1Q13 Results

Analysts's conference call

Segrate, 14 May 2013

Market highlights

- 1Q13 was a particularly difficult and volatile period for the global economy

- In Italy the ongoing recession led to a further deterioration of all major economic indicators (GDP, consumer spending and unemployment)

- In France the economic outlook is worsening especially regarding GDP (expected to fall in FY13) and unemployment which already rose in FY12

Market trend*

		Market
Italy		
Trade Books (Bookstores)	-4.7%	-4.1%
Magazines:		
Circulation (like for like)	-11.0%	-12.0%*
Advertising (like for like)	-22.1%	-21.6%*
Add-on sales	-11.8%	-19.1%*
France		
Circulation newsstands (like for like)	-7.6%	-7.5%**
Adv magazines (volume)	-5.8%***	-7.4%***

Like for like data to take account of the different editorial scheduling for both Italy and France
*Source Nielsen (advertising) internal estimates for circulation and add-on-sales (Feb ’13 data)
** Internal data (March ’13)
*** Kantar Media (Feb ’13)

Results: highlights

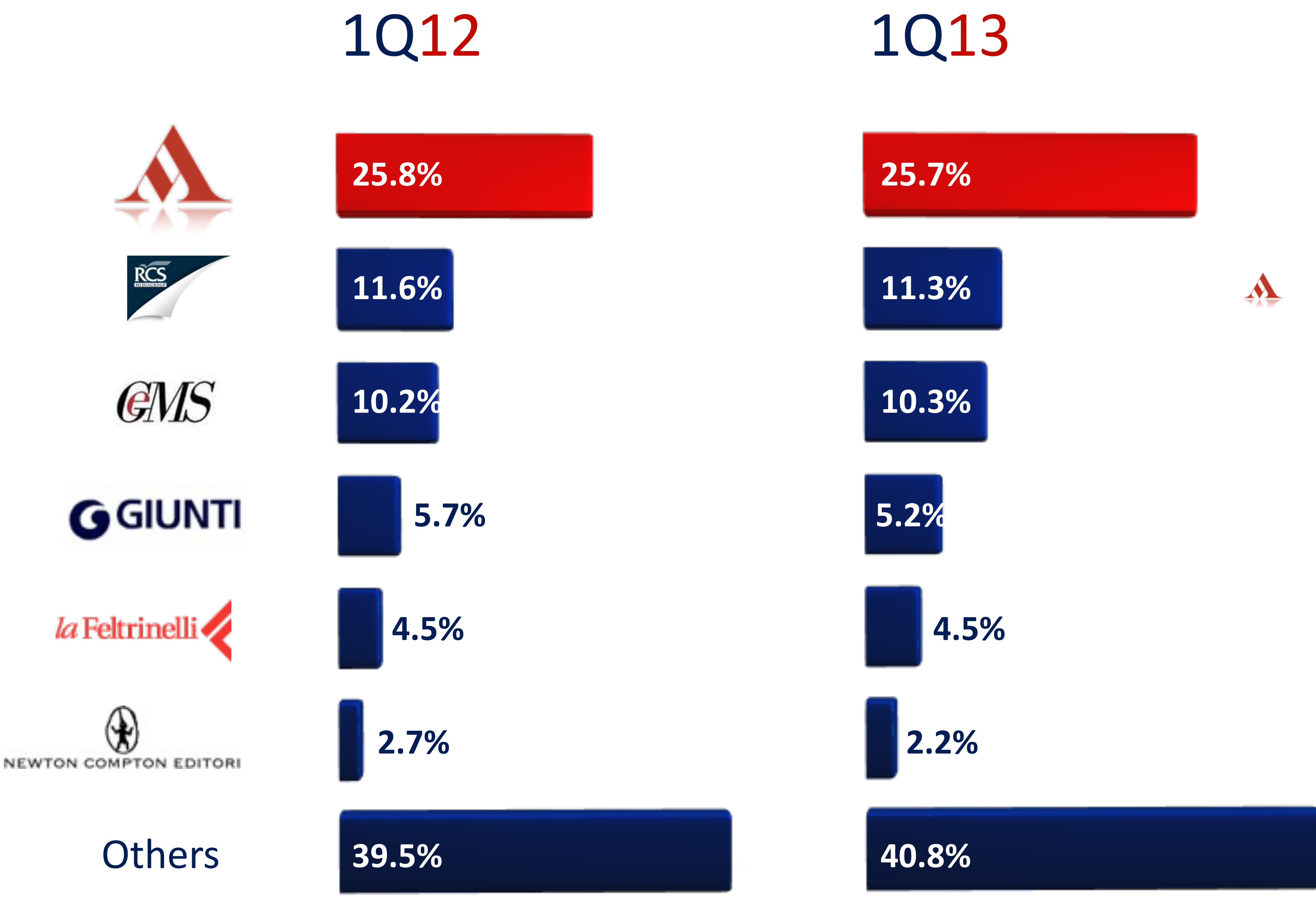
- Revenues: 292.7 € mio or -10.8% vs 1Q12
- EBITDA: -4.6 € mio (break even net of restructuring costs) vs +15.2 € mio in 1Q12: net of positive on-offs and restructuring - 5.2 € mio
- Consolidated Net Results -15.3 € mio vs +2.6% in 1Q12
- Net Financial Position -310.6 € mio (-267.6 € mio in FY12 and -301.8 € mio 1Q12)

Profit&Loss 1Q13

€ mio	1Q12	1Q13	Change %	
Revenues	328.1	292.7	-10.8	
Personnel costs	-73.0	-71.2	-2.5	[-7.5%]*
Cost of sales & other	-239.9	-226.1	-5.8	
EBITDA	**15.2**	**-4.6**	**nm**	
Depreciation & Devaluation	-6.1	-6.0	-	
EBIT	**9.1**	**-10.6**	**nm**	
Financial charges & others	-4.4	-5.0	-	
Pre Tax Profit	**4.7**	**-15.6**	**nm**	
Taxes	-1.8	0.6	-	
Minority Interests	-0.3	-0.3	-	
Net Profit	**2.6**	**-15.3**	**nm**	

* Like for like and net of restructuring costs

Books: market share evolution by value

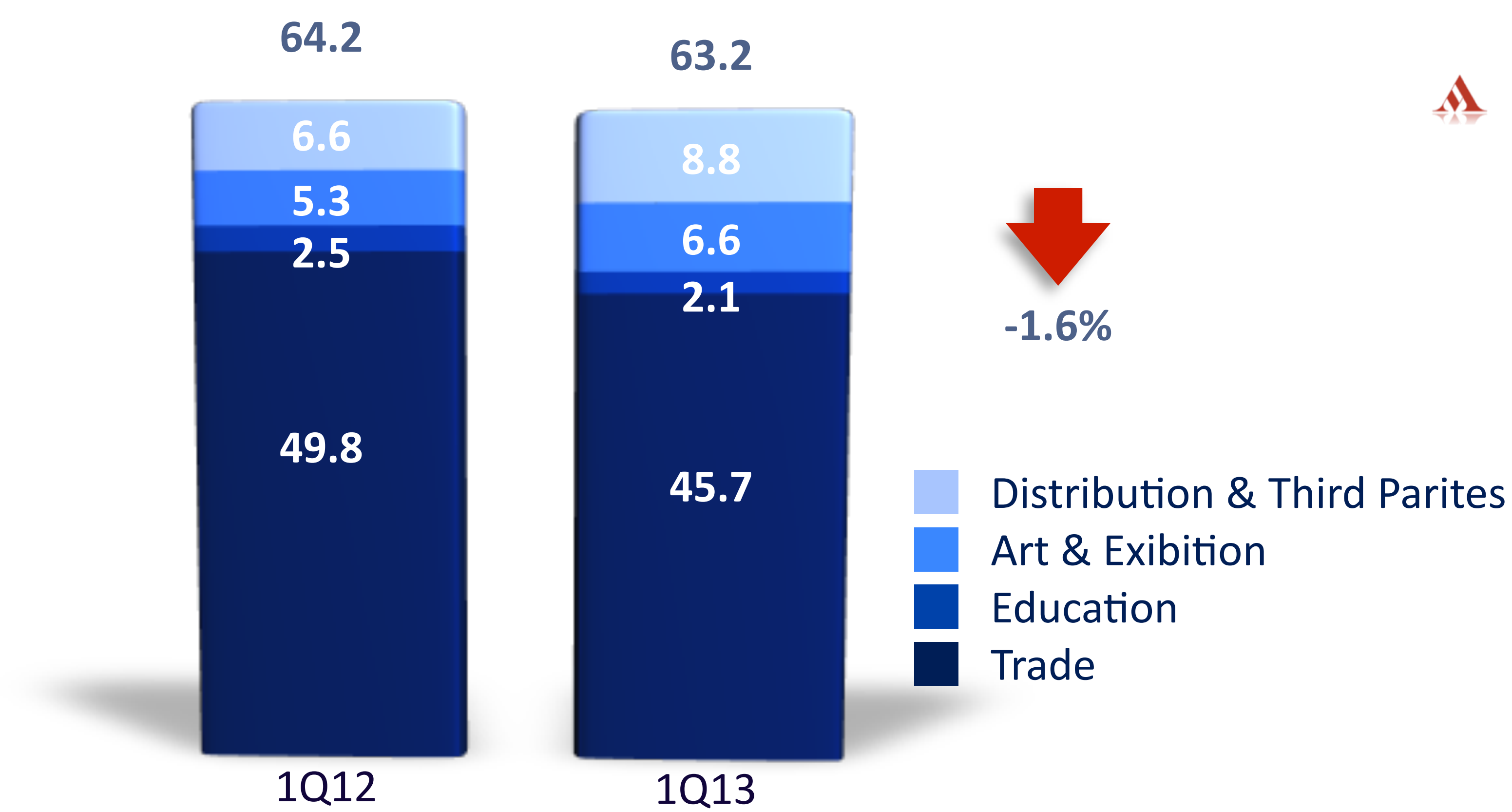


Mondadori confirms its leadership and 1Q12 market share

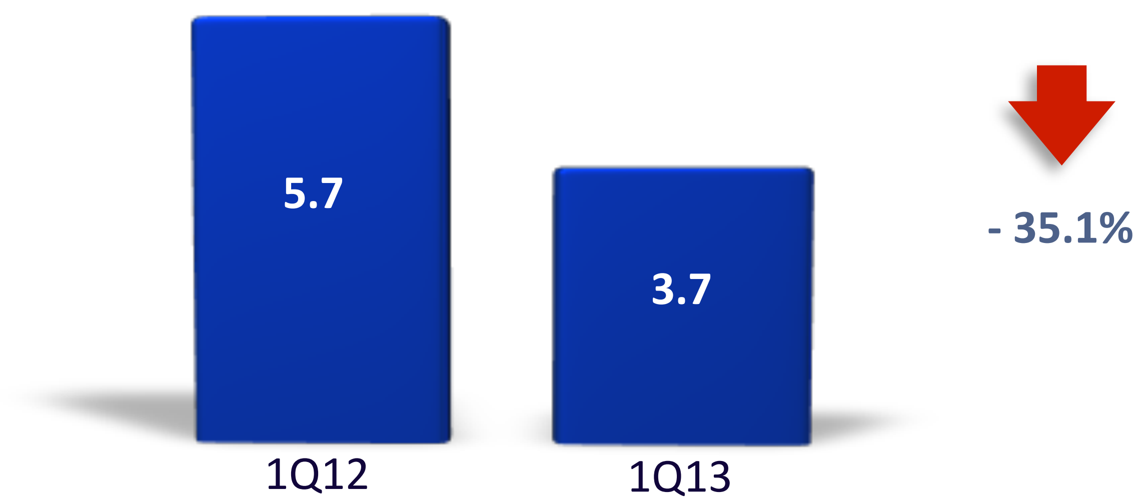
Nielsen (March ’13 Trade Books)

Books: financial highlights

Revenues (€ mio)



EBITDA (€ mio)

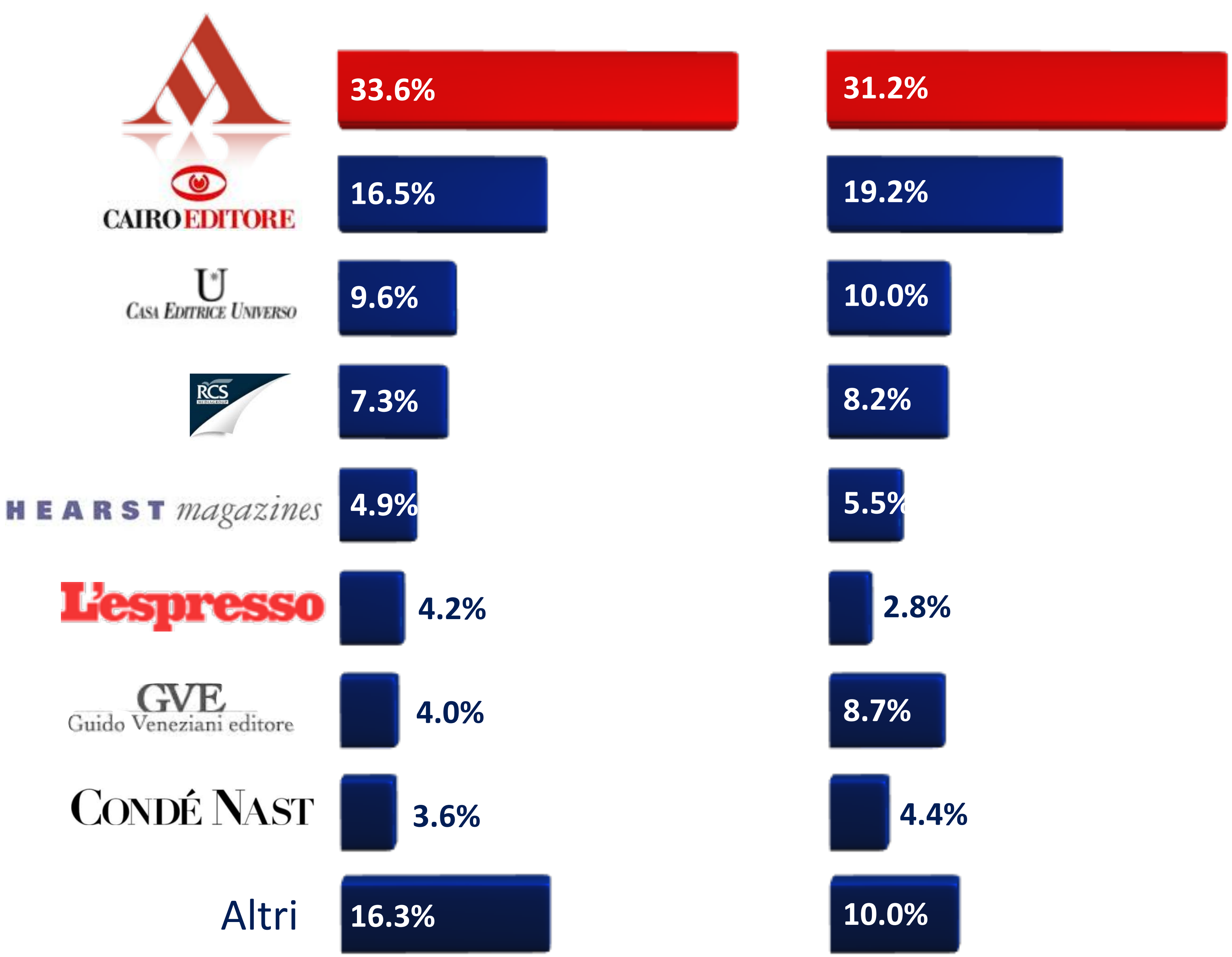


- Total revenues -1.6% vs 1Q12
  - Trade Books revenues -8.2% due to a different editorial program (recovery expected already in 2Q13)
  - Strong performance by the Art & Exhibition division (Electa publisher) thanks to the ongoing success of Constantine exhibition and good bookstore sales
  - E-book: revenues, still small in terms of revenues, but doubled vs 1Q12
- EBITDA: -9.7% net of Random House and non recurring positive one-offs

Magazines Italy: circulation market share

Market share
value

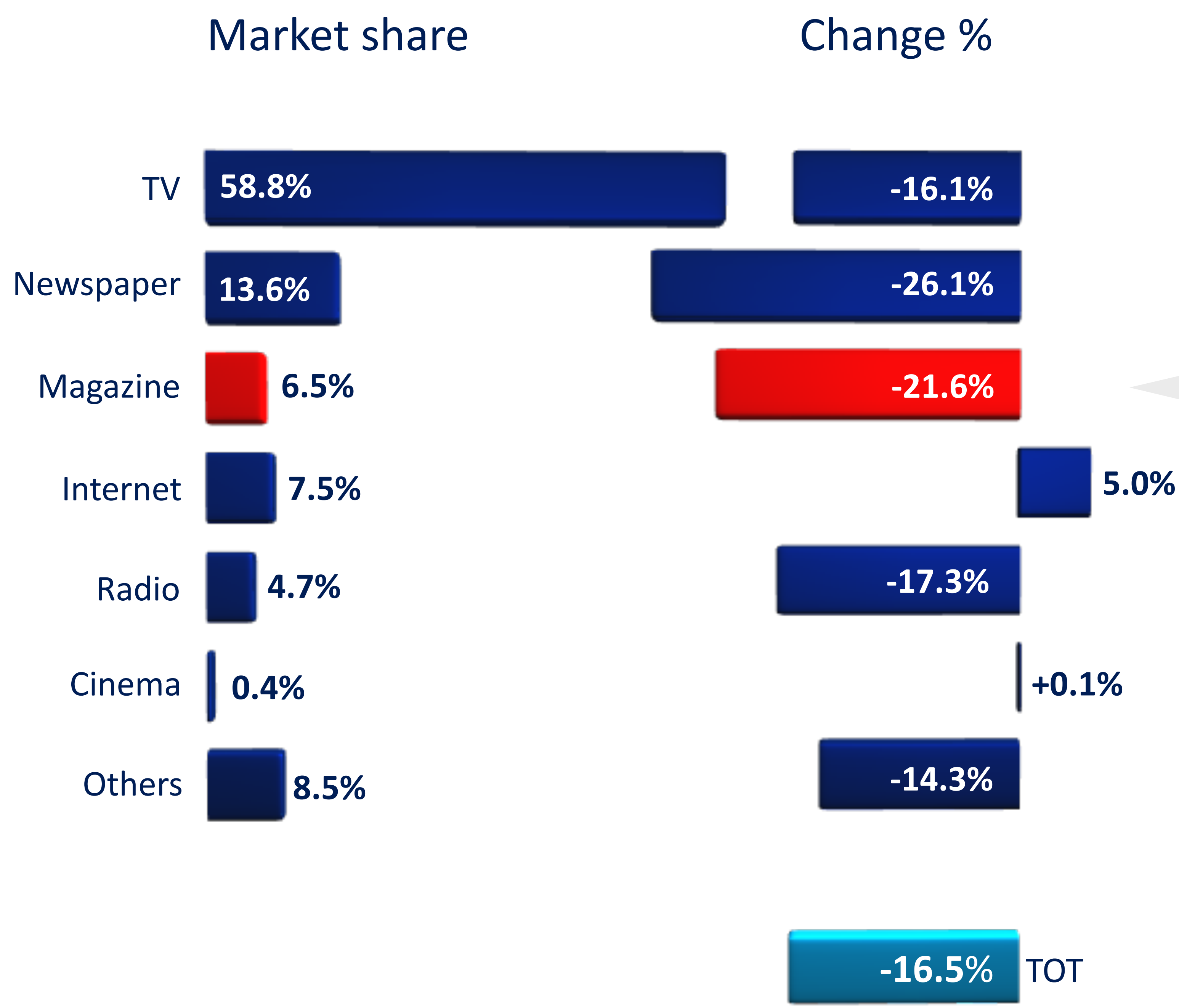
Market share
volume

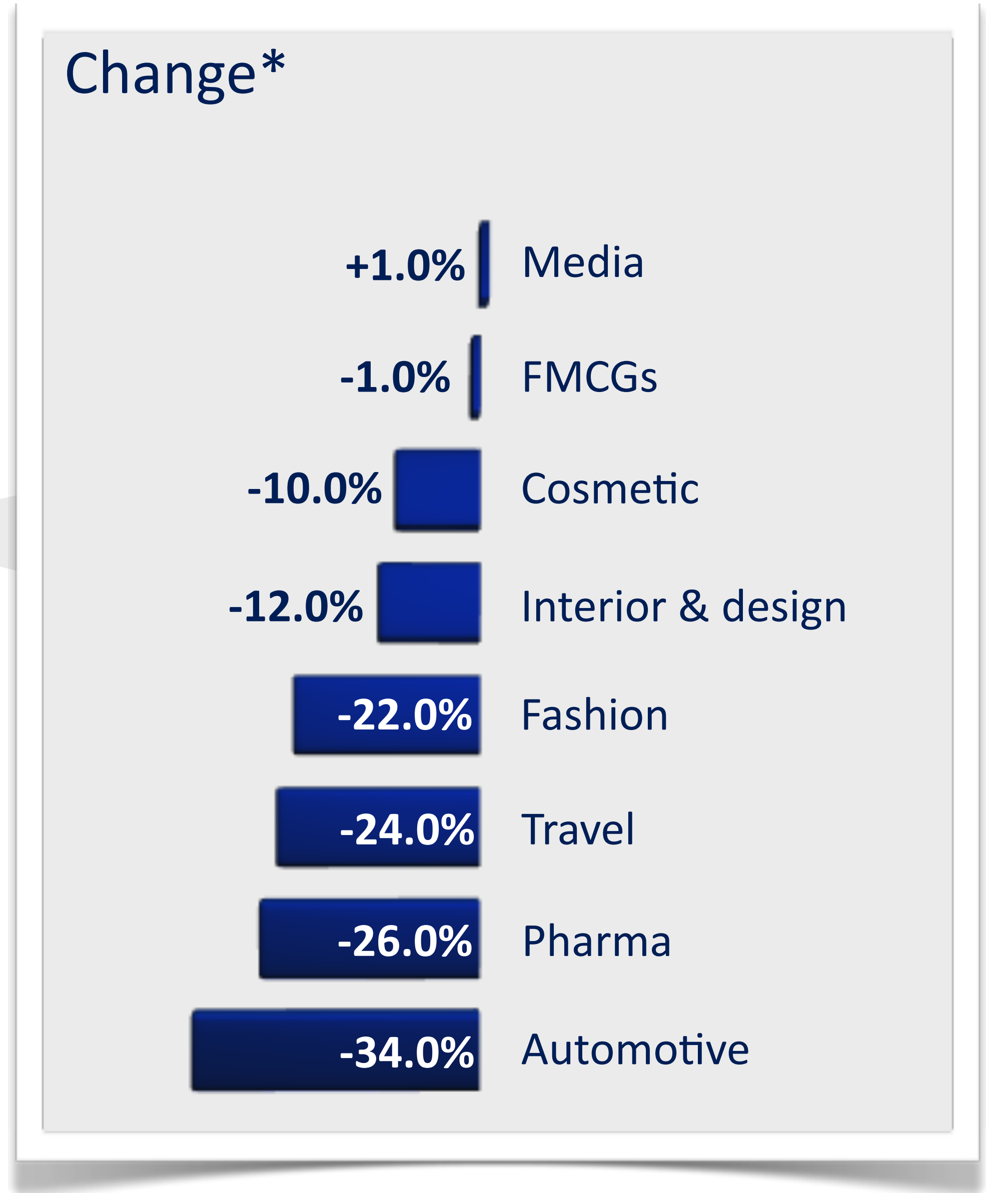


- Market down -12%* (value), decline in both newsstand sales and subscriptions
- Mondadori confirms its leadership with a stable market share vs 1Q12

Internal estimates, Feb '13 (value, newsstand only)

Italy: adv investments evolution (value)

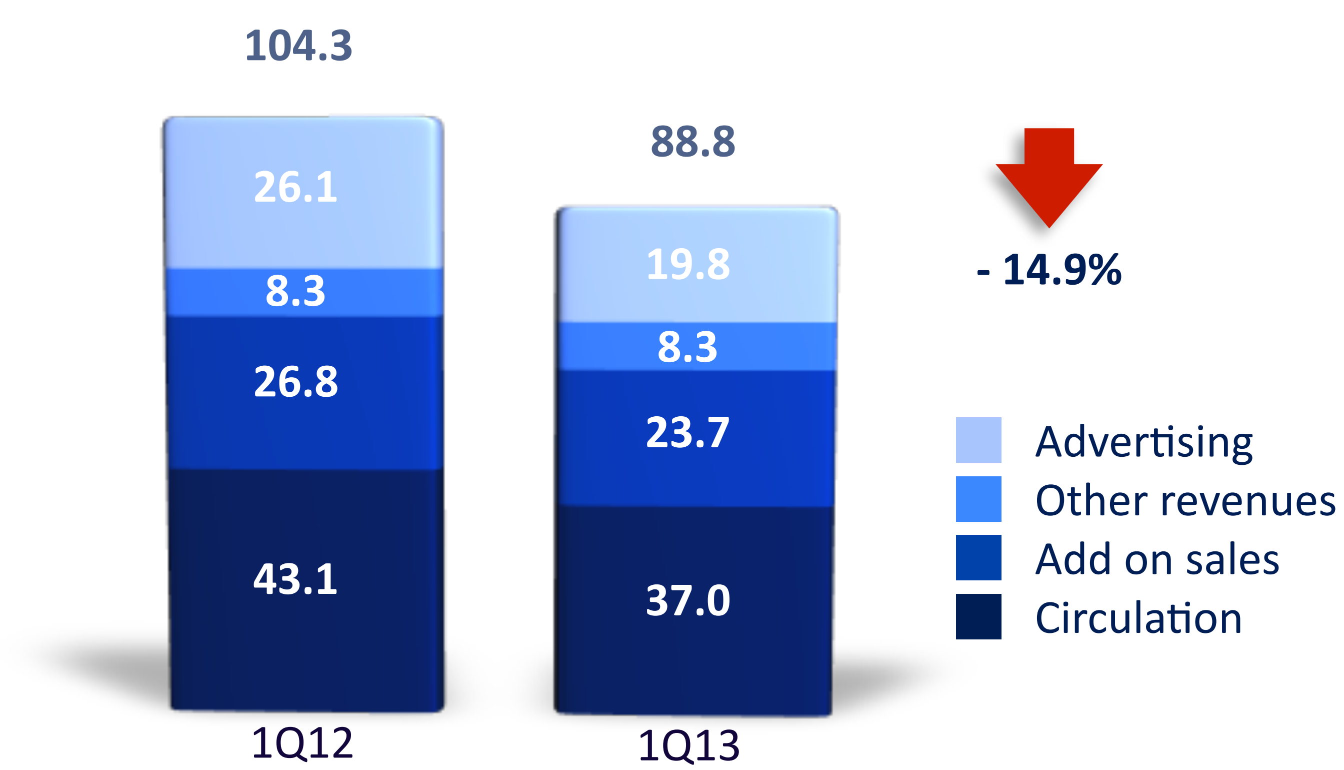




Nielsen Feb '13
* Internal estimates

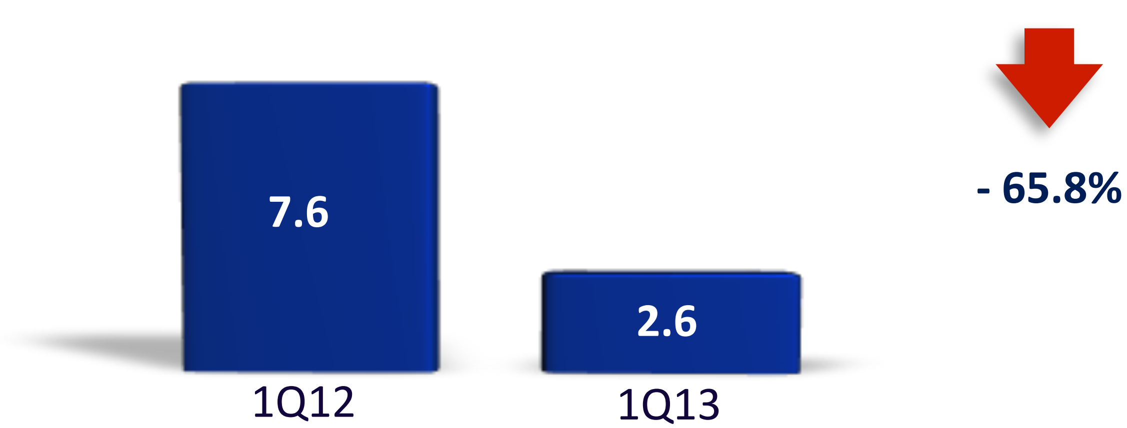
Magazines Italy: financial highlights

Revenues (€ mio)



- Total revenues: -14.9 with strong fall of advertising; lower number of magazines issued due to a different calendar period
- Mondadori websites: revenues +10.4% vs +5% of the market

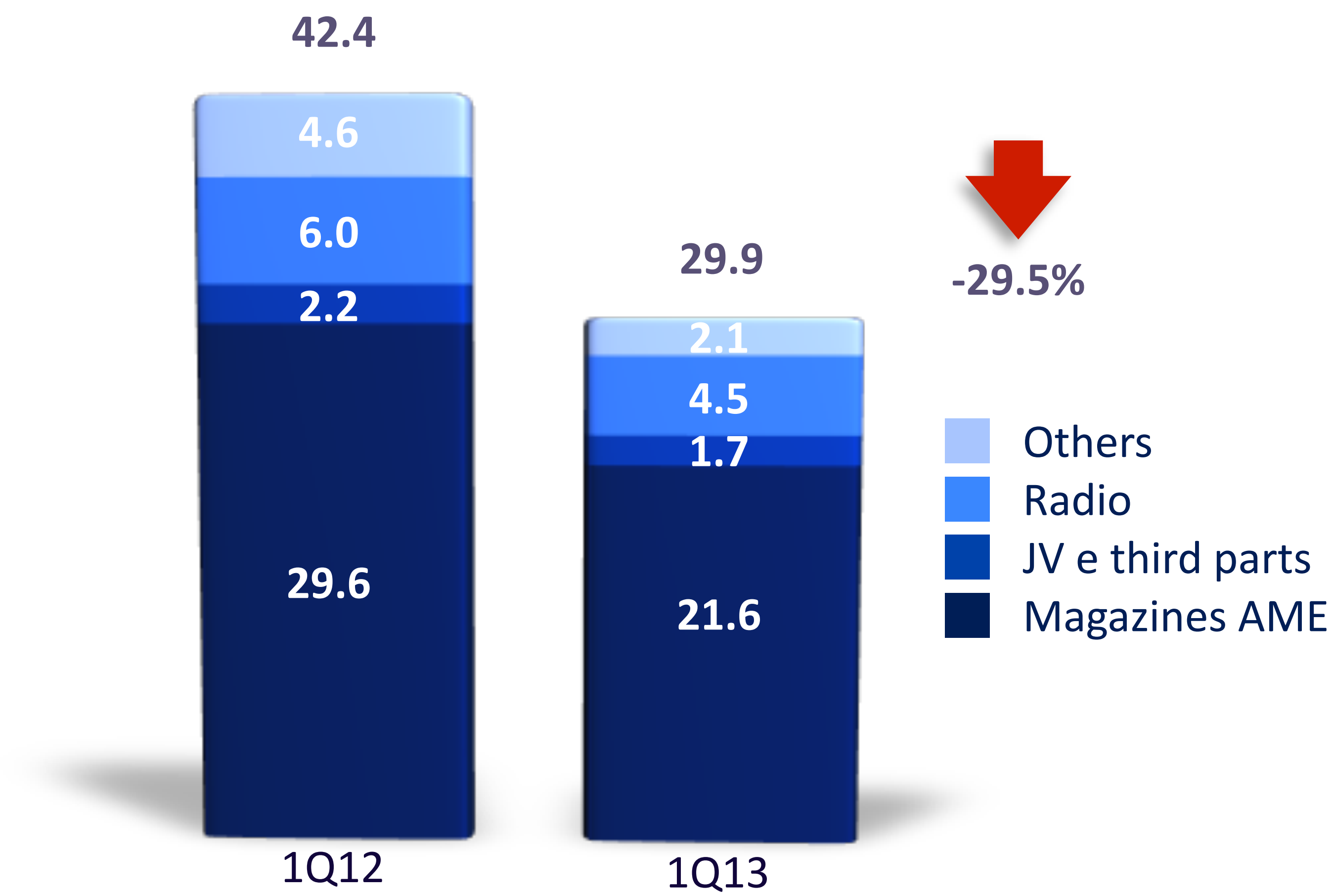
EBITDA (€ mio)



- EBITDA: reduction due to lower revenues (-48% net of non-recurring positive one-offs)

Mondadori Advertising: financial highlights

Revenues (€ mio)



- Revenues reduction on Mondadori portfolios:
  - Magazines -25.5%
  - Radio *R101* -18.8%

- Mediamond (non consolidated JV) revenued up to 9.2 € mio (+38% vs 1Q12)

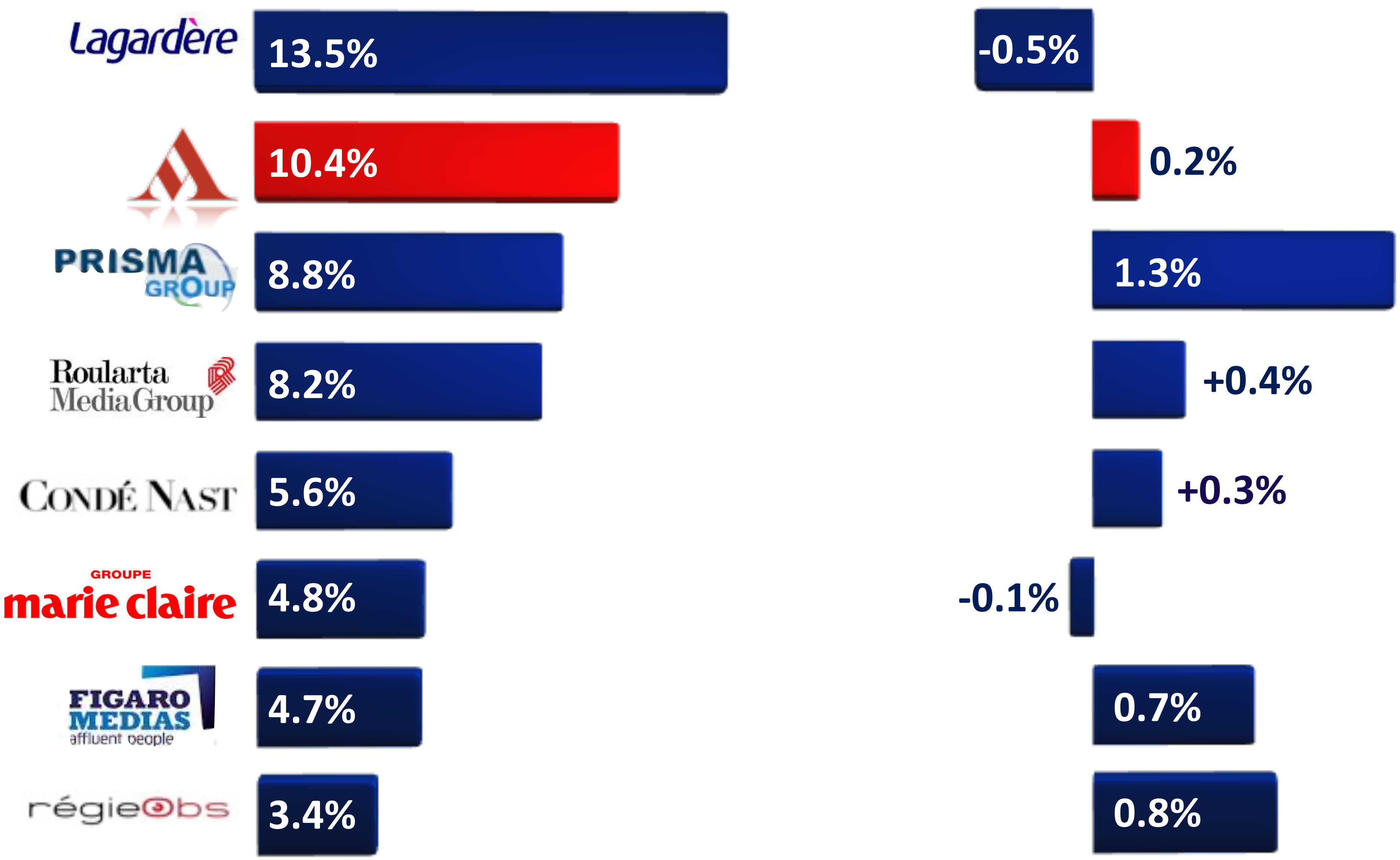
  - Strong increase in unique users for the most important websites in the period*:
    - *Donna Moderna:* 11 million
    - *Grazia*: 1 million
    - *Panorama*: 3.2 million
    - *Panorama Auto*: 1 million

*Shinystat (March ’13)

France: adv market evolution

Market share by volume

Change by volume

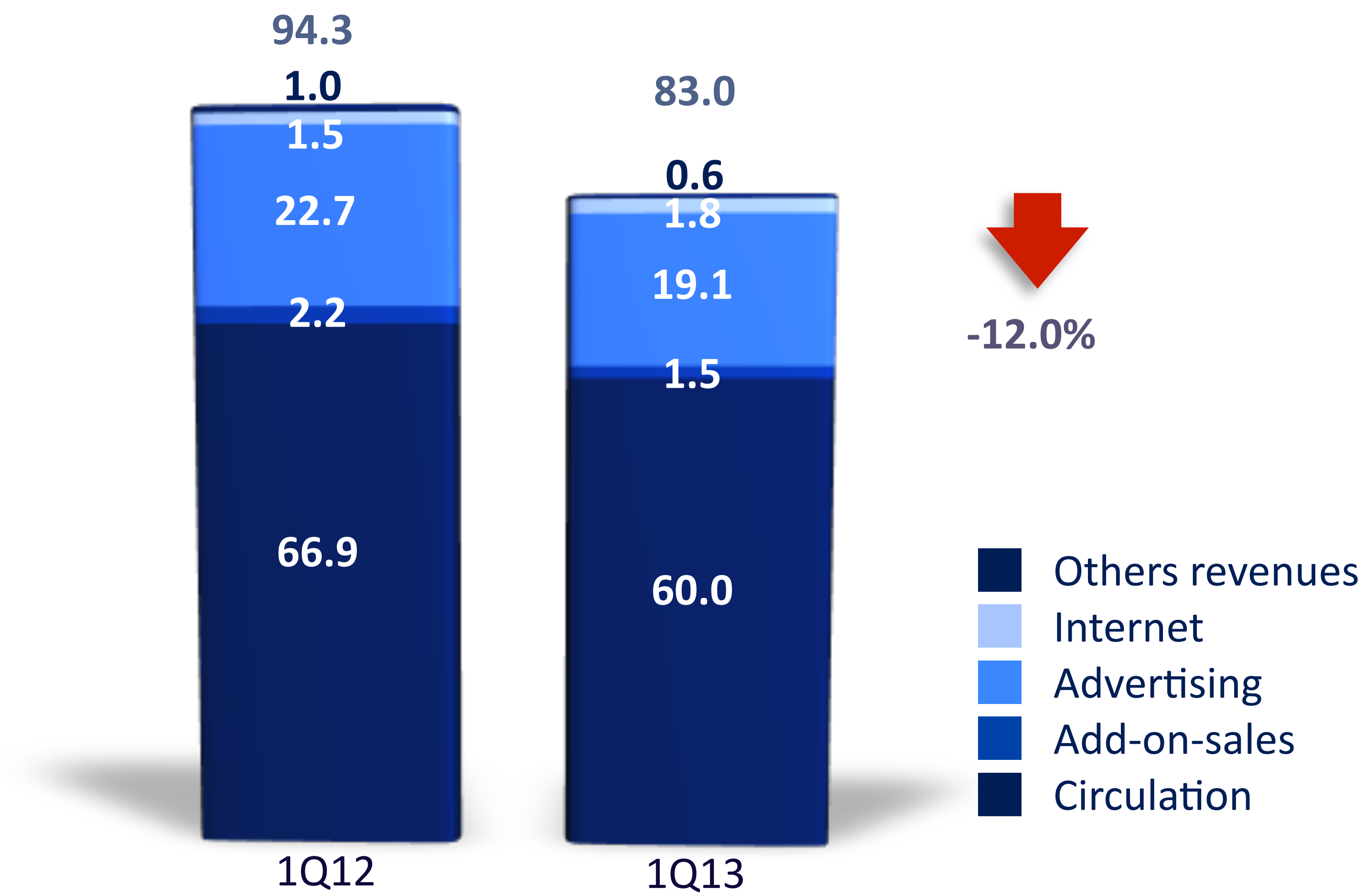


- Mondadori confirms its leadership position with a slight increase in market share vs 1Q12

Kantar Media, Feb '13

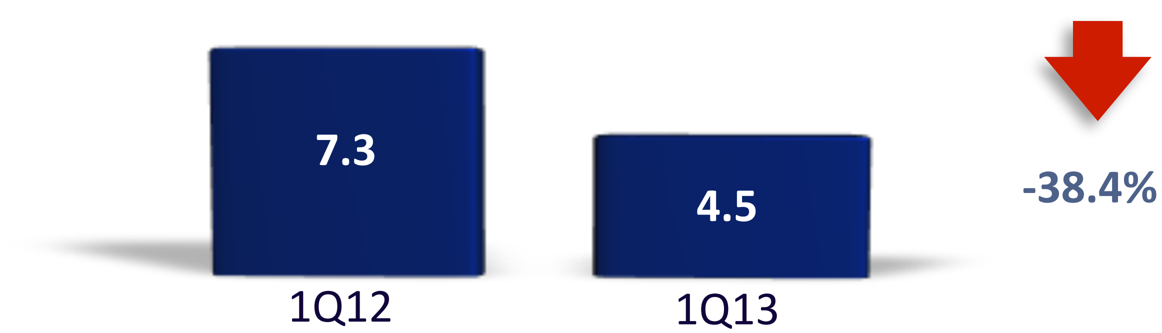
Mondadori France: financial highlights

Revenues (€ mio)



- Total like for like revenues: -9.6%
- Negative impact on circulation of the strike at Presstalis (major distributor)
- Digital: 5 million of unique users and revenues up by 20% vs 1Q12
- NaturaBuy: +24% in transactions volume vs 1Q12

EBITDA (€ mio)

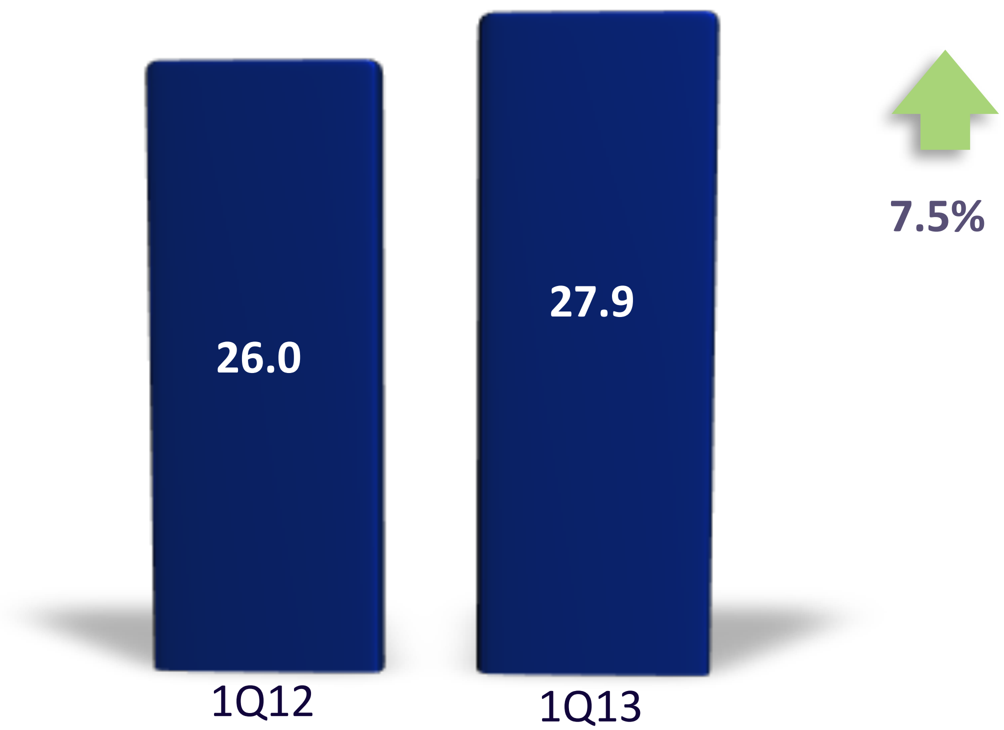


- EBITDA: reduction also due to restructuring costs

Magazines international network: highlights

Grazia Network

Total aggregated turnover (€ mio)

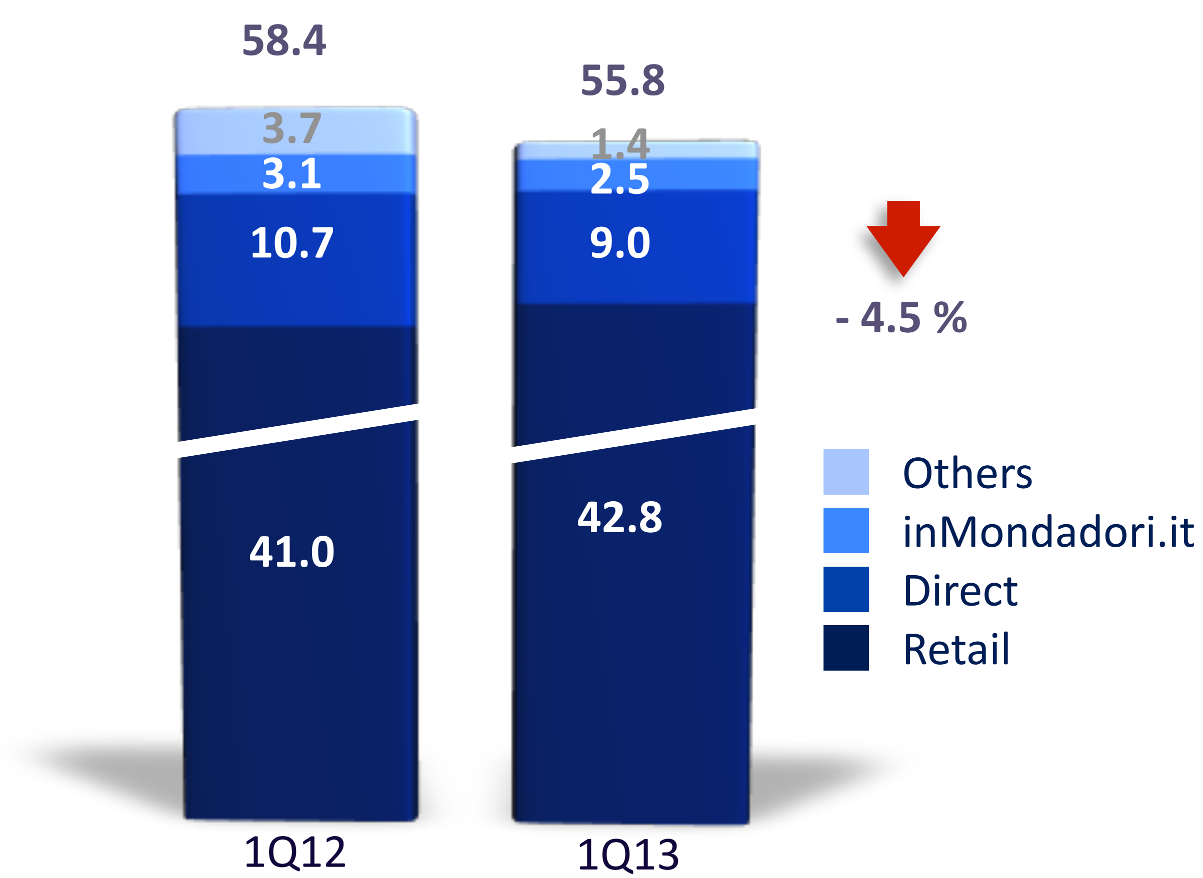


- MIB (Mondadori International Business) +12.7%
- New launches of Grazia in 1Q13 in Spain and Korea
- Increase of JVs revenues:
  - Cina +17%
  - Russia +3%
  - Attica: results in line with expectation in difficult market conditions
- Total Annual turnover generated by Grazia Network (22 editions as of 1Q13) +7.5%

Other Business

Direct & Retail

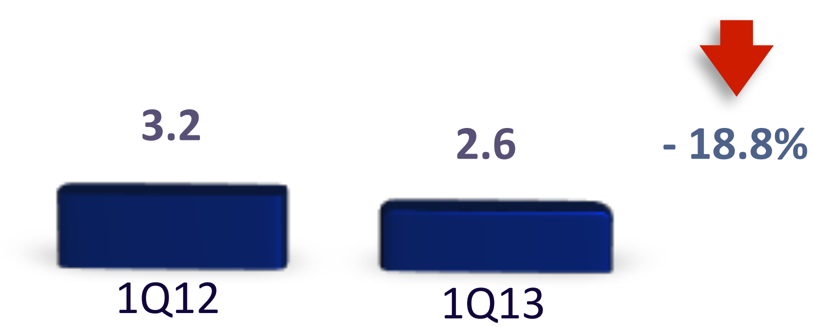
Revenues (€ mio)



- Total revenues impacted by the fall in consumer spending
  - 12 bookstores closed in the period
  - offer diversification with lower weighting of books
  - continuous integration between print and digital

Radio

Revenues (€ mio)



- Continuous decline in the market, -17.3%, in the first 2 months of the year (Feb. -27.7%); big fall in adv. spending in the Auto/Finance/TLC/FMCG sectors accounting for approx. 85% of total revenues

2Q actions for major businesses and for the Group

Books

Books

- Recovery expected in trade revenues thanks to the launch of best sellers (D. Brown, K. Hosseini...)
- Continued growth in e-books

Magazines

Italy

- Reference market still weak
- First positive results from the actions underway expected
  - rationalization of the magazines
  - ongoing re-launch and reposition of the most important titles
  - costs reduction, both industrial and operational (agreement already reached for 87 journalists)

France

- Downturn of the reference market
- Confirmation of product quality with the success of new brand extension
- Continue innovation of the editorial “formulas” of some of the most important magazines *(Grazia, Modes & Travaux, Sport Auto)*

Group

Launch of a cost reduction plan with an increase in the target to 100 € mio by FY15

2013 Outlook

- In Mondadori's markets of reference the economic situation in 1Q13 confirmed its downturns trends. Also at the overall level, there are no signs of short-term recovery

- In such scenario the Group will focus on actions aimed at recovering profitability in the weaker businesses also through an effective reorganization process and costs reduction which will require the significant commitment of financial and economic resources

- As a consequence, FY13 EBITDA is expected to be below than FY12

Annexes

1. Results breakdown

Revenues

€ mio	1Q12	1Q13	change
Books	64.2	63.2	-1.6%
Magazines Italy	104.3	88.8	-14.9%
Magazines France	94.3	83,0	-12.0%
Mondadori Adv.	42.4	29.9	-29.5%
Direct & Retail	58.4	55.8	-4.5%
Radio	3.2	2.6	-18.8%
Holding&Other	5.7	4.8	-15.8%
Gross revenues	372.5	328.1	-11.9%
Intercompany	-44.4	-35.4	nm
Net revenues	328.1	292.7	-10.8%

EBITDA

€ mio	1Q12	1Q13	change
Books	5.7	3.7	-35.1%
Magazines Italy	7.6	2.6	-65.8%
Magazines France	7.3	4.5	-38.4%
Mondadori Adv.	-2.7	-2.8	nm
Direct & Retail	-1.2	-3.5	nm
Radio	-0.9	-1.6	nm
Holding&Other	-0.6	-7.5	nm
Total	15.2	-4.6	nm