1H-2011 Results

Analysts' Conference Call

Segrate, July 2011

Highlights 1H 2011

In a period marked by economic uncertainty, which worsened in recent months due to the weaknesses of a number of member states of the European Union, Mondadori recorded **improved results** compared with the same period of 2010:

- Revenues: +2% thanks to :
  - Positive performance in the core business
  - growing contribution of digital activities (in continuous development)

- EBITDA a +8,1% thanks to :
  - Positive performance of books and magazines
  - Continuing impact of the cost saving plan
  - Capital gain from the sales to Hearst of company's 50% stake in the company that publish *Cosmopolitan*
  - **Excluding one-offs and increased digital investments EBITDA rincreased by 8.6%**

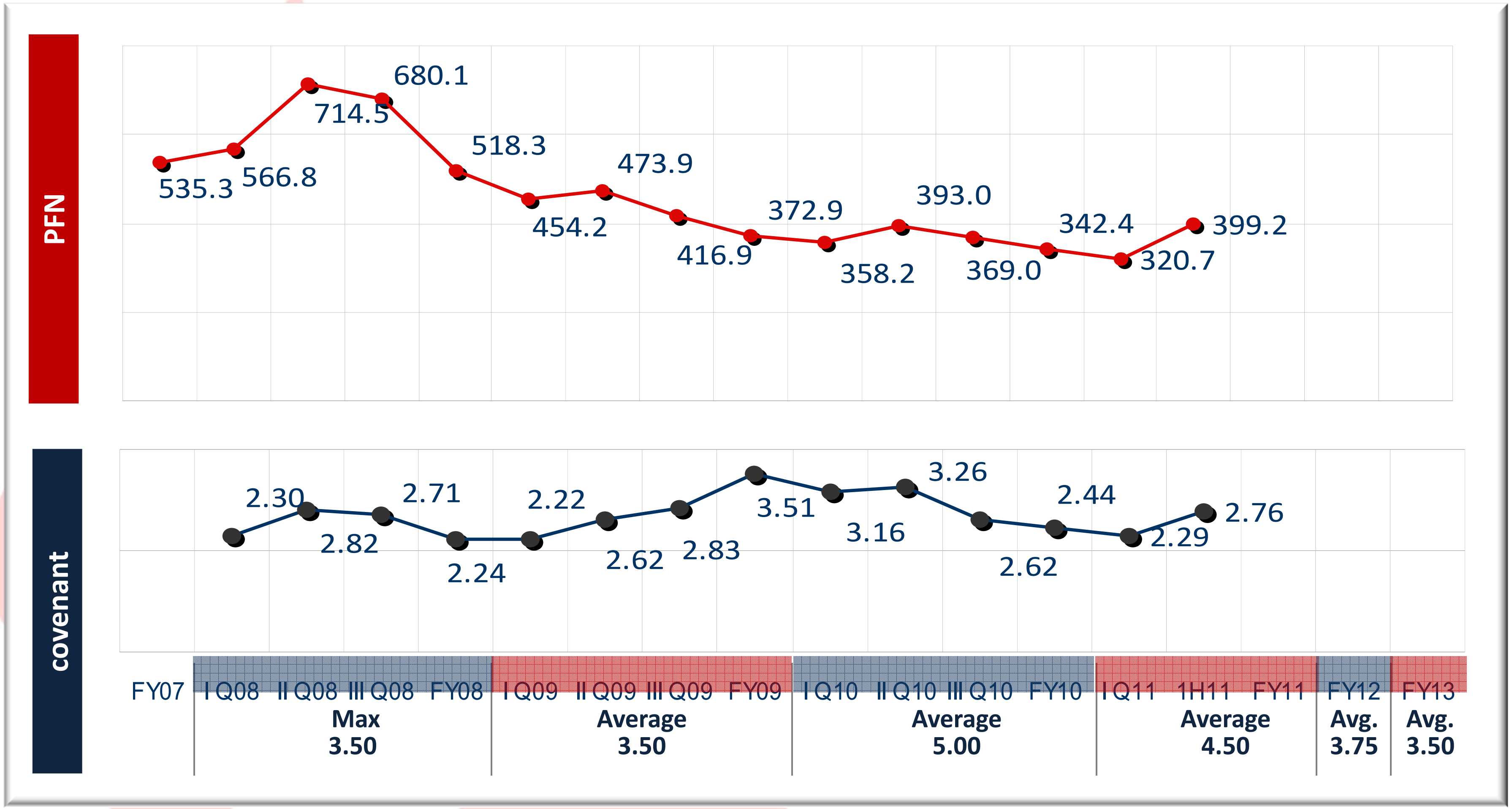
Profit & Loss 1H 2011

€m	1H10	1H11	%
Revenues	726.8	741.4	2.0%
Personnel costs	(134.3)	(137.7)	2.5% *
Cost of sales & other	(537.9)	(544.7)	1.3%
EBITDA	**54.6**	**59.0**	**8.1%**
Depreciation	(11.8)	(11.1)	(5.9%)
EBIT	**42.8**	**47.9**	**11.9%**
Financial charges	(12.0)	(10.4)	(13.3%)
Profit Before taxes	**30.8**	**37.5**	**21.8%**
Taxes	(15.3)	(14.8)	(3.3%)
Minority interests	(0.4)	-	nm
Net Profit	**15.1**	**22.7**	**50.3%**

* Like for like: -1.3%

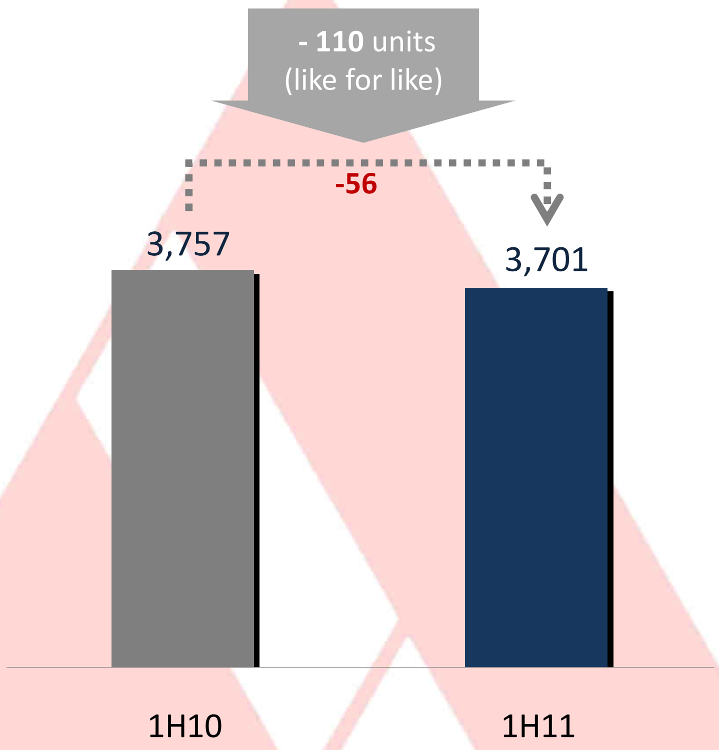
NFP and covenant evolution

- NFP in line with 1H10 despite 2010 dividend payments (€40.3m)
- The NFP/EBITDA ratio at 2.76 is well below the average covenant (4.50) for 2011



Headcounts and cost saving plan evolution

Headcounts evolution (units)

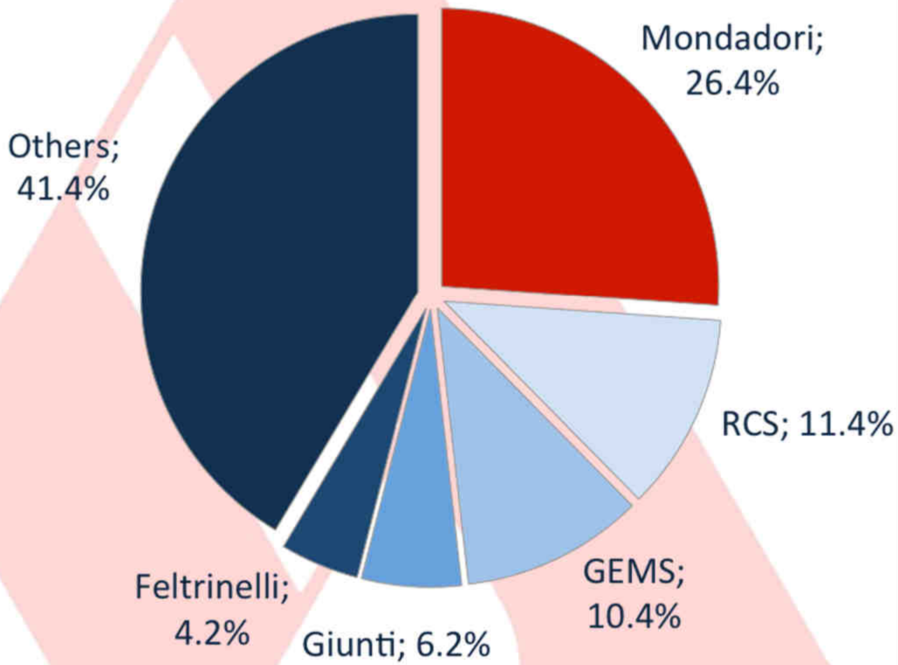


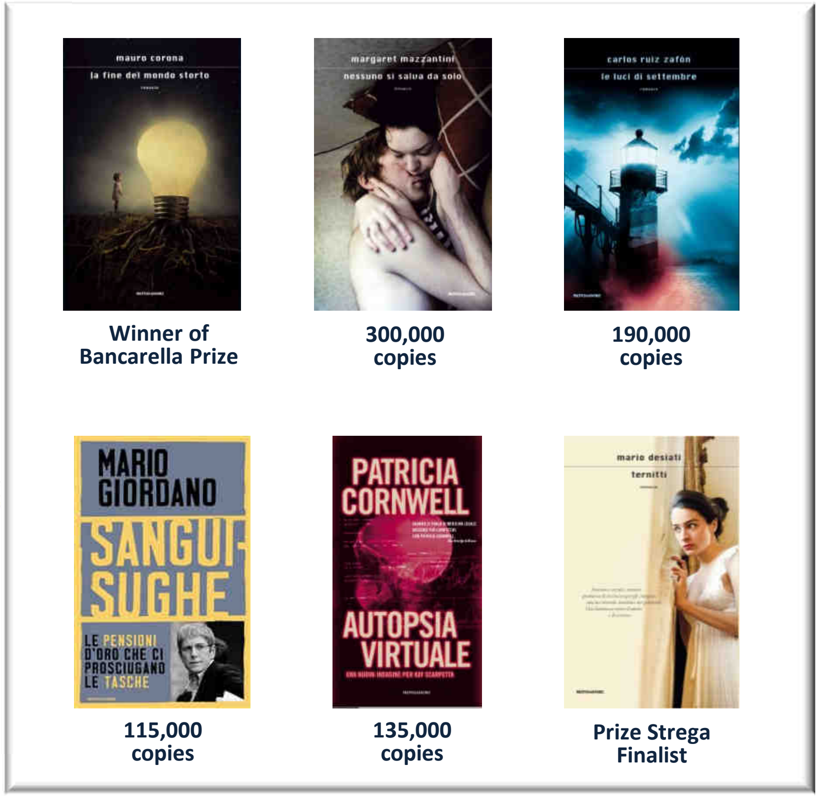
- **Headcounts: on a like for like basis,** excluding development activities **-110 units**
  - **Labour costs** down by -1.3% compared with 1H10 and **-8.7%** on 1H09

- **Operating Costs:** having achieved the targets set by the 2009-2011 plan, the positive impact of cost reductions continued

Books: market highlights

- **Slight market improvement** (+0.8%) vs 1H10 even without “mega-sellers”. Traditional book shops are suffering, while retail chains and internet are growing
- **Leadership confirmed** with a 26.4% market share
- **Mondadori’s e-Book catalogue** continues to grow: 2,300 titles (+600 vs 1H10) in a market still to de developed and awaiting the entrance of major international players



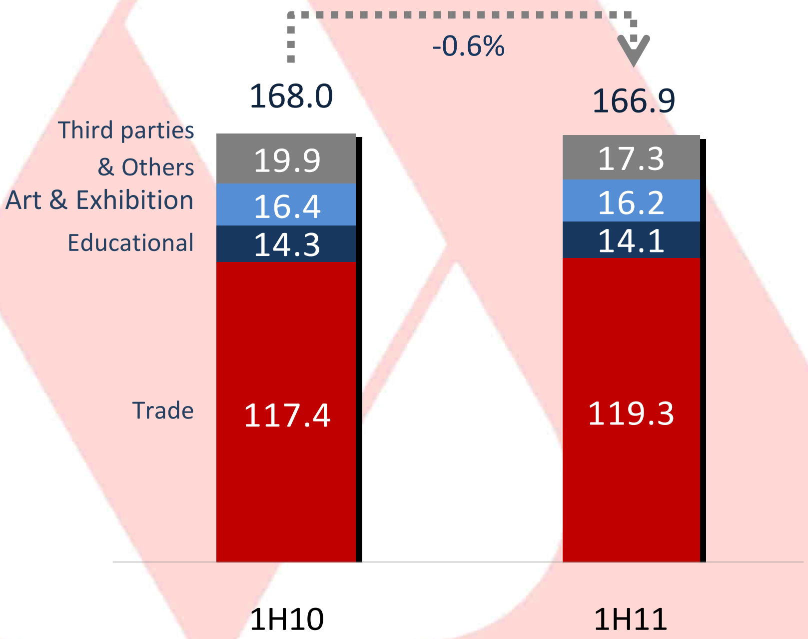


Source: Nielsen 2011, Trade division

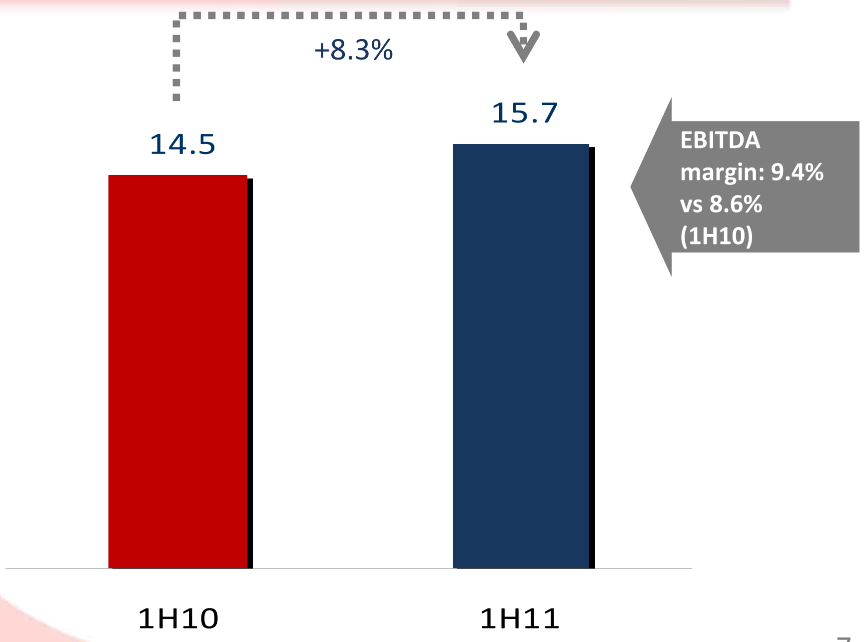
Books: finacial highlights

- **Trade book revenues +1.6%** (71% of the area's overall revenues) while total book sales were slightly down (-0.6%) mainly due to third-party distribution (-13.1%) while the Art & Exhibition and Education areas were in line with 1H10
- **Success confirmed** for the new imprint "Numeri Primi" at the top of paperback bestsellers list with 27 titles and sales of over 1 million copies
- **Positive expectations** for the full year thanks to the second half editorial programme which features authors including Volo, Grisham, Kinsella, D'Avenia
- **EBITDA +8.3%** thanks to an improved product mix and cost savings

Revenues (€m)

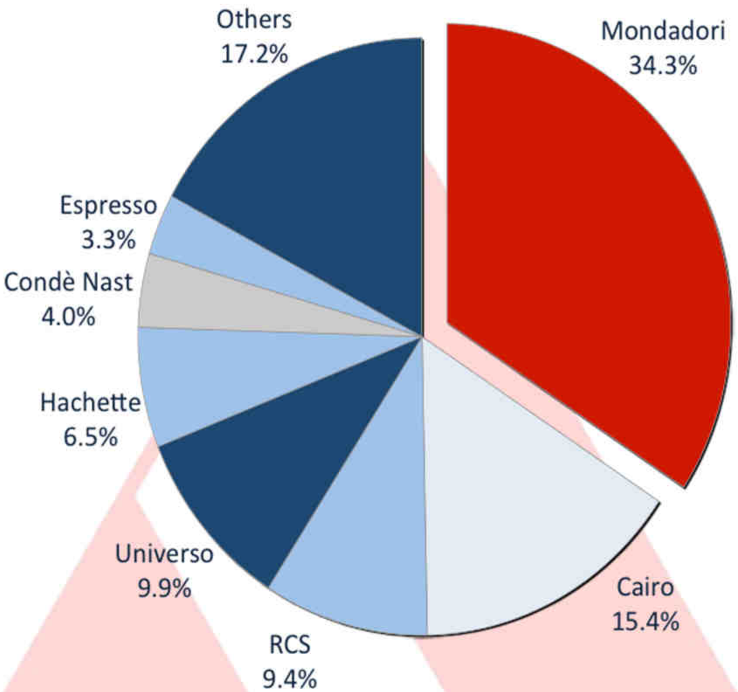


EBITDA (€m)

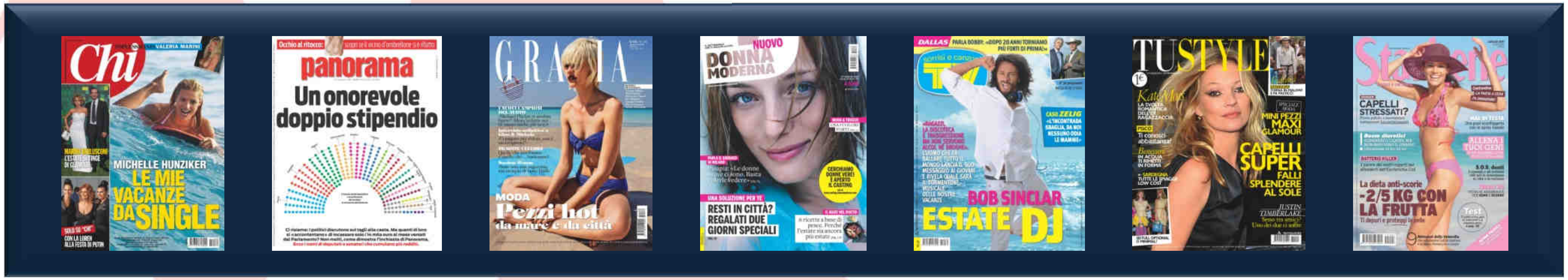


Magazine Italy: market highlights

Market share by volume



Circulation market (copies)*	-5.6%
Circulation Mondadori (value)**	-4.3%
Advertising Magazine (value)*	-1.4%
Advertising Mondadori Magazine	+0.5%

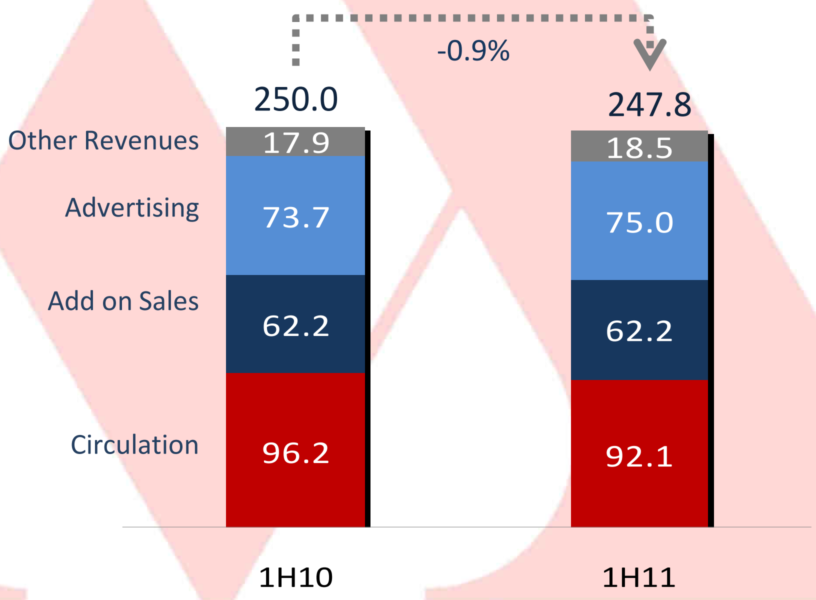


Source: Internal, Niesen (first five months 2011), futher deteriorationin June
** June data

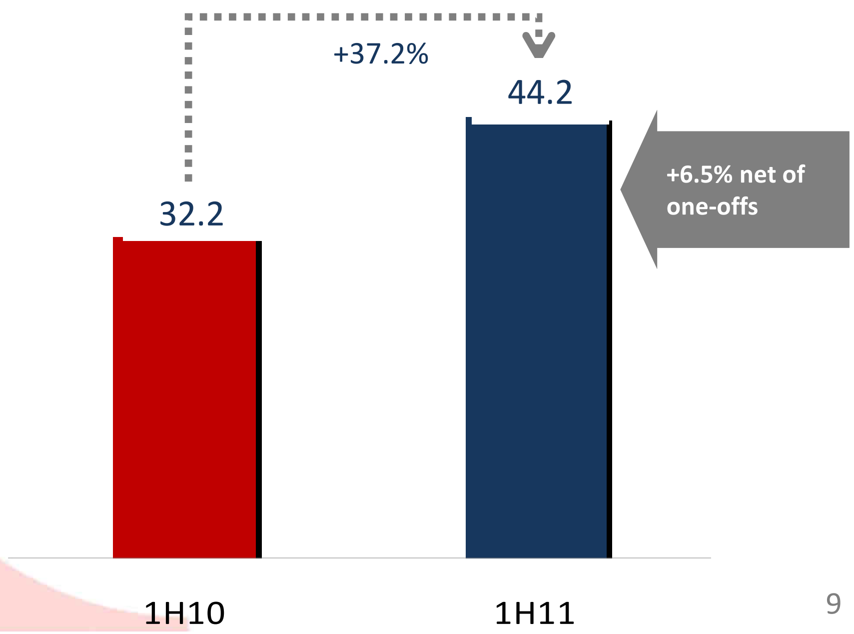
Magazine Italy: financial highlights

- **Revenues -0.9%** with the following breakdown:
  - **Advertising: +1.8%,** in a highly volatile market, benefitted from the adv. sales for Mondadori magazines (+0.5%) as well as a marked increase in sales for the internet and international activities
  - **Circulation -4.3%**, better than the market (-5,6% in copies), but affected by a “controlled” reduction in subscriptions: Add-on sales were flat compared with 1H10
- 1H11 the group **continued the re-launch/redesign** of a number of titles with positive results for Donna Moderna, Panorama Auto and Icon
- **The Grazia International network** is driving the excellent results of the group’s International Activities
- **EBITDA +37.2% (+6.5% net of extraordinary items**, thanks to the improved contribution of add-on sales and cost reduction measures

Revenues (€m)



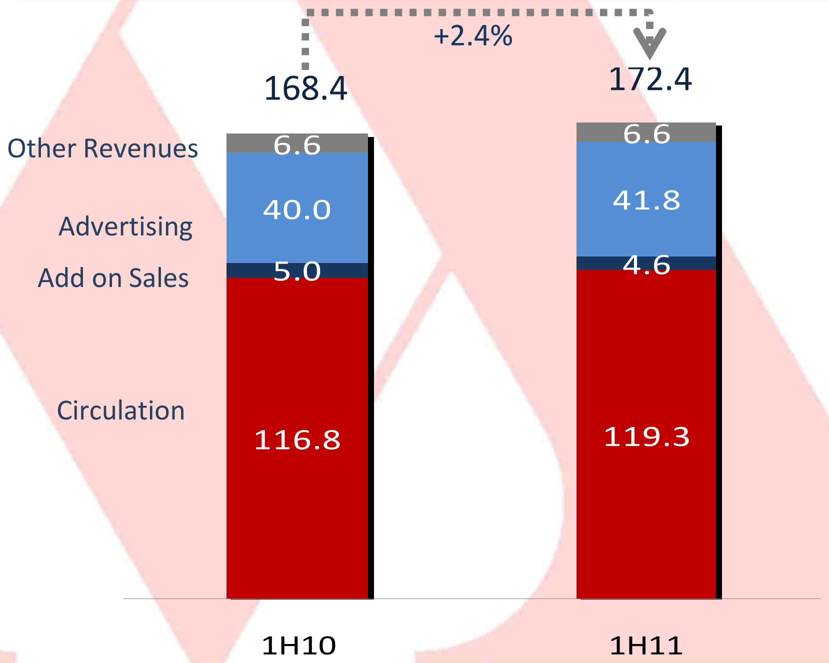
EBITDA (€m)



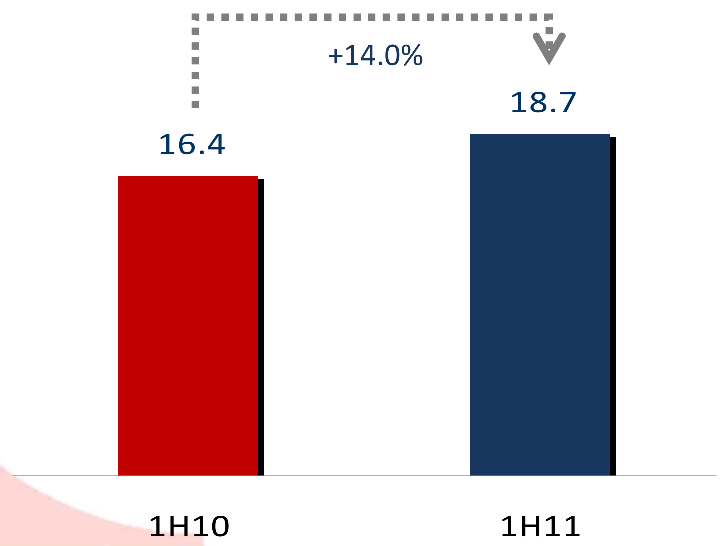
Magazine France: market highlights

- **Revenues +2.4%** due to:
  - **Continuing excellent performance of advertising sales (+4.7%)** better than the market (up by 2.5%): upscale women's magazines now account for **33% of total revenues** (26% in 1H10)
  - **Circulation +2.1%,** thanks to:
  - a positive trend in subscriptions of the major magazines
  - **Grazia is confirmed as the most successful magazine** in its market of reference, with average sales of 180,000 copies and the positive performance of all women's monthly titles: BiBa (+8.8%), Top Santè (+10.2%), Modes & Travaux (+7.3%), and the titles related to "Science" sector
  - the launch of the pocket version of Grazia and "Guerres & Historie" (quarterly)
- **EBITDA +14%** vs 1H10 thanks to an increase in revenues, the ongoing positive performance of Grazia and cost reduction mainly related to the relocation of the company's headquarters

Revenues (€m)



EBITDA (€m)



Advertising: market highlights

- **The total advertising market in the first 5 months of 2011 was down by 2.8**% vs 1H10: the slowdown of TV continued -2.3% (56% of total market); ongoing growth in the internet continued while newspapers continue to suffer (-4%) and radio experienced a sharp downturn (-8.4%)
- **Best sector performers** were: fashion, cosmetics, interiors and pharmaceuticals, while there were marked difficulties in FMCGs, tourism, finance, Tlc and IT

Advertising market(€m)

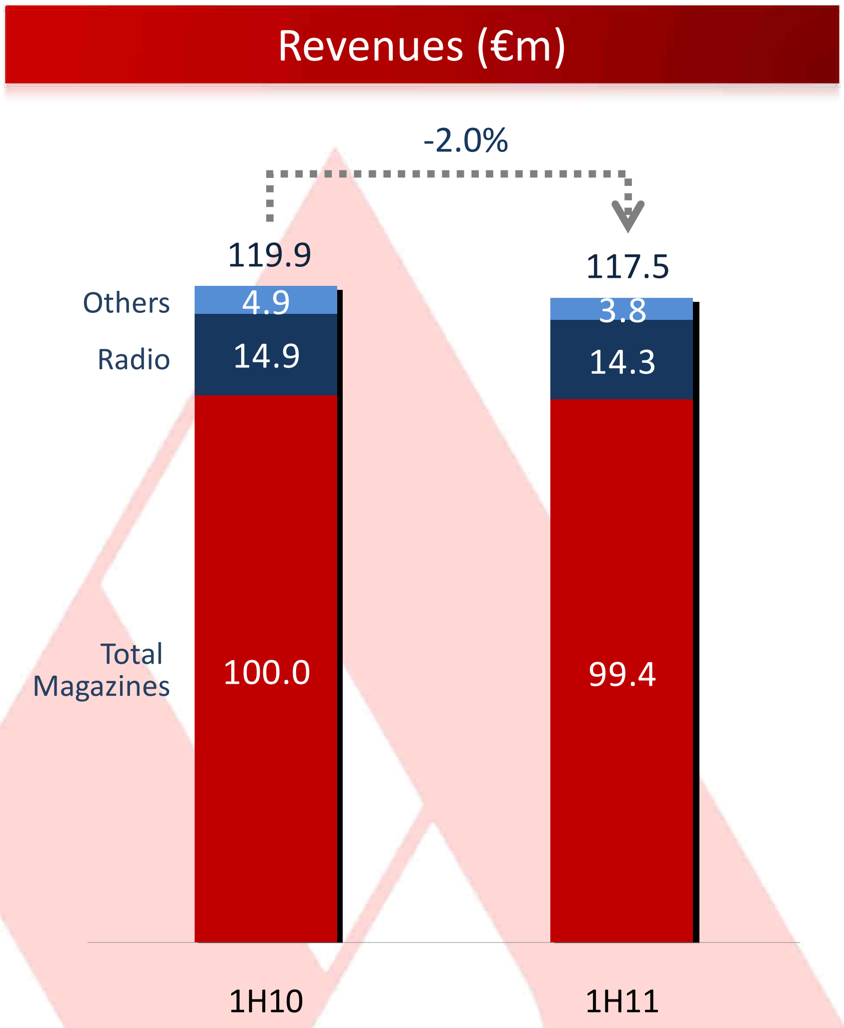
Sectors	5M10	5M11	Var	Weight
TV	2,195	2,145	(2.3%)	56.2%
Magazine	348	343	(1.4%)	8.9%
Newspaper*	585	562	(4.0%)	14.7%
Radio	198	181	(8.4%)	4.7%
Internet	203	235	+15.6%	6.4%
Other	398	352	(11.5%)	9.2%
Total	**3,929**	**3,818**	**(2.8%)**	**100%**

Sector evolution (magazines)

Secors	5M10	5M11	Var	Weight
Fashion	17,302	18,167	+4.6%	33.4%
Cosmetic	7,848	8,524	+8.6%	15.7%
Design	7,902	7,394	(6.4%)	13.6%
FMGC	6,016	5,169	(14.1%)	9.5%
Auto	2,464	2,415	(1.99%)	4.5%
Tourism	2,603	2,279	(12.5%)	4.2%
Pharma	1,756	1,972	+12.3%	3.6%
Media	1,108	1,125	+1.5%	2.1%
Finance	1,080	950	(12.0%)	1.8%
Public services	574	631	+9.9%	1.1%
IT	712	597	(16.5%)	1.1%
Tlc	511	552	+8.2%	1.0%
Other	4,120	4,545	+10.3%	8.4%
Total	**53,996**	**54,320**	**+0.6%**	**100%**

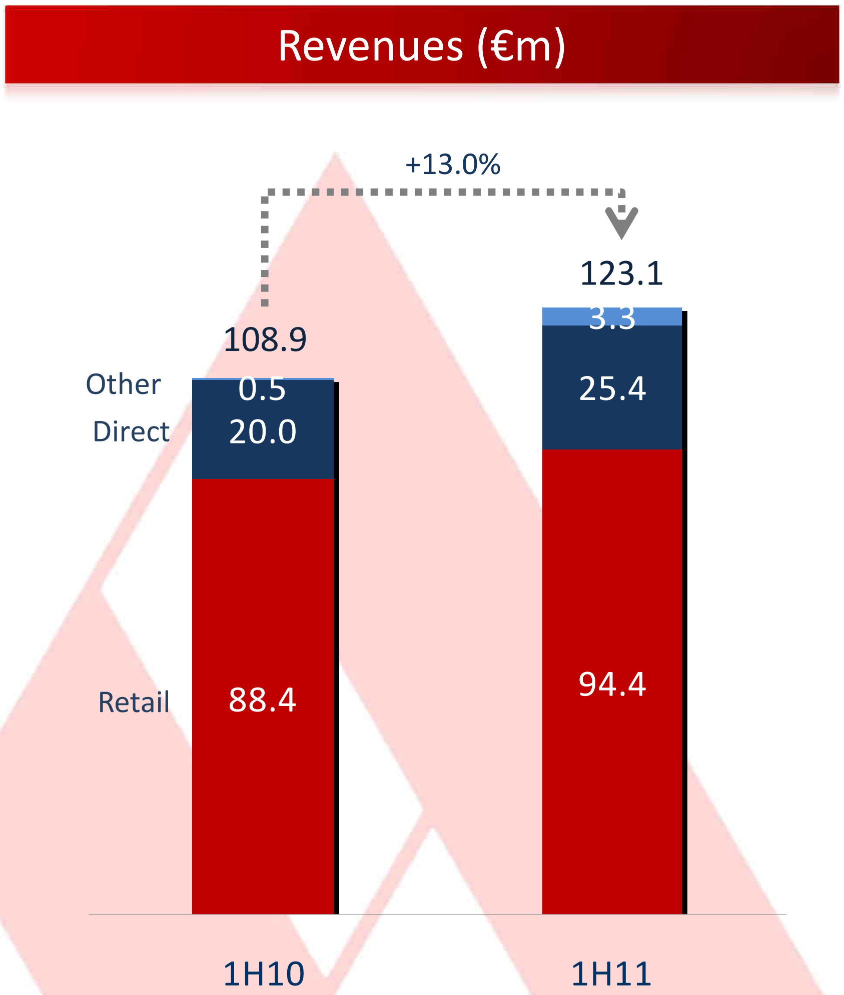
* Free Press excluded (Nielsen May 2011)

Advertising: financial highlights



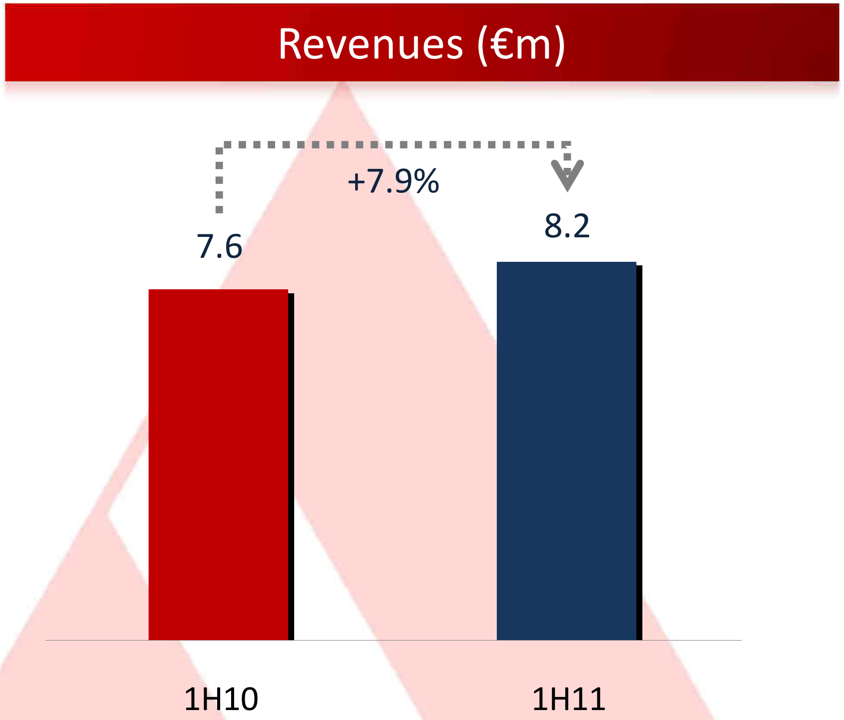
- **Revenues: -2% vs 1H10 due to a reduction in third-party sales**
  - **Positive sales for Mondadori** titles, thanks to a good performance by women's magazines (Grazia, Tu Style and Donna Moderna) a slight fall in monthly titles (-1.4%) and a positive performance in the interiors/furniture sector
  - **In a declining market** (-8.4%) adv. collection **for R101 was positive** thanks to the good performance of the recently (in May) reorganized commercial network within the sales company

Direct & Retail: financial highlights



- **Revenues +13% vs 1H10** thanks to the consolidation of Mondolibri (May 2010) and the results of the Franchising Network
- **Retail**: continuing actions to expand the product offer with the Mondadori private label (Emporio Mondadori); increased product innovation and digital specialization for the Multicenter format
- **Franchising network increased** to 491 (456 in 1H109)

Radio: financial highlights



- **The radio advertising market was down by -8.4%** (Nielsen data first five months of 2011)
- In the absence of Audiradio figures, according to independent research institutes, Radio 101 registered a strong growth in listeners (over 3 million)
- **Revenues were up by 7.9%** vs 1H10 thanks to:
  - an **excellent performance** by the new sales network
  - **the re-alignment of commissions** following the reorganization of the commercial network
- A series of marketing initiatives are scheduled during the summer to build audience numbers and loyalty

Digital: highlights

- Total digital revenues reached in 1H11 €23.0m compared with €13m (1H10), despite the delay in the launch of gaming activities
- Strong growth in both unique users and page views (2x and 3x better than the reference market) for Mondadori properties

digital activities include:

1) DIRECT Activities:

- e-commerce:
  - Bol.it: rising unique users (+70% vs 1H10); more than 5.6 million page views
  - Easy Shop.it: test completed; rising unique users (>100k)
- CRM: continuing system implementation to increase client profile information
- Gaming: in 2Q11 the Glaming company has been set up (70% Mondadori). Expected start of the activity before year end
- Applications: continuing success of the launch of new applications: Virtual Rome History, the Pope, Virtual History Ultima Cena, Diabolik and Alexandros. Five number one applications in 1H11 ranking

Reveues.:€8.8m
EBITDA: €-7.9m

2) ACTIVITES IN SUPPORT OF THE PUBLISHING BUSINESS : online book club, properties and digital advertising

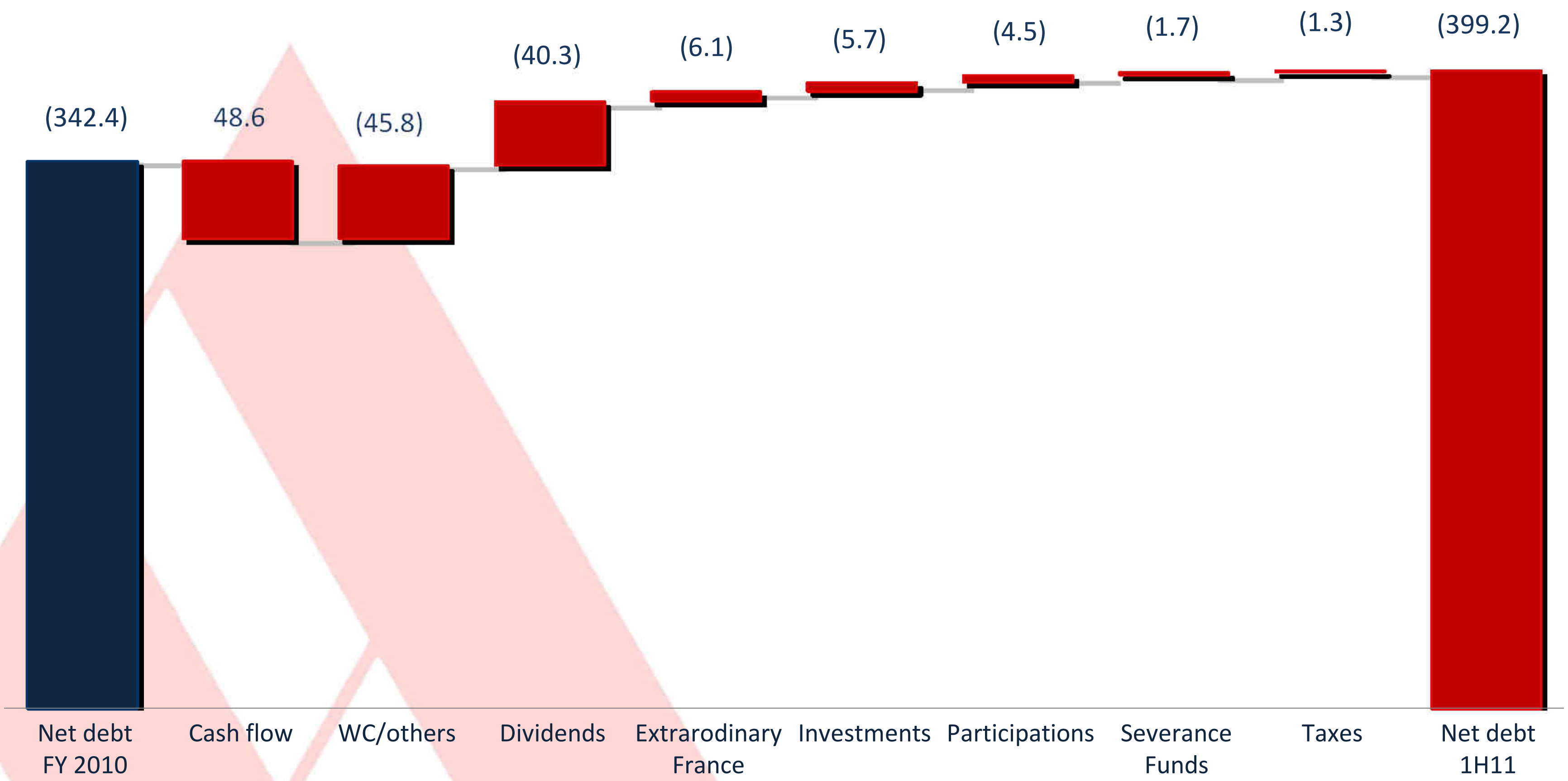
- online advertising +33%
- over 4 million unique users for the Donna Moderna Network
- websites for the Grazia International network to be launched before year end

Revenues: €14.2m
EBITDA: in other areas

- Investments in line with the plan

Annexes

Net Debt Evolution



Results: breakdown by division

Revenues (€m)

Sector	1H10	1H11	Change (%)
Books	168.0	166.9	(0.7)
Magazine Italy	250.0	247.8	(0.9)
Magazine France	168.4	172.4	2.4
Advertising	119.9	117.5	(2.0)
Direct & Retail	108.9	123.1	13.0
Radio*	7.6	8.2	7.9
Digital	2.3	8.8	282.6
Holding/ Others	9.6	11.2	16.7
Gross revenues	**834.5**	**855.9**	**2.5**
Intercompany	**(107.8)**	**(114.5)**	**6.1**
Net revenues	**726.8**	**741.4**	**2.0**

EBITDA (€m)

Sector	1H10	1H11	Change (%)
Books	14.5	15.7	8.6
Magazine Italy	32.2	44.2	37.2
Magazine France	16.4	18.7	13.9
Advertising	(2.5)	(3.1)	-
Direct & Retail	2.0	(1.9)	-
Radio*	(0.6)	(0.7)	-
Digital	(0.3)	(7.9)	
Holding/ Others	(7.2)	(6.0)	-
EBITDA	**54.6**	**59.0**	**8.1**

* Net Revenues

Advertising: market highlights

Sector evolution (5M11)
TOTAL MARKET

Sector	2010	2011	var
FMCG	26	24	(12%)
Auto	13	14	4%
TLC	11	10	(11%)
Cosmetic	9	9	(1%)
Fashion	8	9	6%
Internal design	7	5	(21%)
Pharma	4	5	10%
Media	5	5	2%
Turism	4	4	2%
Finance	4	4	(13%)
Public services	1	2	14%
IT	1	1	6%
Total	**100**	**100**	

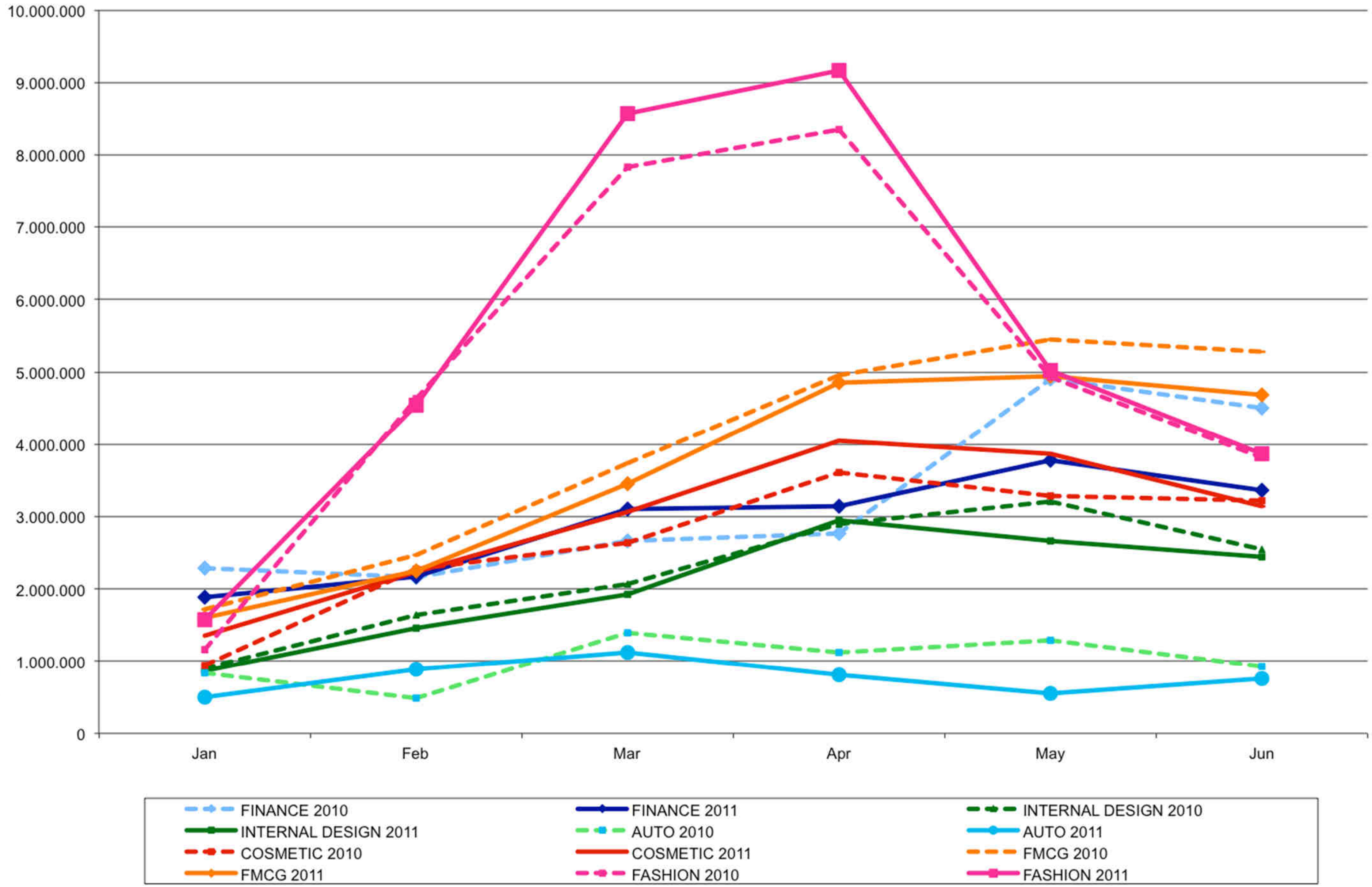
Mondadori estimates on Nielsen data

Sector evolution (5M11)
MAGAZINES

Sector	2010	2011	var
Fashion	36	38	5%
Cosmetic	14	15	7%
Internal design	12	11	(7%)
FMCG	9	8	(15%)
Auto	7	7	(8%)
Tourism	5	4	(15%)
Pharma	3	3	6%
Media	2	2	(13%)
Finance	2	1	(20%)
Public services	1	1	5%
IT	1	1	(23%)
Tlc	1	1	2%
Total	**100**	**100**	

Mondadori estimates on Nielsen data

Advertising: 1H11 sector seasonality



Advertising: 2H10 sectors seasonality