9M-2011 Results

Analysts' Conference Call

Segrate, November 2011

Highlights 9M11

Market Situation

- Challenging economic environment marked by falling consumer confidence and greater instability

- Mondadori's market of reference progressively deteriorating in 3Q

Results

- Revenues: -1.4%

- EBITDA: +1.5% (core business +3.2%)

- Significant investments in digital development partially offset by positive extraordinaries

- Net profit + 43.6% (+11.9% excluding one-off tax charges)

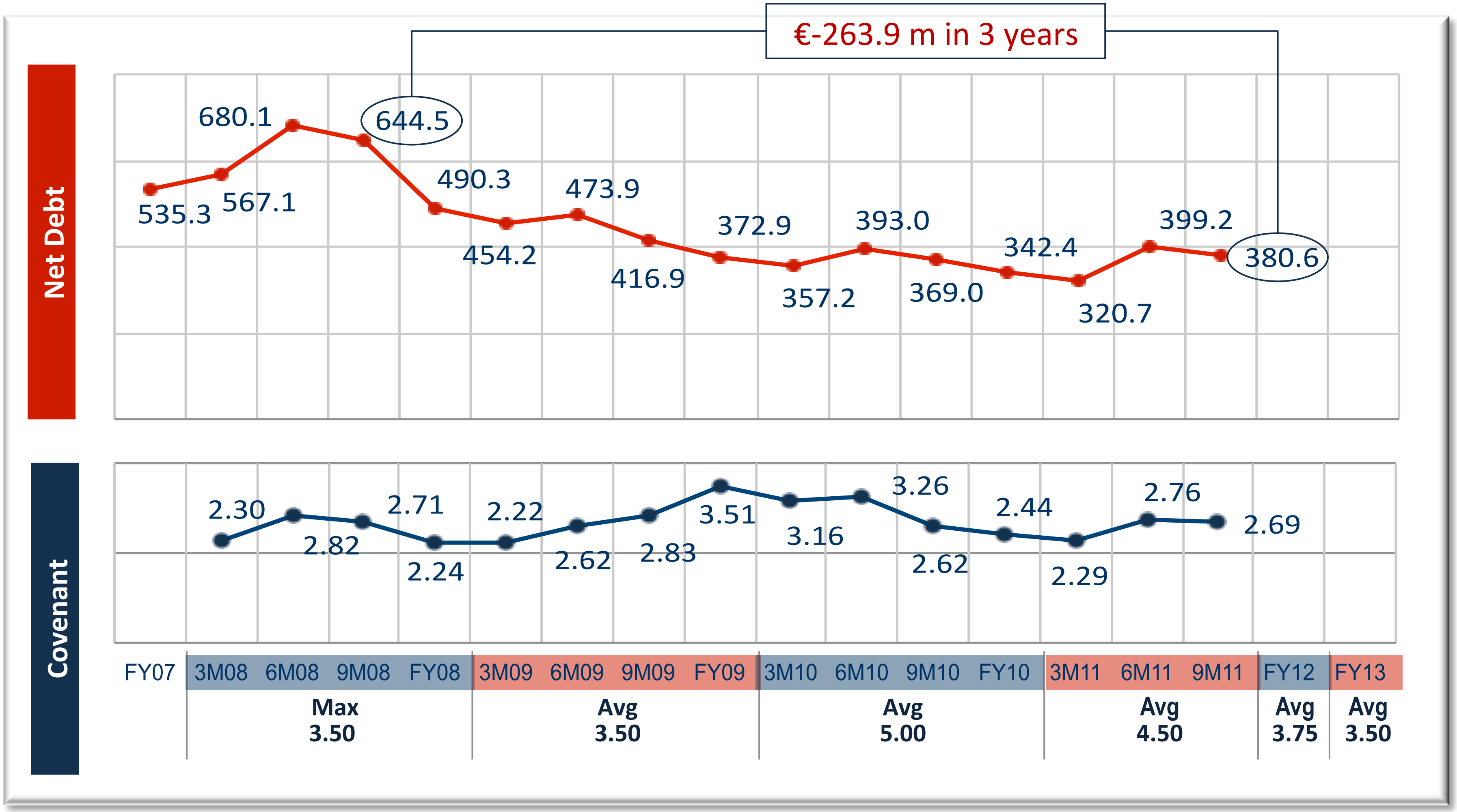
Profit & Loss 9M11

€m	9M10	9M11	%
Revenues	1,130.2	1,114.7	-1.4
Personnel costs	-198.2	-200.5	+1.2*
Cost of sales & other	-828.9	-809.6	-2.3
EBITDA	**103.1**	**104.6**	**+1.5**
Depreciation	-17.5	-16.8	-4.0
EBIT	**85.6**	**87.8**	**+2.6**
Financial charges	-18.1	-16.5	-8.8
Pre-tax profit	**67.5**	**71.3**	**+5.6**
Taxes	-36.3	-27.1	-25.3
Minority interest	-0.5	-0.1	nm
Net Profit	**30.7**	**44.1**	**+43.6**

* Total headcount: 3,720 – like for like: 3,665 (-1.4% vs. 9M10)

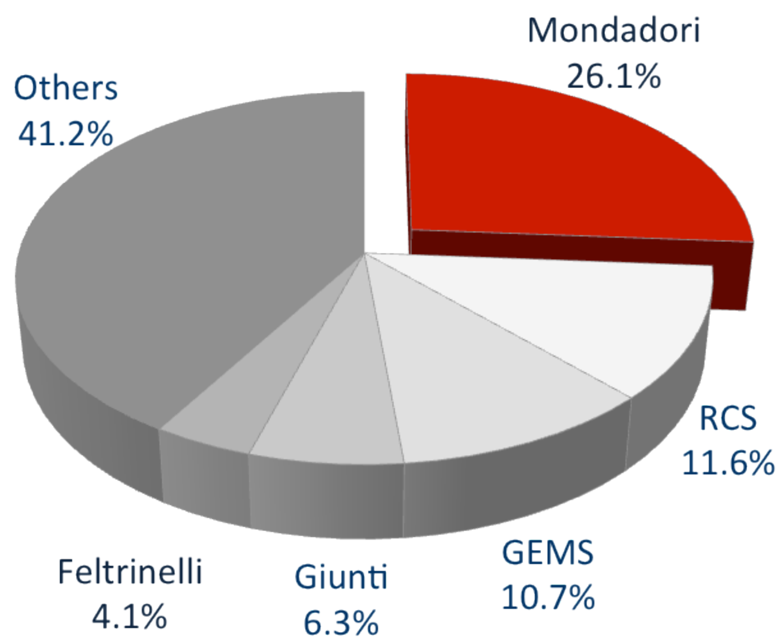
Net debt and covenant evolution

- Net debt €380.6m, an improvement of approx. €264 m over three years (2008-2011)
- Net debt/EBITDA ratio at 2.69 is well below the average covenant agreed (4.50) for 2011



Books: market highlights

- Market: still growing in the first 9M (+0.4% YoY) with a slowdown in the summer season due to a marked downturn in consumer spending
- From September: new legislation (DDL Levi) on book pricing
- e-book market still to be developed; with a strong boost expected thanks to the opening of “e stores” by major international players and increased penetration of devices

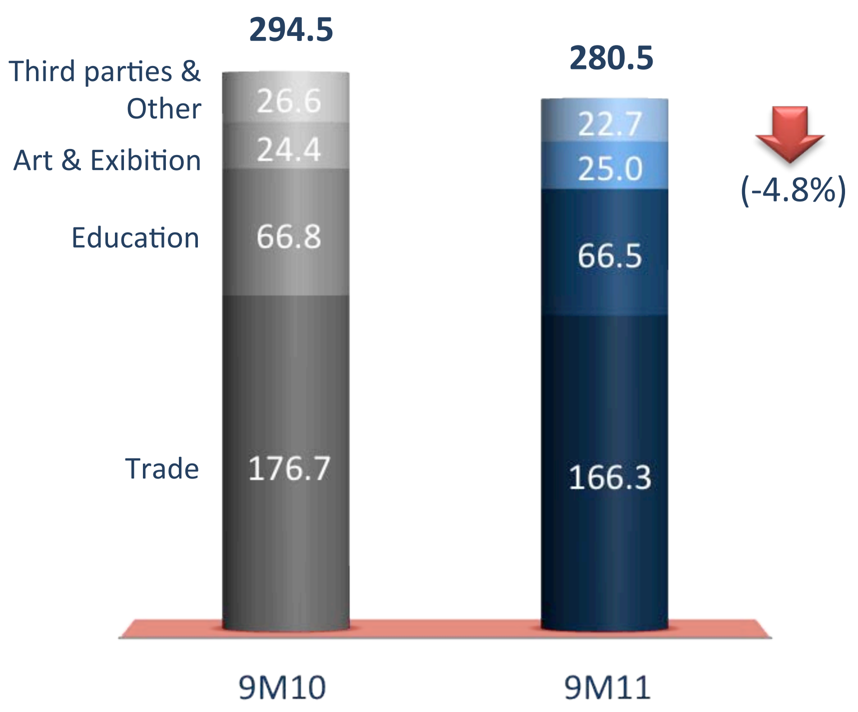


Source: Nielsen 2011, Trade division

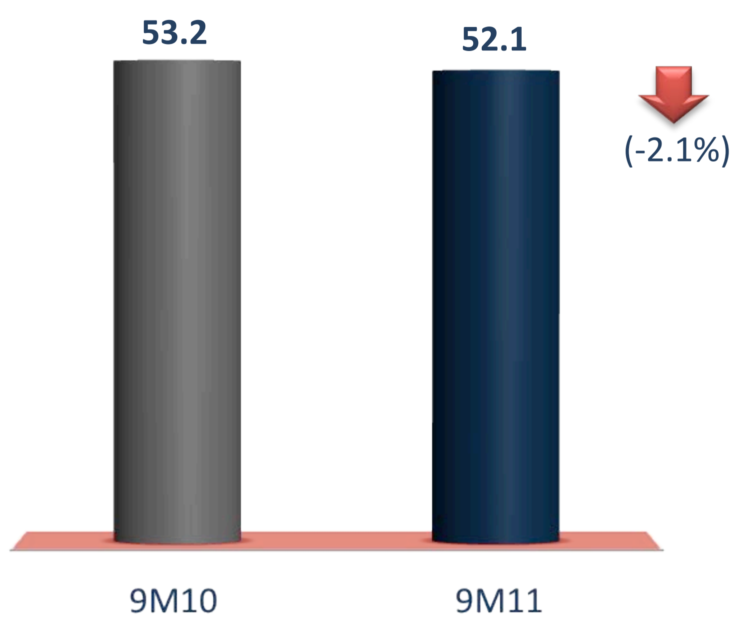
Books: financial highlights

- Total revenues -4.8%, but important editorial programme in 4Q featuring authors such as Volo, Faletti, Vespa, King, Grisham and the biography of Steve Jobs
- Success confirmed for the new “Numeri Primi” series, at the top of paperback bestsellers list with over 1.6m copies sold (19% of total group paperback sales)
- Mondadori’s e-Book catalogue continues to grow: over 2,700 titles (800 new)
- EBITDA margin 18.6% (18.1% in 9M10)

Revenues [€m]

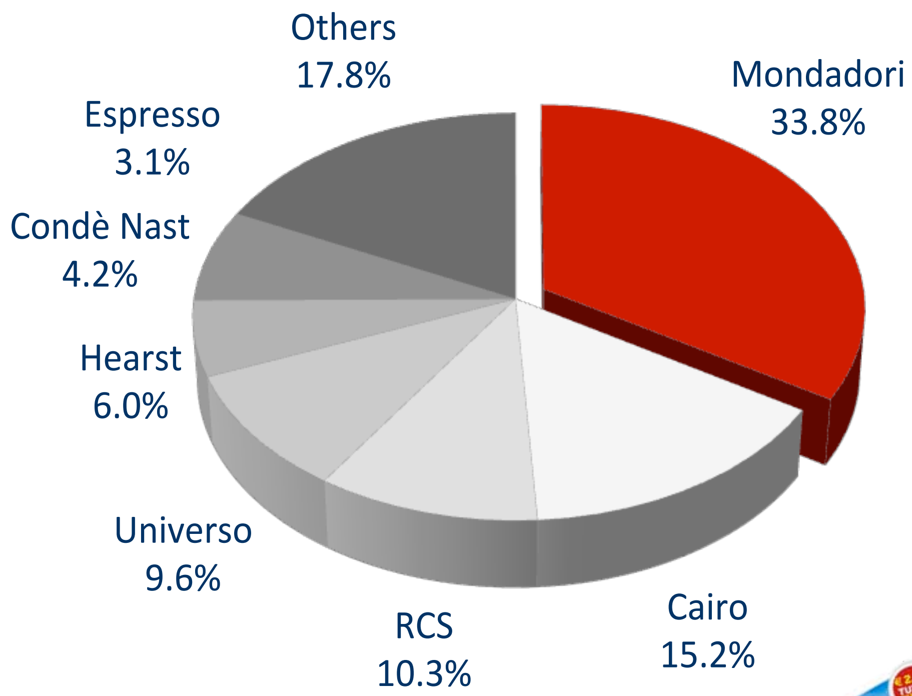


EBITDA [€m]



Magazines Italy: market highlights

Market share by volume

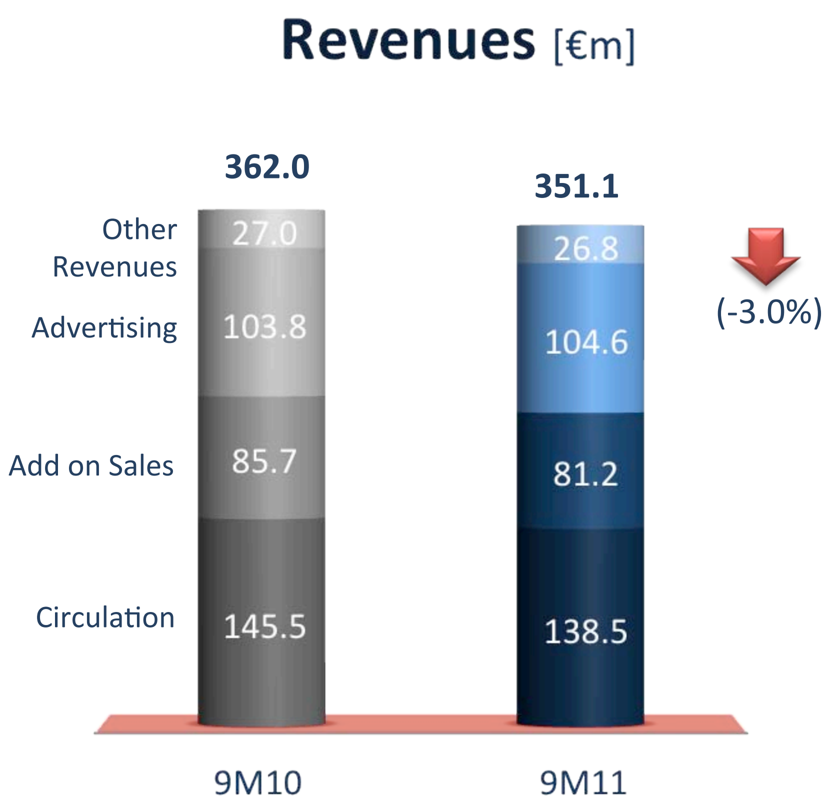


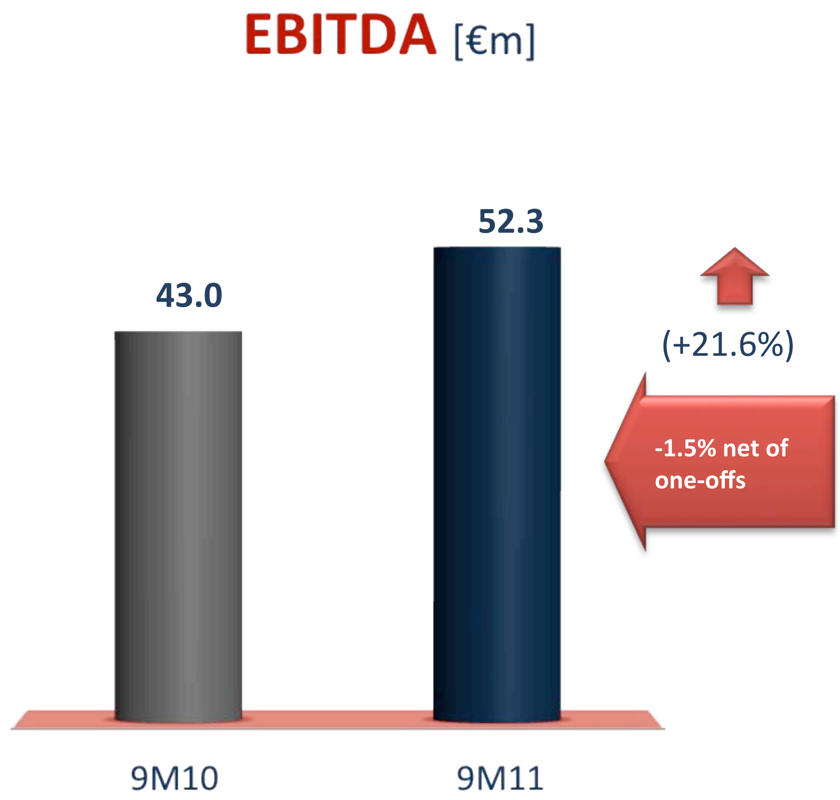
Circulation (copies)*	-4.8%
Circulation Mondadori (value)	-4.8%
Magazine advertising mkt. (value)**	-1.8%
Advertising (Mondadori titles)	-0.7%

* Net of new magazine launches -7% (Internal estimates)
**Nielsen data (Jan-Aug 2011)

Magazines Italy: financial highlights

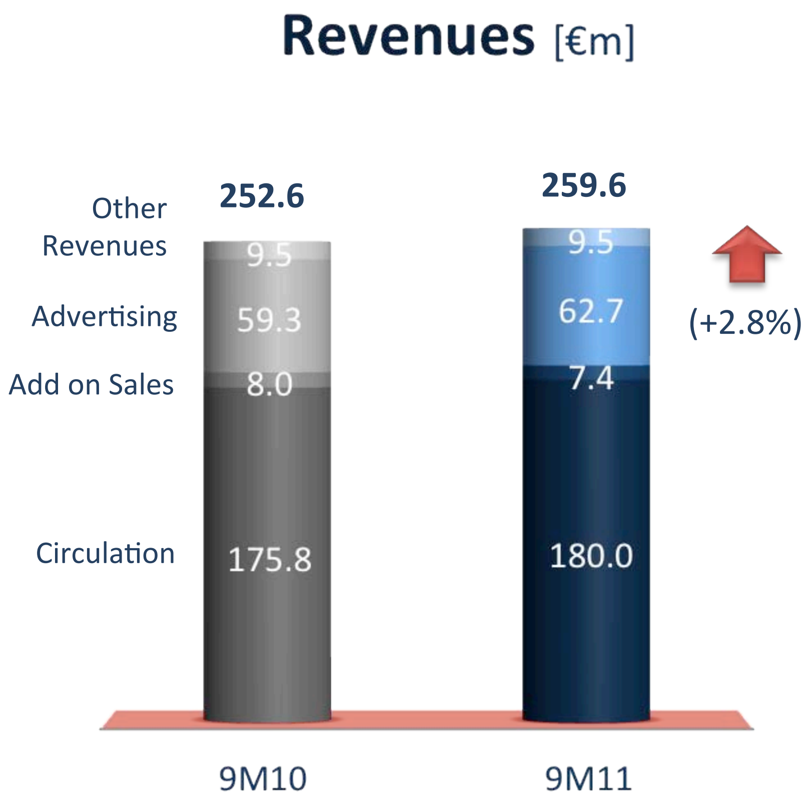
- Total revenues -3.0% with the following breakdown:
  - Advertising +0.8%: thanks to the strong contribution from internet and as well as international activities that compensate the slight reduction of the advertising sales for Italian magazines (-0.7%)
  - Circulation -4.8%
  - Add-on sales -5.2% but with an higher profitability vs. 9M10
- The group continued the re-launch/redesign of magazines: 9 magazines in the period and further development of the international network (4 launches)
- EBITDA:-1.5% net of one-offs in line with 9M10

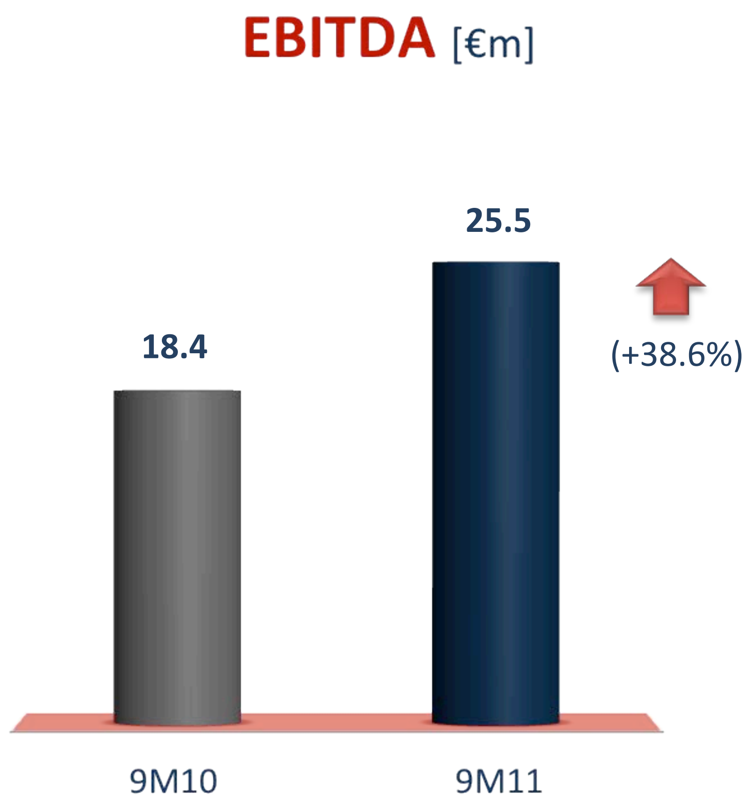




Magazines France: market highlights

- Total revenues +2.8%; with the following breakdown:
  - Advertising +5.7%: outperforming the market (+0.5%*), thanks to adv. on all women's titles (Grazia and Biba) representing 1/3 of the total
  - Circulation +2.4%: actions related to the re-launch/redesign of magazines (7 titles in the period) contributed to a performance that was better than the market (-4.2%**)
- EBITDA: +38.6% vs. 9M10, thanks to an increase in revenues, the ongoing positive performance of Grazia and lower overheads (new headquarters)





*Source: September data Kantar Media (value)
** Source: September Internal estimates (data for newsstands by value)

Advertising: market highlights

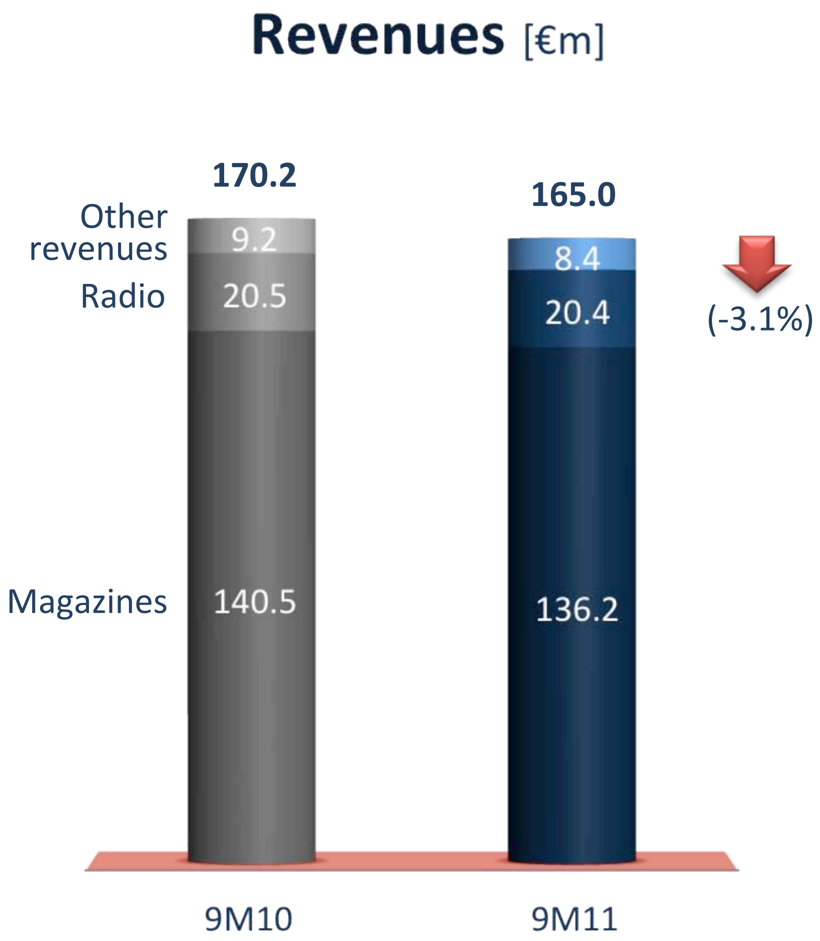
- The total advertising market (in terms of value) in the first eight months of 2011 was down by 4.0% vs 9M2010. The summer season was particularly weak. All major traditional media slowed, while only internet continued to grow.
- Among the top six sectors (2/3 of the volume) only fashion and cosmetics showed growth, while for the other there was a general slowdown especially for FMCGs.

Advertising market (€m)		
Media	**Change**	**Weighting**
TV	-4.7%	52.8%
Magazines	-1.8%	9.4%
Newspapers*	-5.6%	15.1%
Radio	-5.5%	5.2%
Internet	+13.5%	6.7%
Other	-11.5%	10.8%
Total	**-4.0%**	**100%**

Sector evolution (magazines) **				
Sector	**9M10**	**9M11**	**Change**	**Weighting**
Fashion	28,553	29,367	+2.9%	24.8%
Cosmetics	13,561	14,239	+5.0%	15.1%
Design	12,767	12,379	-3.0%	13.1%
FMCGs	12,101	9,679	-20.0%	10.3%
Tourism	5,616	4,899	-12.8%	5.2%
Auto	4,523	4,213	-6.9%	4.5%
Pharma	3,207	3,781	+17.8%	4.0%
Media/ Pub.	2,123	2,079	-2.1%	2.2%
Finance	2,076	1,821	-12.3%	1.9%
TLC	1,066	1,271	+19.2%	1.3%
Public services	1,385	1,091	-21.2%	1.2%
IT	1,209	1,023	-15.4%	1.0%
Total	95,034	93,944	-1.1%	

Nielsen data (Jan-Aug 2011)
*Excluding Free Press 2011
** Volume

Advertising Company: financial highlights

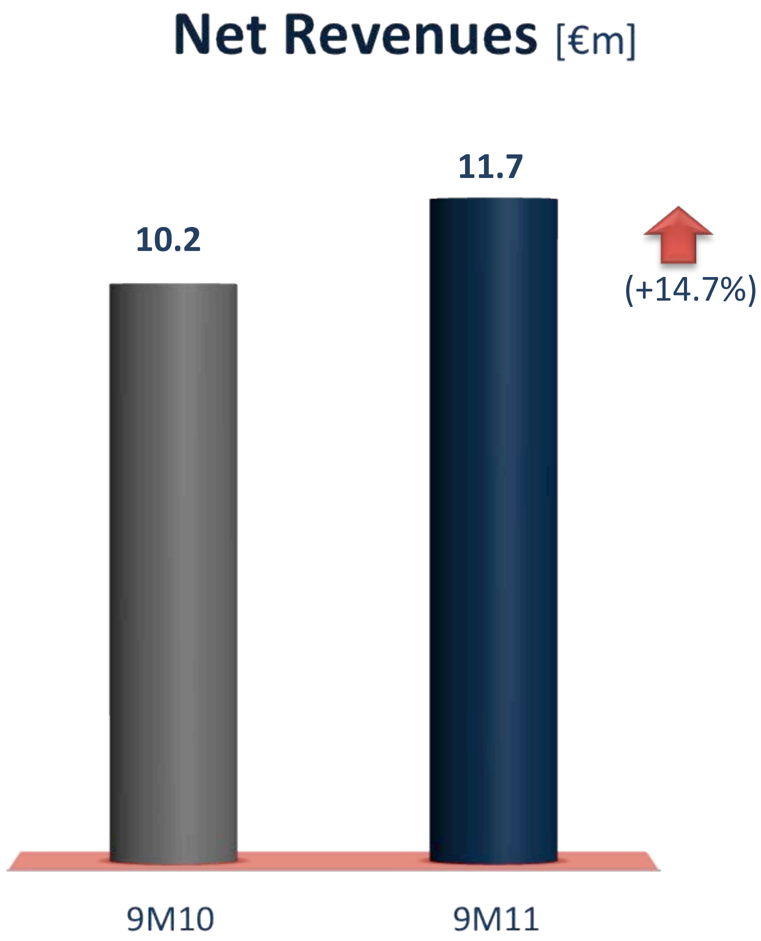


- Revenues -3.1% vs. 9M10, mainly due to a reduction in third party sales
- Group activities: slight fall in Mondadori magazine advertising (-0.7%), but with a positive trend for women's titles (Grazia, Tu Style and Donna Moderna)
- For R101 growth vs. 9M10, in a declining market, (-5.5%) thanks to the performance of the commercial network
- Internet: excellent results by the Mediamond JV with growth of 65.9% vs. 9M10

Direct & Retail

- In a particularly difficult market, revenues were +3.8% (including Mondolibri, consolidated in May 2010), like for like -4.2%
- Continuing actions to improve shop layouts and expand the offer with corners featuring well-known brands (Multicenter)
- Outlets network increased to 608 (570 in 9M10): retail revenues stable thanks to the growth in the Franchising network

Radio



- The radio advertising market fell by -5.5% in the period (Nielsen as of Aug. 2011)
- R101: net revenues +14.7% vs. al 9M10 thanks to the strong performance of the commercial network (post-reorganization) and a realignment of commissions
- According to independent research, R101 recorded average daily listeners of over 3 million

Digital

Total digital revenues in 9M11 reached €33.0m vs. €22.2m in 9M10, despite the delay in the launch of gaming activities

1) DIRECT ACTIVITIES:
- e-commerce: Bol.it reached 1 million monthly unique users, orders +30% vs. 9M10
- CRM: continuing system implementation to increase client profile. Complete implementation by 2Q12
- Gaming: licence obtained, expected start up by November
- Applications: four new applications created in 9M (each with top iTunes rankings)

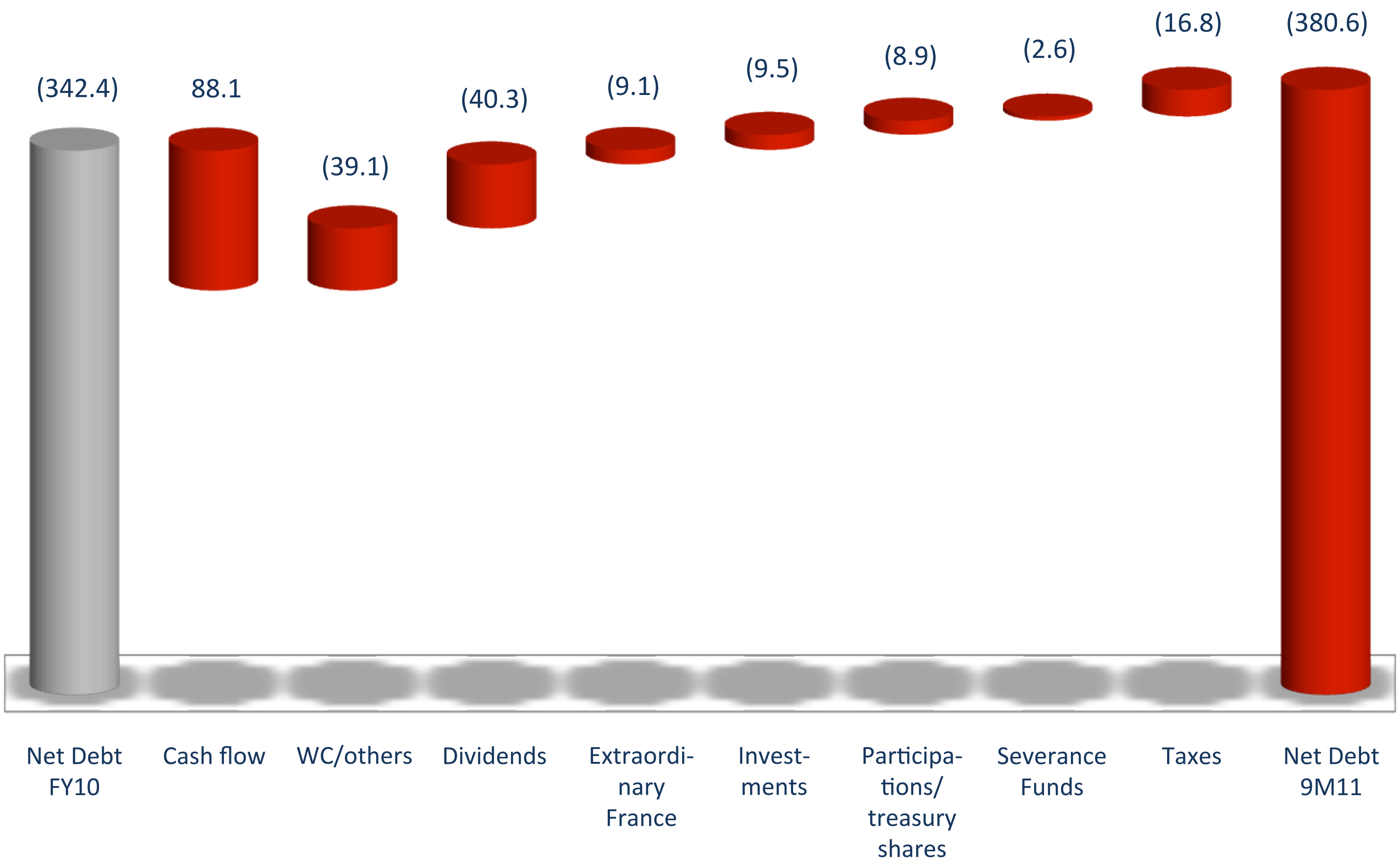
Rev.: €13.1m
Ebitda: €-11.7m

2) ACTIVITIES IN SUPPORT OF THE PUBLISHING BUSINESS: e-book, book club on line, properties, digital advertising and subscriptions
- Online advertising +37% vs. 9M10, stronger than the market (+13.5%)
- 4.2m unique users for the Donna Moderna Network (+29% vs. 9M10); further growth in traffic for all the other magazines' sites

Rev.: €19.9m
Ebitda: in other businesses

Annexes

Net Debt Evolution



Results breakdown

Revenues

€m	9M10	9M11	% change
Books	294.5	280.5	-4.8%
Magazines Italy	362.0	351.1	-3.0%
Magazines France	252.6	259.6	+2.8%
Advertising Co.	170.2	165.0	-3.1%
Direct & Retail	175.4	182.0	+3.8%
Radio	10.2	11.7	+14.7%
Digital	5.8	13.1	+125.9%
Holding/Other	14.4	16.6	+15.3%
Gross revenues	**1,285.1**	**1,279.6**	**-0.4%**
Intercompany	**-154.9**	**-164.9**	**+6.5%**
Net revenues	**1,130.2**	**1,114.7**	**-1.4%**

EBITDA

€m	9M10	9M11	% change
Books	53.2	52.1	-2.1%
Magazines Italy	43.0	52.3	+21.6%
Magazines France	18.4	25.5	+38.6%
Advertising Co.	-4.0	-4.6	ns
Direct & Retail	3.4	0.3	ns
Radio	-1.2	-1.1	ns
Digital	-0.6	-11.7	ns
Holding/Other	-9.1	-8.2	ns
Total EBITDA	**103.1**	**104.6**	**+1.5**