1H13 Results

Analysts' Meeting

Segrate, July 2013

Highlights from the first half

Market

- In the relevant markets in which the Mondadori Group operates, also the second quarter of the year was characterised by economic recession and instability

Mondadori

- In the period the company boosted the actions aimed at:
  - reducing operating costs
  - re-launching and renewing magazines, especially in Italy
  - developing the digital business both in Italy and in France
  - consolidating its leadership in books with the publication of important bestsellers (D. Brown, K. Hosseini)
- The actions underway will generate significant results as early as 2H13

Focus on: Cost reduction plan

- Staff: restructuring through early retirement plans, the use of social welfare and individual incentives (costs incurred/marked in the last 3 quarters: €32 million)

- Industrial costs:
  - Renegotiation of the printing contract with a reduction in rates that will increase over time (11.5% in FY15)
  - From 2014 additional positive effects from the direct procurement of paper

- Logistical costs
  - Reduction of expenses for rent (stores and offices) through a review of existing agreements and a redefinition of locations across the Group
  - Plan to streamline logistics for Books (Trade and Educational) and Retail (direct and franchising) and improve the logistic efficiency of magazines

- Operating costs
  - Redefinition of supply contracts for general services (logistics, IT, general services)
  - New strategy for the Information Technology and for other services
  - Review of processes and costs of the business (editorial costs, book supply chain...)

Cost reduction target 2015

100 mio €

of which € **76** mio already identified

Market trend

	Mondadori	Market
Italy		
Trade Books (bookstores)	-3.0%	-4.1%
Magazines:		
Circulation (like for like)	-9.7%	-12.3%*
Advertising (like for like)	-21.8%	-24.4%*
Add-on sales	-10.7%	-18.3%*
France		
Circulation newsstands (like for like)	-5.8%	-6.4%**
Adv magazines (volume)	-3.1%***	-6.8%***

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

Profit & Loss 1H13

€ mio	1H12	1H13	Change %	
Revenues	676.2	612.3	-9.4	
Personnel costs	-142.0	-148.0	4.2	[-5.5%]*
Cost of sales & other	-489.2	-469.6	-5.7	
EBITDA net of non recurring items	**27.8**	**14.2**	**-48.9**	
EBITDA	**36.0**	**-5.3**	**nm**	
Depreciation	-12.2	-12.4	-	
EBIT	**23.8**	**-17.7**	**nm**	
Financial charges	-8.2	-10.5	-	
Pre-Tax profit	**15.6**	**-28.2**	**nm**	
Taxes	-6.5	2.1	-	
Minority interest	-1.6	-1.0	-	
Net Profit	**7.5**	**-27.1**	**nm**	
Net Financial Position	**-370.0**	**-367.3**		

* Net of restructuring costs

Results breakdown 1H13

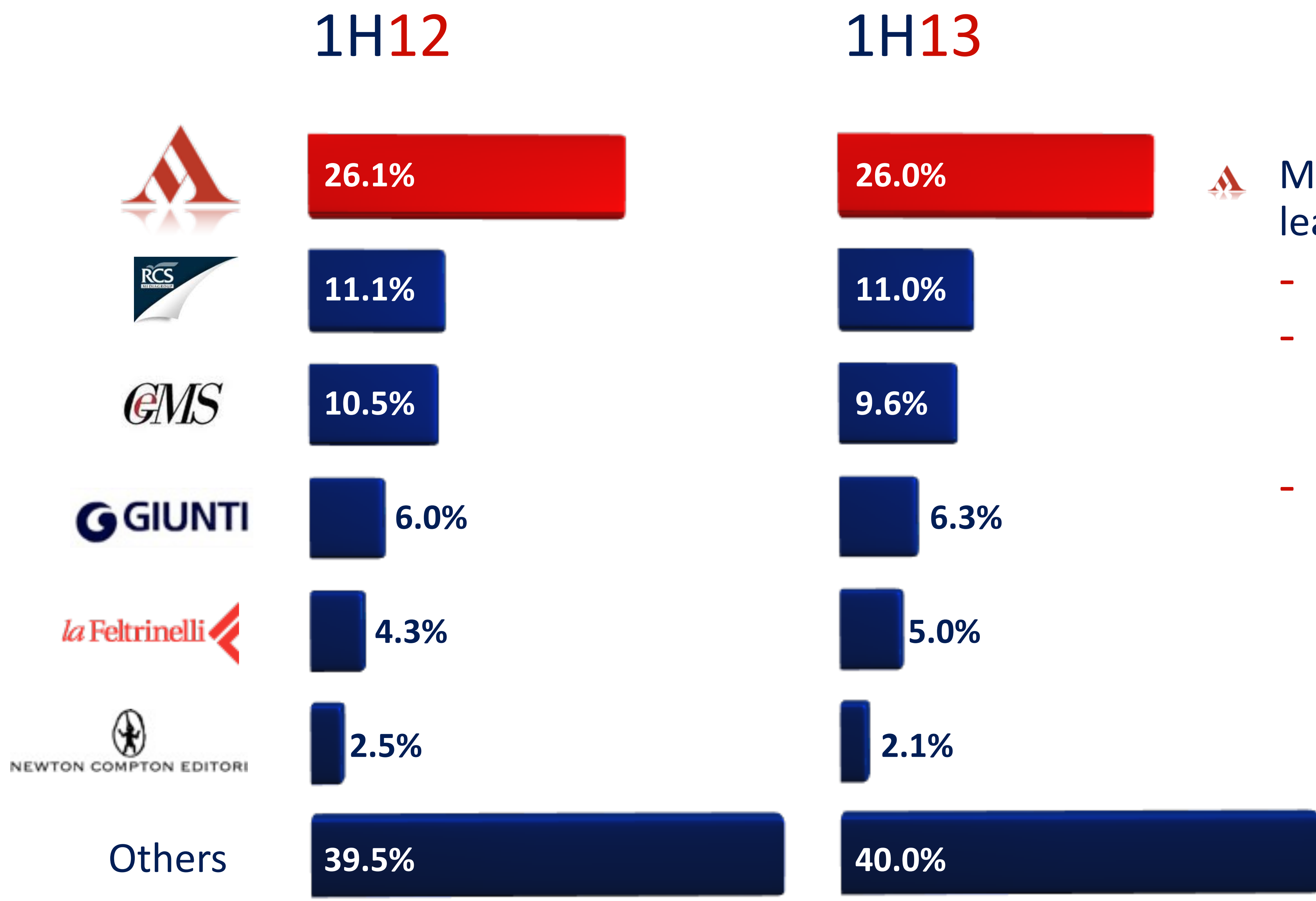
Revenues

€ mio	1H12	1H13	change
Books	144.6	134.0	-7.3%
Magazines Italy	209.9	177.9	-15.2%
Magazines France	193.6	176.9	-8.6%
Mondadori Adv.	96.0	76.8	-20.0%
Direct & Retail	113.1	110.4	-2.4%
Radio	7.6	6.8	-10.5%
Holding&Others	11.1	9.9	-11.1%
Gross revenues	775.8	692.7	-10.7%
Intercompany	-99.6	-80.4	nm
Net revenues	676.2	612.3	-9.4%
of which digital	13.9	15.3	10.3%

EBITDA net of non recurring items

€ mio	1H12	1H13
Books	12.8	10.3
Magazines Italy	12.7	7.5
Magazines France	20.7	14.4
Mondadori Adv.	-3.2	-3.5
Direct & Retail	-4.4	-4.6
Radio	-0.6	-1.6
Holding&Others	-9.6	-8.3
Total	27.8	14.2
Non recurring items	8.2	-19.5
EBITDA reported	36.0	-5.3
of which digital	-11.5	-7.6

Books: market share evolution by value



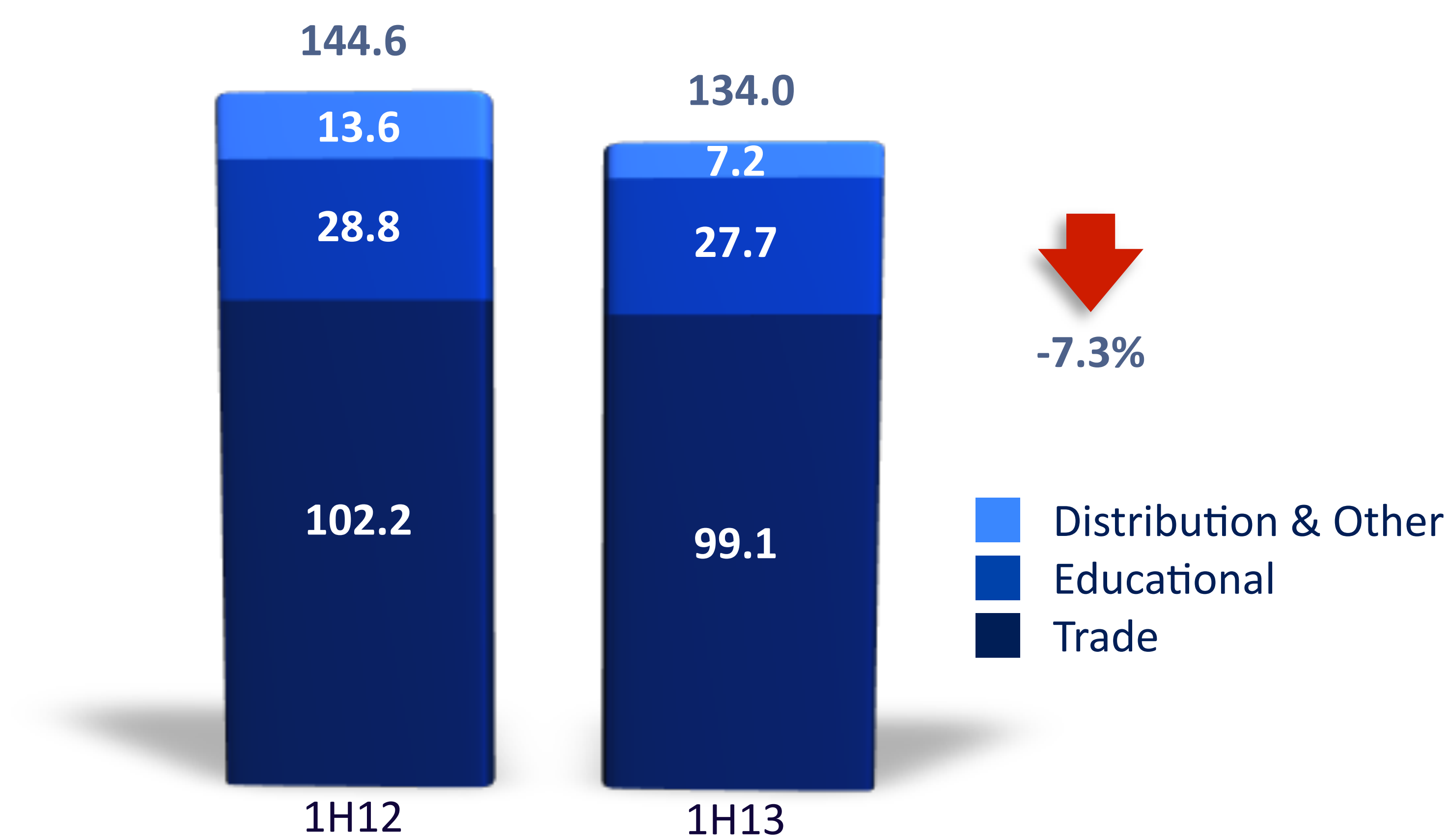
Mondadori confirms its leadership in terms of:

- market share
- bestseller sales (3 titles in the top 10 and 7 in the top 20 titles)
- increase in average prices in the bookshop channel +1.9% vs. 1H12 and better than the market (-1.6%)

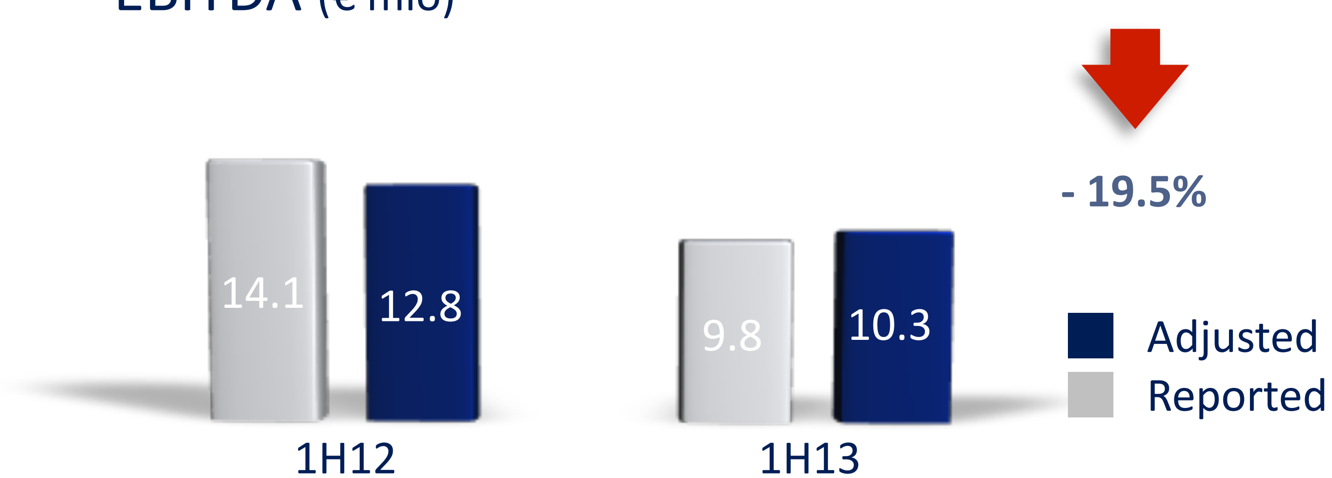
Nielsen 1H13

Books: financial highlights

Revenues (€ mio)



EBITDA (€ mio)



- Trade Books revenues were down by -3.0% but better than 1Q13 (+1.9%)
- ebooks: with more than 850,000 downloads in the period
- EBITDA adjusted: -19.5%, net of non-recurring items, also due to a different editorial schedule, stronger in the last part of 2013

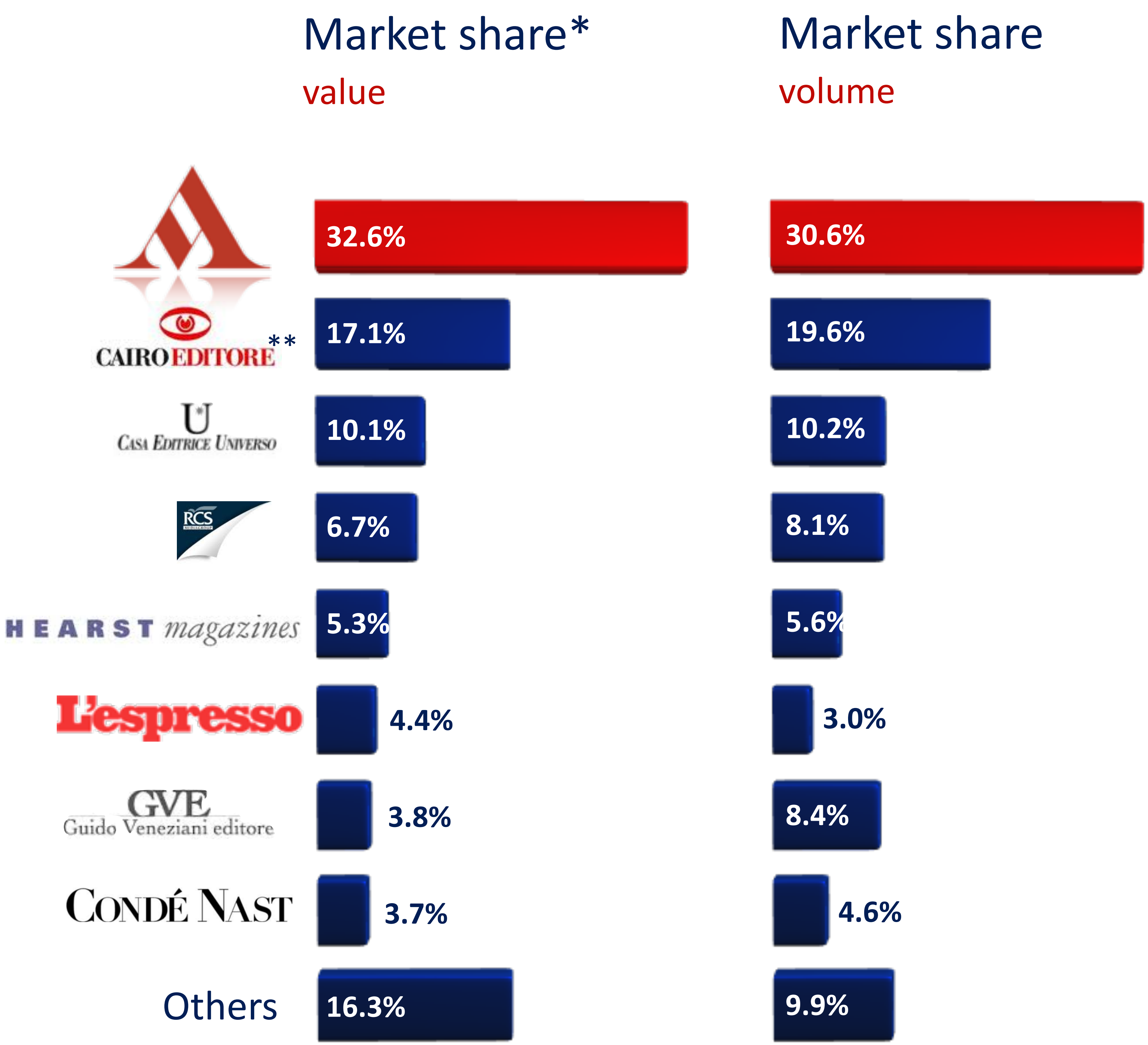
Re-launch actions in 1H13

- Very good results from D. Brown and K. Hosseini preliminary sales with respectively 700,000 and 450,000 copies sold in May-June period

- Expected strong editorial program for the second part of the year with important authors like Volo, Sveva Casati Modignani, Manfredi and Mazzantini

- Ebook
  - strong growth with revenues more than doubles vs 1H12
  - *InMondadori* platform together with Kobo device, is one of the most important player in the Italian market after Amazon and Apple

Magazines Italy: circulation market share

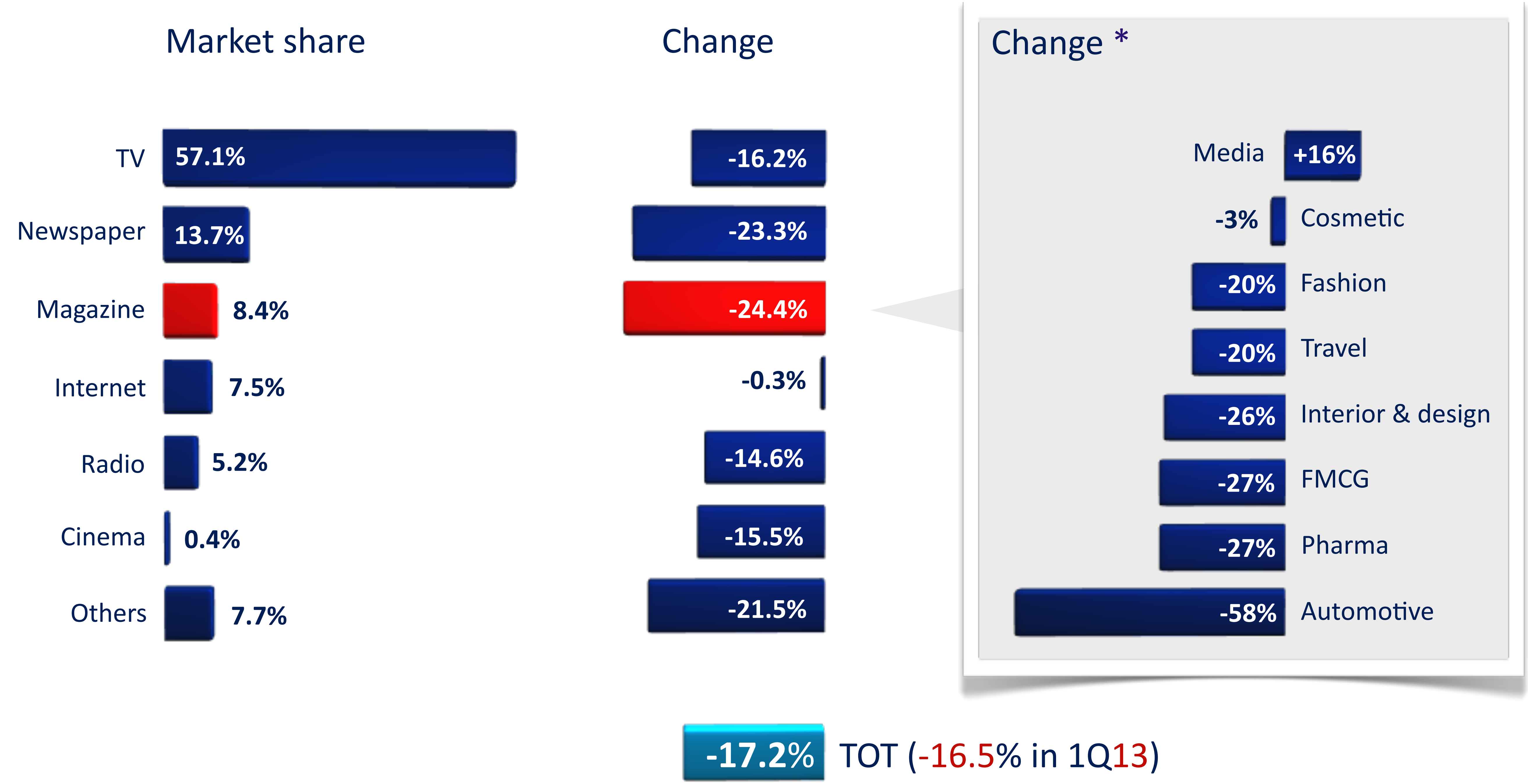


- Declining market in terms of value -12.3%* (both newsstand sales and subscriptions were down)
- Mondadori confirms its market leadership with a stable share compared with 1H12

* Internal estimates May '13 (by value newsstands only)

** Two new launches in the period: *F* and *Giallo*

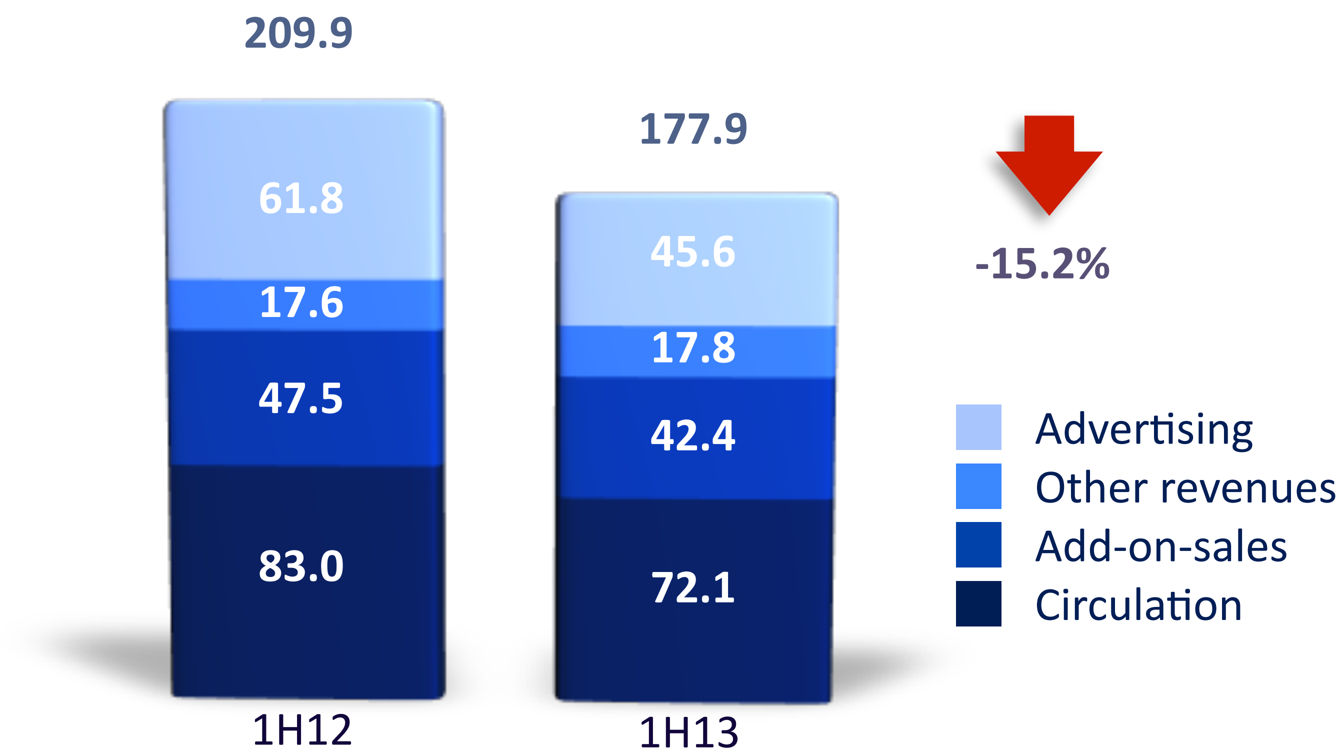
Italy: adv investments evolution (value)



Nielsen May ’13
* Internal estimates by volume

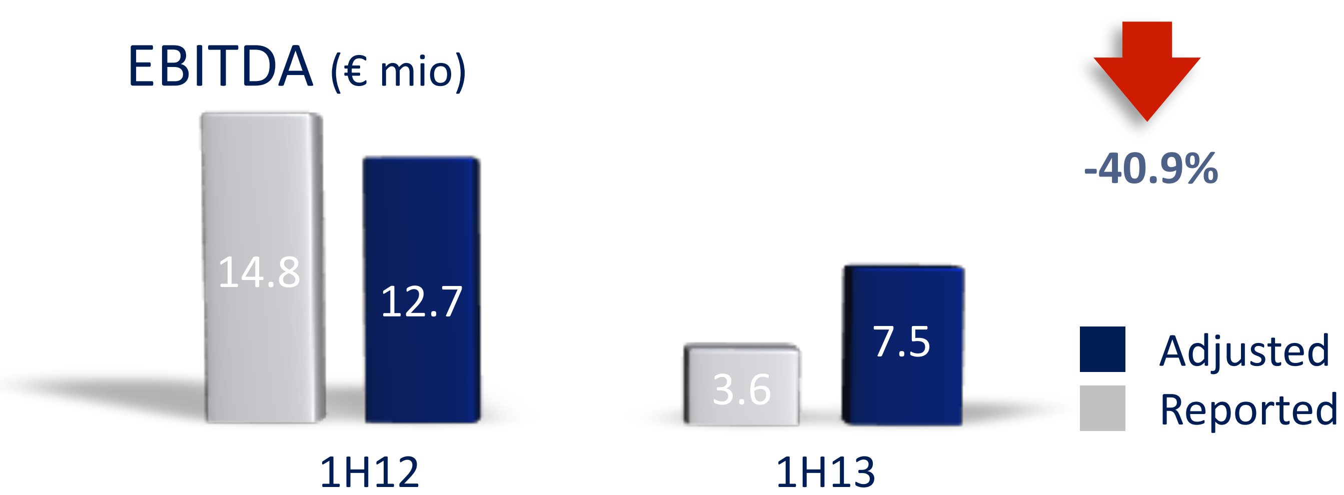
Magazines Italy: financial highlights

Revenues (€ mio)



- Like-for-like revenues: -13.4% with a continuing decline in advertising sales
- Properties: revenues up by 9.3% compared to a market down by -0.3%

EBITDA (€ mio)



- EBITDA adjusted: -40.9% net of non-recurring items

Major magazines: circulations trend (1/2)

DONNA MODERNA

	2013	Change 13/12	Var. % since re-launch (April)
Prog. to April	274.170	-16%	
May	317.963		**+16.0%**
June	344.413		**+25.6%**
July	356.191		**+30.0%**

TUSTYLE

	2013	Var. 13/12	Var. % since re-launch (April)
Prog. to April	156.267	-14%	
May	190.696		**+22.0%**
June	218.000		**+39.5%**
July	220.000		**+40.8%**

Internal data (May '13)

Major magazines: circulation trend (2/2)

GRAZIA

	2013	Change 13/12	Var. % since re-launch (April)
Prog. to April	167.090	-15%	
May	187.786		**+12.4%**
June	204.000		**+22.1%**
July	206.000		**+23,3%**

Chi

	2013	Var. 13/12	Var. % since re-launch (April)
Prog. to April	254.622	-11%	
May	299.283		**+17.5%**
June	309.287		**+21.5%**
July	377.000		**+48.1%**

In July more than 1,500,000 average weekly copies

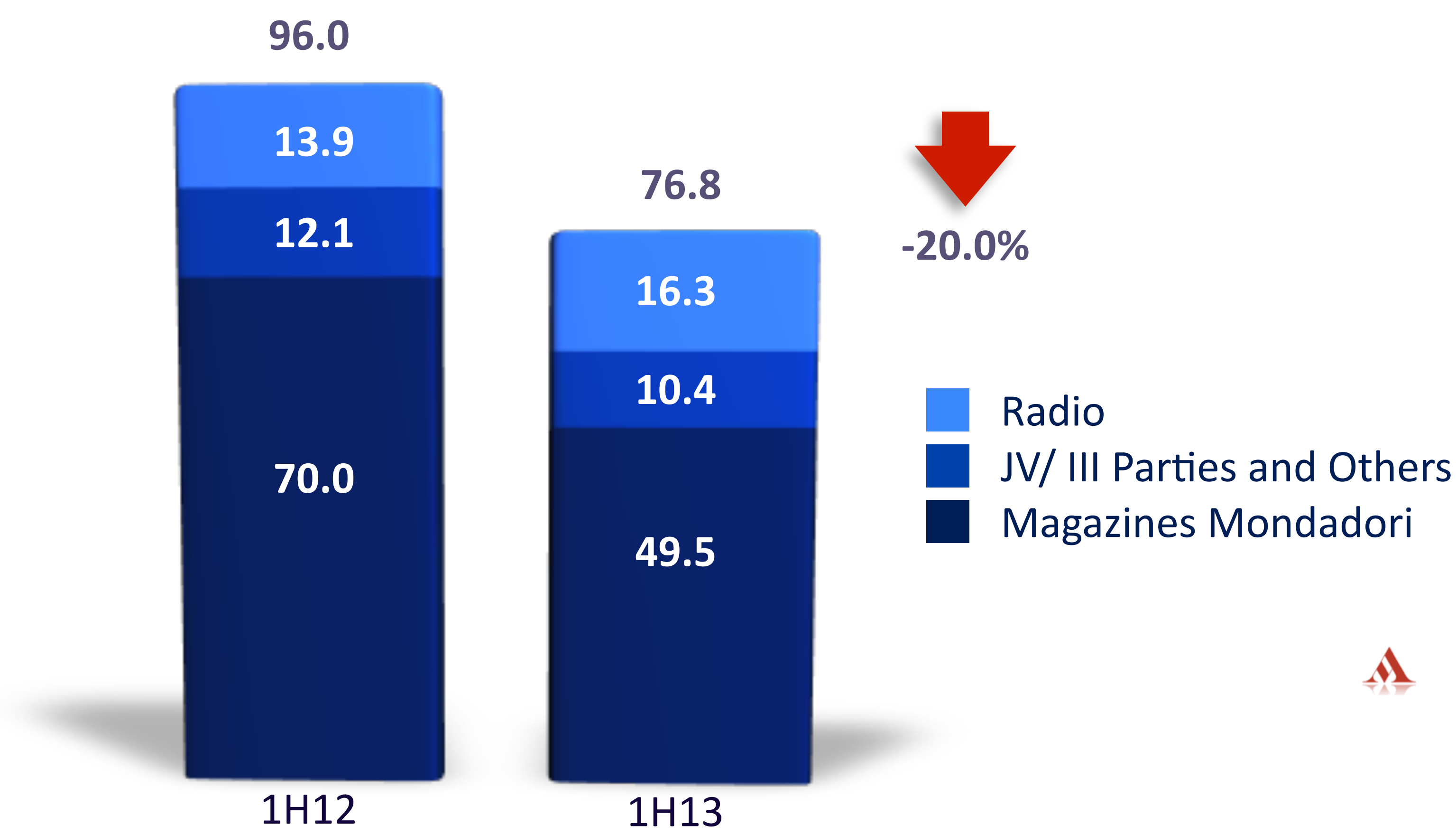
Internal data (May ‘13)

Re-launch actions 1H13

- Important actions were carried out with positive initial results:
  - rationalisation of the magazine portfolio and related top managers (titles closed: *CasaViva*, *VilleGirdini*, *Panorama Travel* and *Men's Health*)
  - reorganisation of editorial structures:
    - agreement reached for the release of 87 journalists of which:
      - 44 in layoffs rotation
      - 43 activated a solidarity contract for all 275 journalists
  - renegotiation of the printing contract with a reduction in rates that will increase over time (11.5% in FY15)
  - re-launch of the most important women's magazines: *Donna Moderna*, *Grazia* and *TuStyle*, *Chi* and *Grazia Casa*
  - add-on sales: a focus on higher margin initiatives has led to an increase in profitability and market share

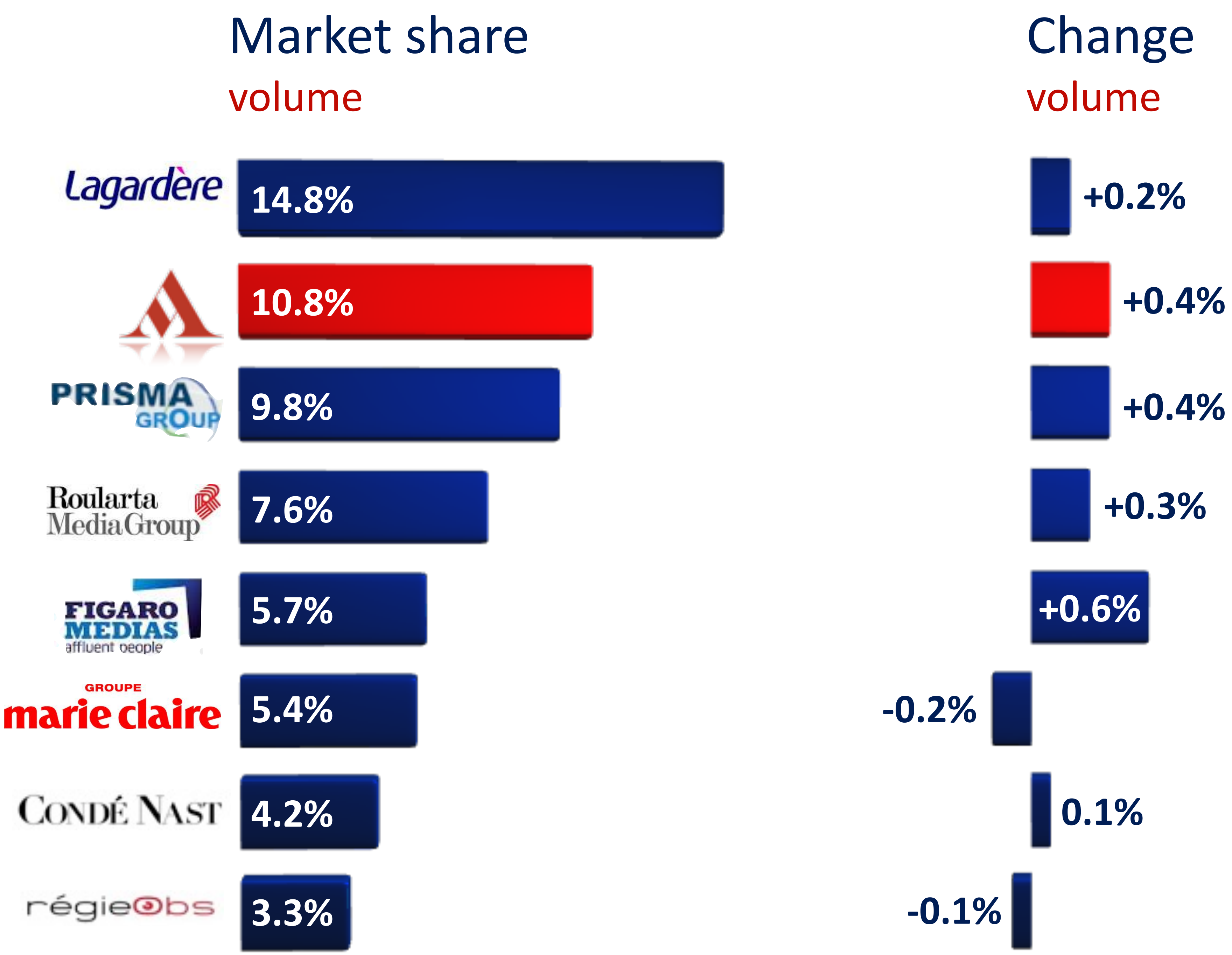
Mondadori Pubblicità: financial highlights

Revenues (€ mio)



- Decline in revenues for Mondadori titles:
  - Magazines -21.9% (like for like), better compared to the market (Nielsen: -24.4% in May)
  - Radio: +17.6% with the addition of *Radio Italia* (April)
- Mediamond (non-consolidated JV): continued growth in revenues (+19.9% vs. 1H12) to €21.9 million

France: adv market evolution

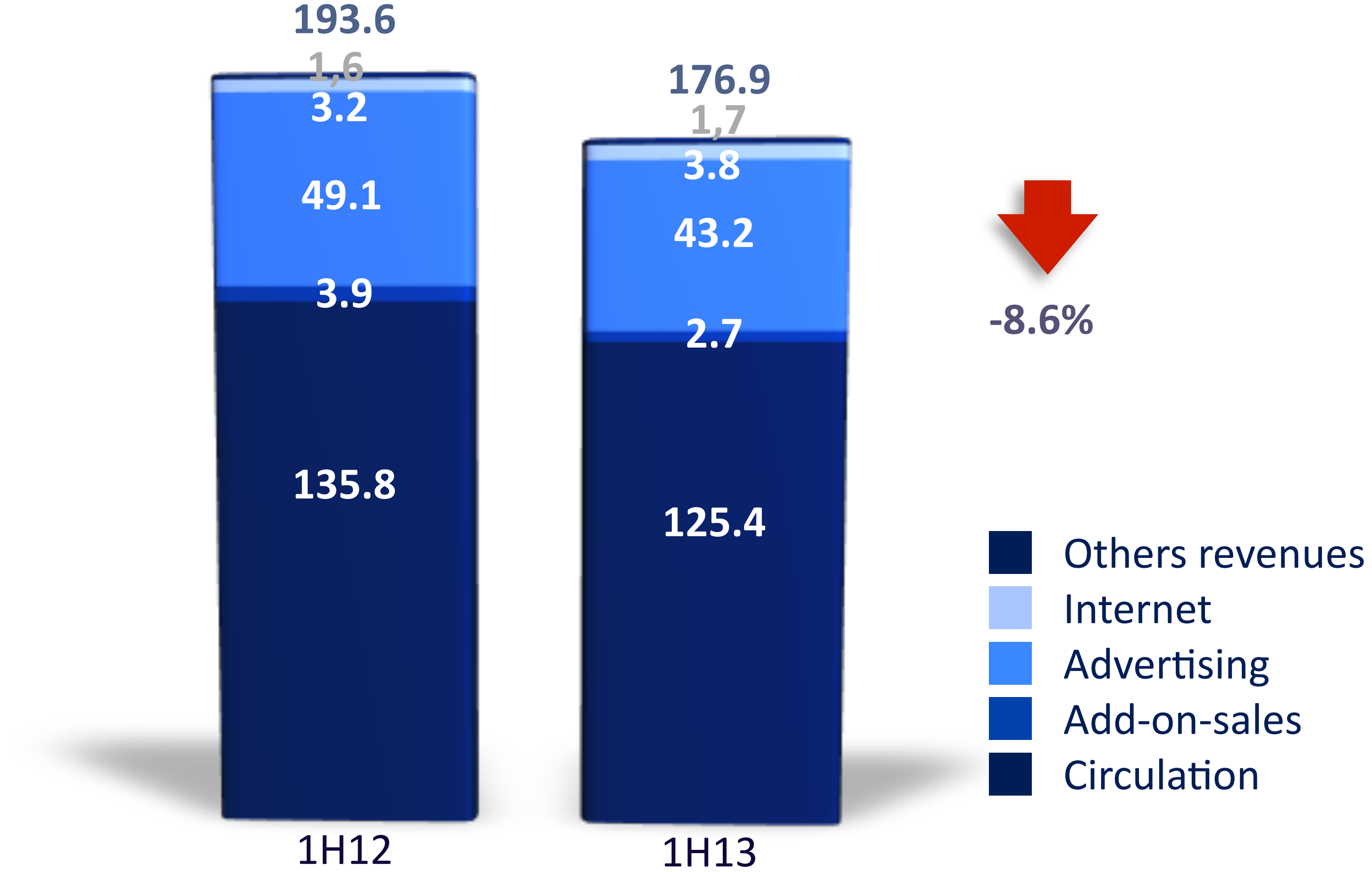


The steady increase in the market share of Mondadori France continued

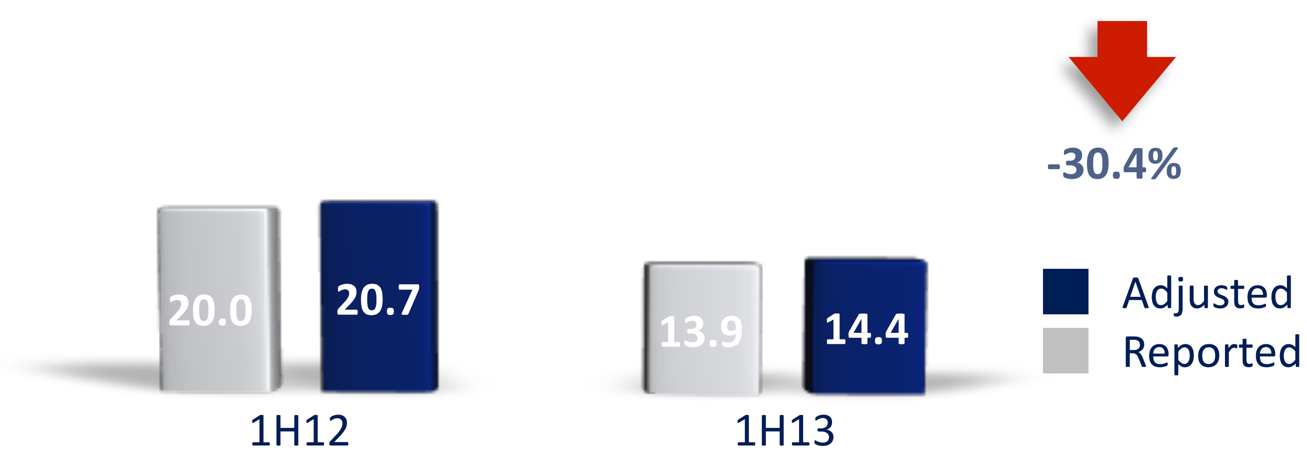
Kantar Media (May '13)

Mondadori France: financial highlights

Revenues (€ mio)



EBITDA (€ mio)



- Revenues: -7.5% on a like-for-like basis of which:
  - circulation: -6.8%
  - advertising: -10.4%
- EBITDA adjusted: -30.4% due to:
  - the impact on circulation of a strike at the main distributor (Presstalis)
  - comparison with 1H12 in which the advertising market was still positive (with a marked slowdown in 2H resulting in a FY12 result of -4.9%)
  - fewer issues of auto and TV guides
  - investments in digital

Actions during the period

- Mondadori France continued intense activities for the renewal of the editorial offer, including:

  - the launch of new titles: *Closer Teen* and *Vital* by *Top Santé*

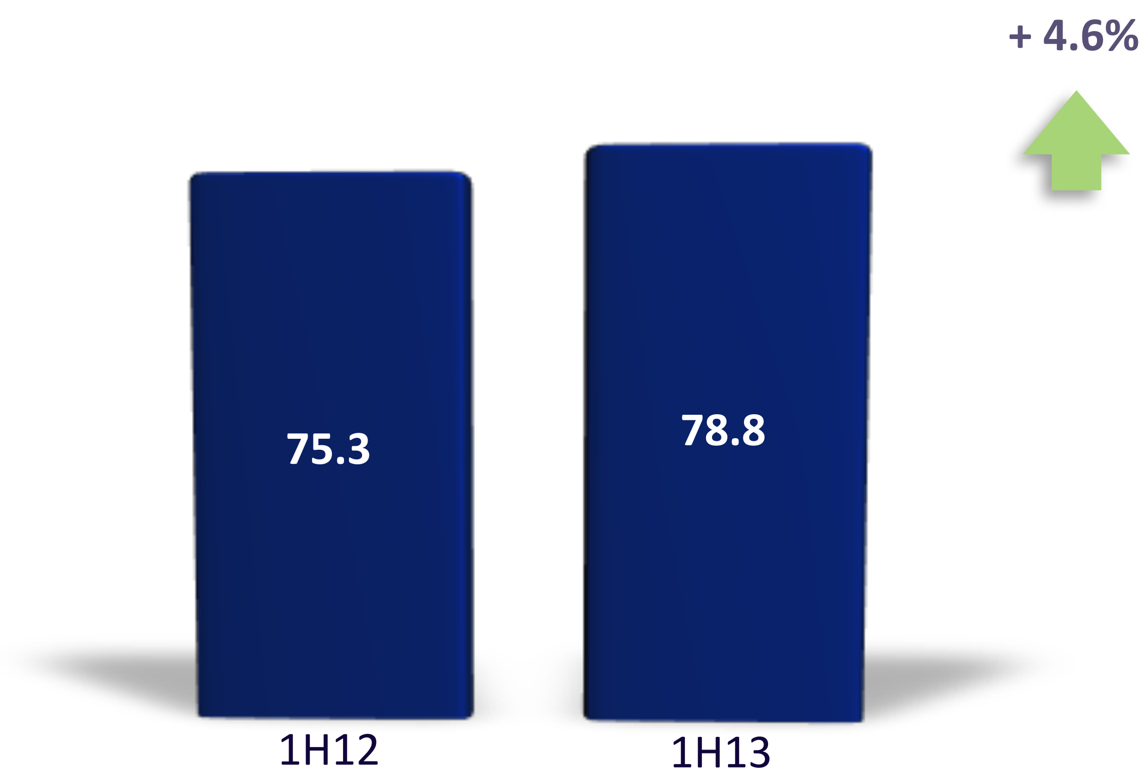
  - the first "web-to-print" experience with one of the most important cooking sites, *750g.com*

  - re-launches are planned in 2H of: *AutoPlus*,*Grazia*, and *Biba* and the launch of two new titles in the games and cooking segments

International magazines network: highlights

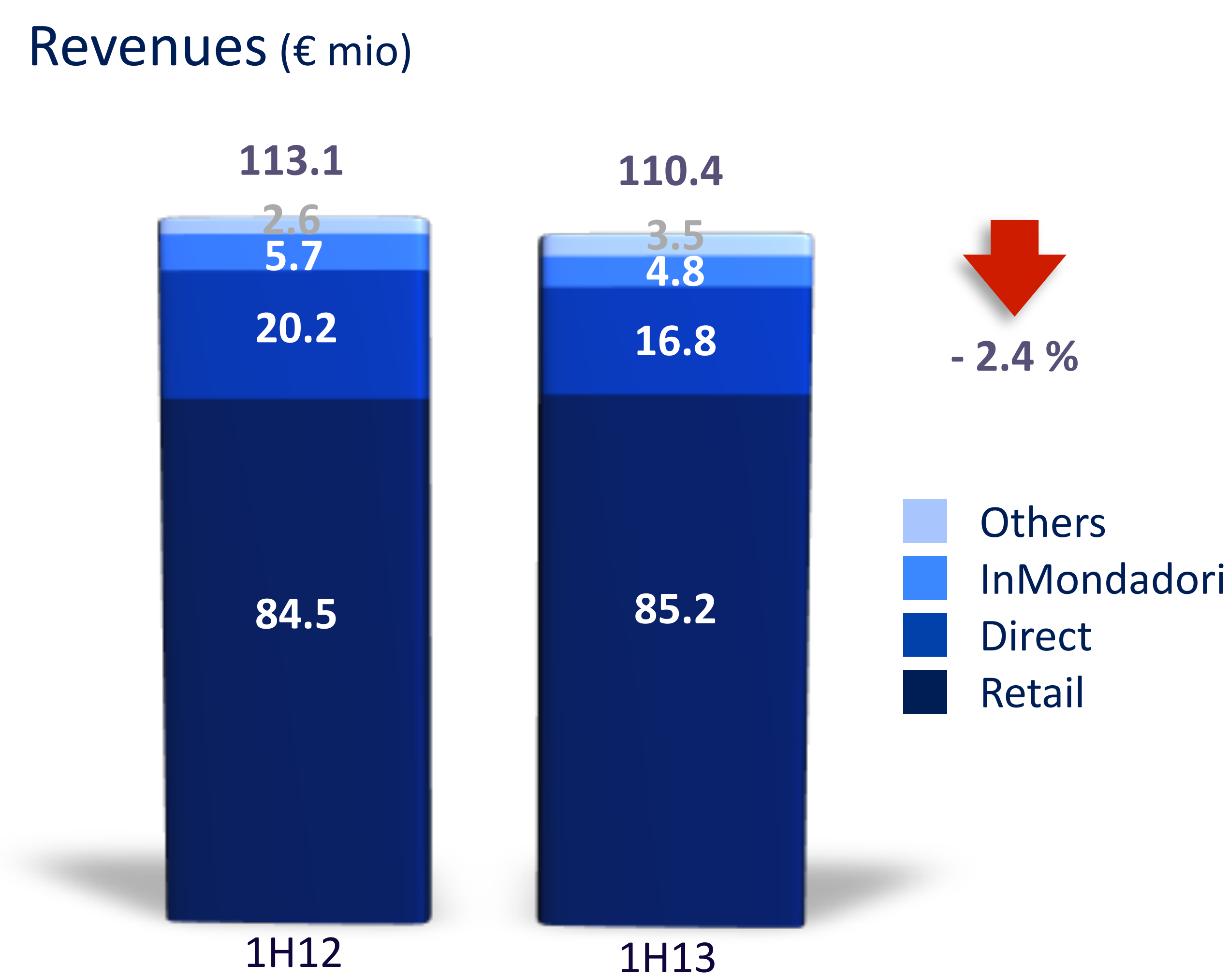
International Network

Total aggregated turnover (€ mio)



- With launches in Spain and South Korea the *Grazia Network* reached 22 editions. Revenues were up by 9% vs 1H12
- Positive trend also for the Joint Ventures
  - China: revenues +28% vs 1H12
  - Russia: revenues +9% vs 1H12
  - Attica: results stable, despite a difficult market context

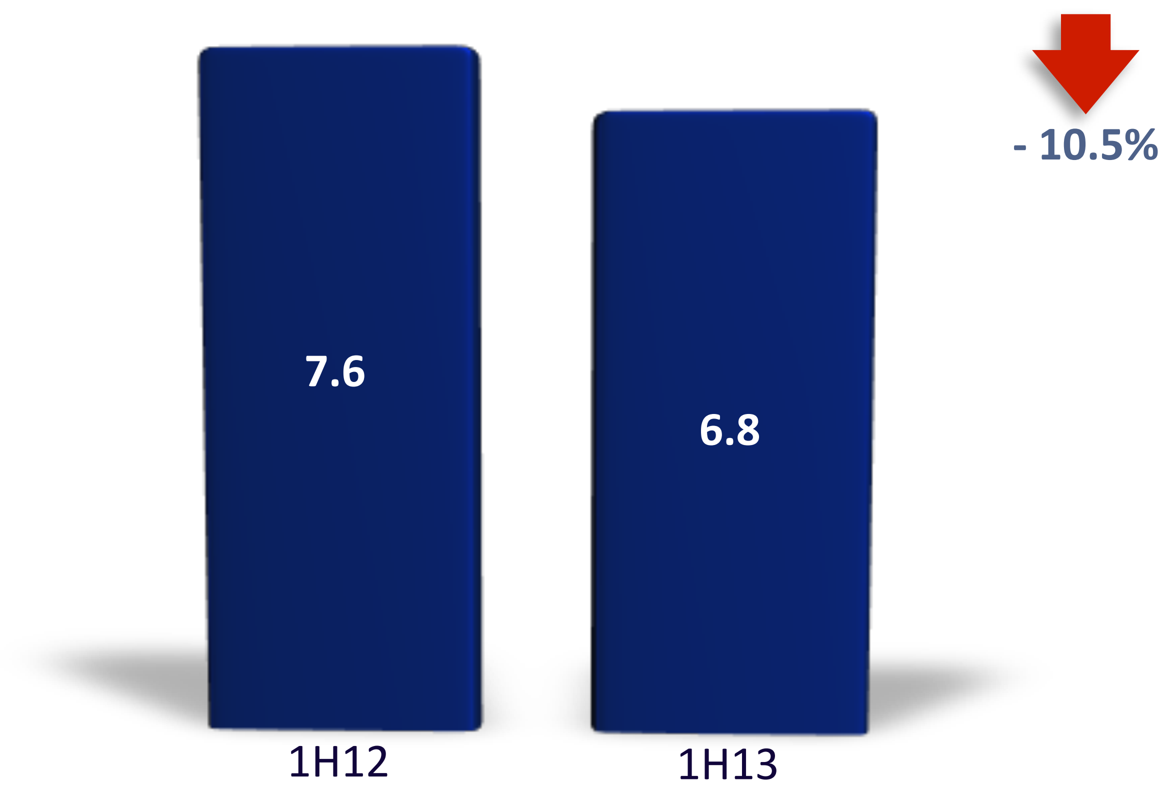
Direct & Retail: financial highlights



- Revenues: -2.4%
- Activities aimed at optimising the structure and improving profitability, including:
  - rationalisation of the network with the closure of 28 outlets
  - "solidarity procedure" and layoffs for 255 and 55 people respectively
  - diversification through the expansion of the product range and the Gift Box initiative in the bookshops and large-scale retail outlets

Radio: financial highlights

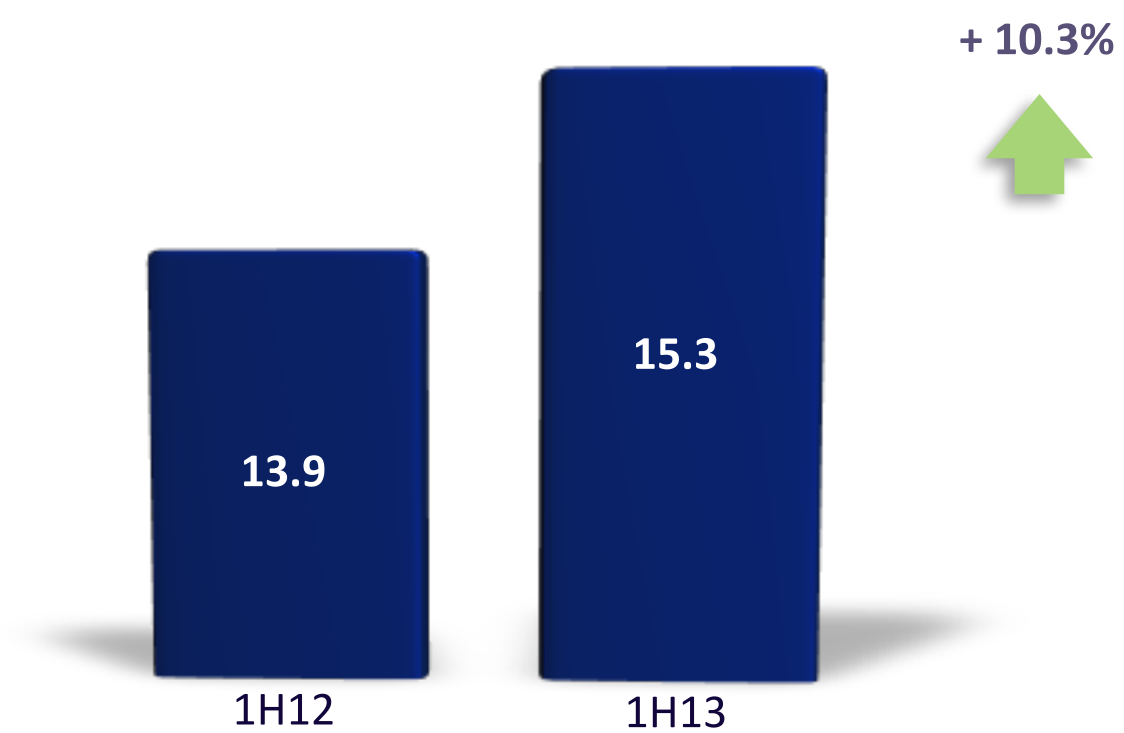
Revenues (€ mio)



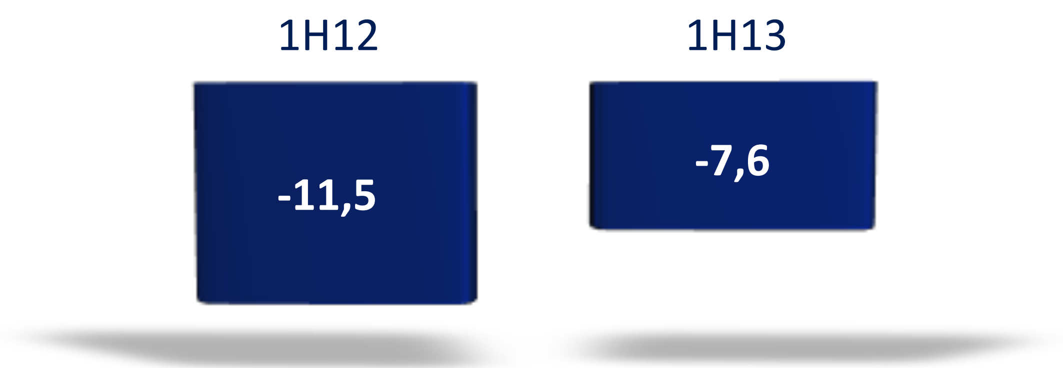
- Revenues were affected by the ongoing decline in the advertising market (-14.6% in the first 5 months of the year - Source: Nielsen)
- Mondadori:
  - continuous renewal of the radio station with the introduction of new music formats and sponsorship activities aimed at increasing awareness of the *R101* brand
  - a cost reduction plan has also been introduced

Digital: financial highlights

Revenues (€ mio)



EBITDA (€ mio)



- Revenues: 10.3% vs 1H12
- Italy:
  - on line adviertising: +9.3% vs market down by 0.3%
    - unique users: +117% for a total of 16 milion
    - pages views: +70% over 150 milion
    - *Glaming*: procedure started for the termination of the activity
- France:
  - on line advertising: +19%
  - unique users: +21.5% for a total totale 5 million
  - New sites for *Autoplus.fr, Closermag.fr, Science-et-vie.com, TopSante.com, Diapason.com* and iPad/iPhone applications for all sites

Digital: strategy in progress (1/2)

1) Products

- New web sites:
  - *Tustyle.it:* new launch together with the re-launch of the magazine
  - *Panorama Auto* addition of the video section for driving tests

- New projects in pipeline by year end/beginning of 2014:
  - *Tv Sorrisi* e *Canzoni* web site
  - Cooking project leveraging on *Sale&Pepe* brand
  - *Panorama* repositioning with more integration between paper and digitial
  - *Grazia International*: international web site under development

- Workshop on properties for:
  - Mondadori's extension of major brands on digital free Tv (Extra, IRIS, La5)
  - synergies in contents production (i.e. video) and digital marketing

- Scouting activities for new partners and/or targets to close the gap vs competitors in digital marketing, products and production

Digital: strategy in progress (2/2)

2) Organization

- Team Innovation:
  - definition of an organizationa structure to support all the business units
  - definition of the function related to the innovation
  - two high professionals profiles with a strong background in the area of technology and project management joining in autumn

- New organization of digital properties:
  - integration among different editorial divisions with the introduction of a digital manager
  - new functions for digital marketing, production, tech and development

- Workshop on innovation for :
  - Card and CRM projects to include all the different business units
  - CRM develoment for Book Trade
  - Under study with HR and Communication "MONDADORI DIGITAL LABS" in order to attract new talents and launch new start ups or valorize the assets and the contents of Mondadori

Outlook for the full year

- In the first half all the Group's activities have suffered the effects of the ongoing recession, which is not expected to improve during the rest of the year

- The actions carried out by the Group in support of the quality of the magazine brands, editorial programming and widespread efforts to reduce costs will generate more positive effects in the second half of the year, for which we can expect a gross operating margin in line or higher than the one of the seconf half of 2012

- Regarding FY 2013 the gross operating margin will be in any case below the one reached in 2012 considering the positive non recurring items booked in 2012 and higher restructuring costs for the current year

Annexes

1. Results breakdown

Results breakdown 1H13

Revenues

€ mio	1H12	1H13	change
Books	144.6	134.0	-7.3%
Magazines Italy	209.9	177.9	-15.2%
Magazines France	193.6	176.9	-8.6%
Mondadori Adv.	960	76.8	-20.0%
Direct & Retail	113.0	110.4	-24.0%
Radio	7.6	6.8	-10.5%
Holding&Others	11.1	9.9	-11.1%
Gross revenues	775.8	692.7	-10.7%
Intercompany	-99.6	-80.4	nm
Net revenues	676.2	612.3	-9.4%
of which Digital	13.9	15.3	10.3%

EBITDA reported

€ mio	1H12	1H13
Books	14.1	9.8
Magazines Italy	14.8	3.6
Magazines France	20.0	13.9
Mondadori Adv.	-3.2	-3.5
Direct & Retail	-3.8	-5.2
Radio	-0.4	-1.6
Holding&Others	-5.5	-22.3
Total EBITDA	36.0	-5.3
of which Digital	-11.5	-7.6