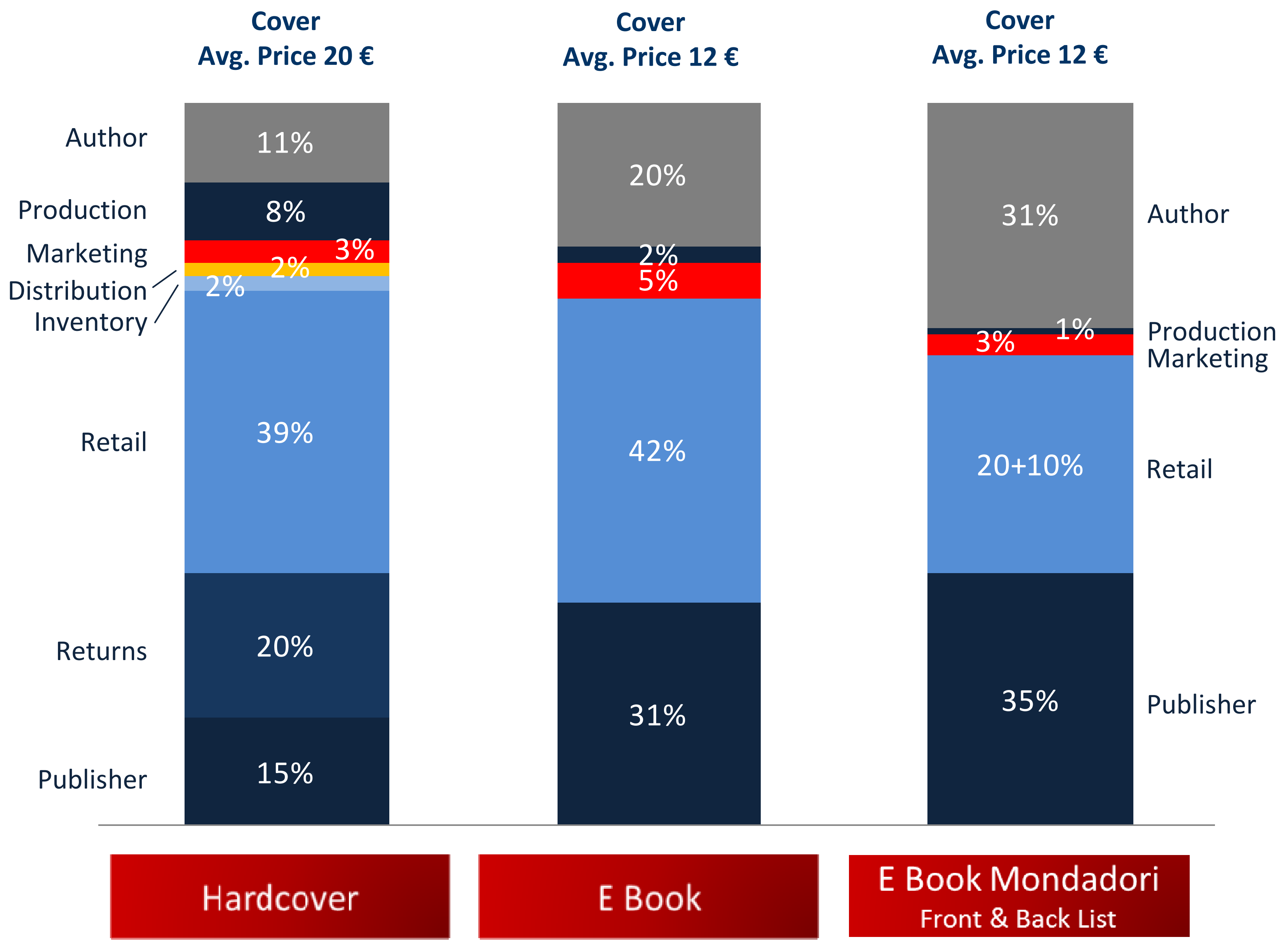
Books: market evolution





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

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

Digital Division Goals

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

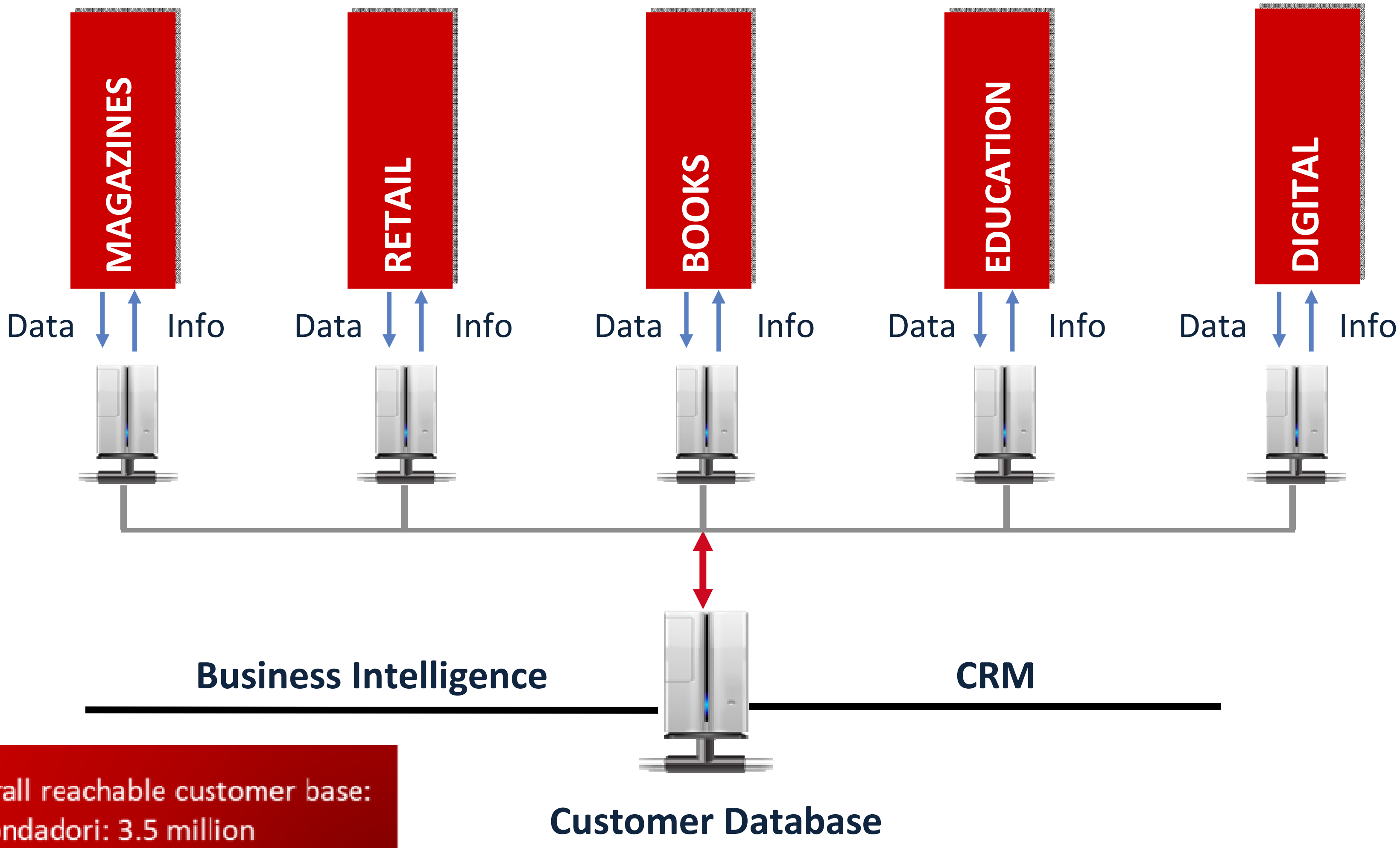
- Increase, through customer knowledge and intelligence, the company's ARPU

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

Building the 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

The peculiarity of the Italian digital landscape

- 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): € 362mln.
- 2010 e-commerce revenues: € 7bln.

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 March 11.900 downloads), Venice, Florence, Milan, and “il Cenacolo”
  - 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

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

Rapid 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

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

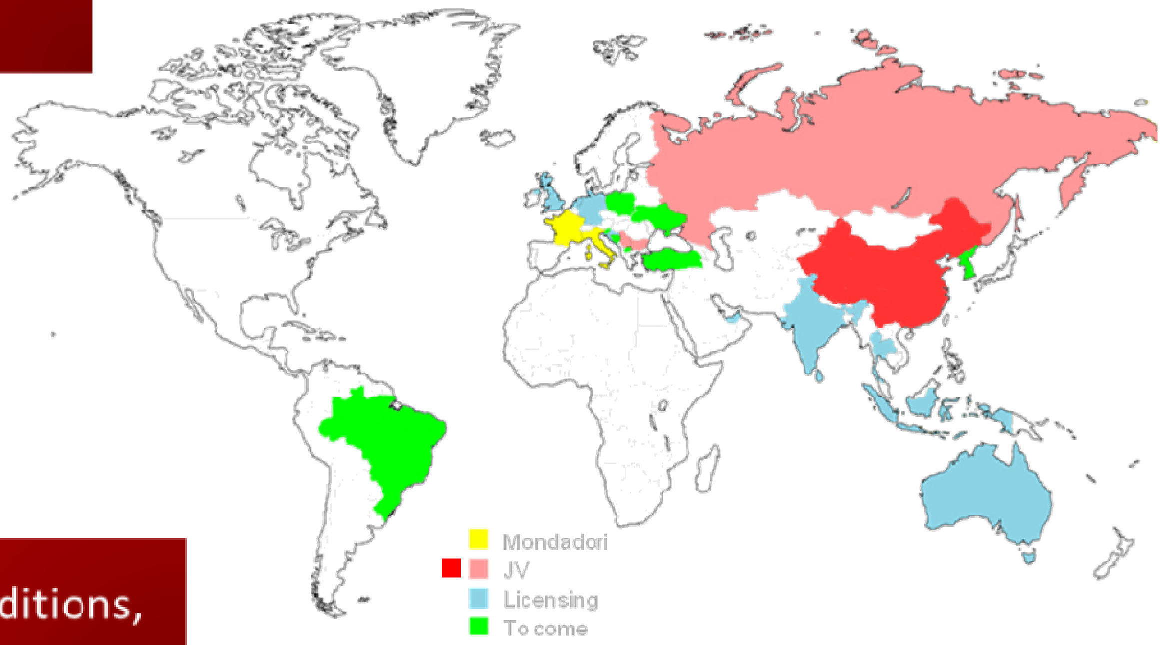
International: International Network

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

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

27 July 2011
H1-11 Results

10 November 2011
9M-11 Results

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