



# MONDADORI

Mandatory public notification (as per CONSOB Regulation N° 11971 of May 14, 1999 and subsequent modifications).

## PRESS RELEASE

Board of Directors approves the Group's consolidated annual report and results for the year to 31 December 2009

- **CONSOLIDATED REVENUES OF €1,540.1 MILLION:  
-9.2% LIKE-FOR-LIKE COMPARED WITH THE €1,695.3 MILLION OF 2008**
- **CONSOLIDATED GROSS OPERATING PROFIT NORMALIZED AT €133.1 MILLION:  
-34.3% COMPARED WITH €202.7 MILLION IN 2008**
- **CONSOLIDATED NET PROFIT OF €34.3 MILLION:  
-64.7% COMPARED WITH THE €97.1 MILLION OF 2008**
- **NET FINANCIAL POSITION OF -€372.9 MILLION  
AN IMPROVEMENT OF €117.4 MILLION COMPARED WITH 2008**

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## **PROPOSAL FOR THE NET PROFIT OF THE PARENT COMPANY TO BE DESTINED TO AN EXTRAORDINARY RESERVE**

*Segrate, 23 March 2010* - The Board of Directors of Arnoldo Mondadori Editore S.p.A. met today, under the Chairmanship of Marina Berlusconi, to examine and approve the consolidated balance sheet and management report for the year to 31<sup>st</sup> December 2009 as presented by the Group's Deputy Chairman and Chief Executive, Maurizio Costa.

### ***The market scenario***

2009 saw the full effects of the international financial crisis that was the forerunner to a recession that has severely undermined on the real economy, with a well-documented impact on production, consumer spending and employment.

During the year economic indicators continued to worsen, with an inevitable knock-on effect on corporate decisions, not merely on costs, but also and above all on investments, penalising any possible recovery which continued to be seen as difficult and far off.

### ***Brief outline of business trends***

In the sectors in which Mondadori operates the really critical element was the trend in **advertising investments** in magazines, which resulted for the Group in a sharp fall in revenues, despite sales, both in France and Italy, being better than the reference markets.

In the **magazine sector** Mondadori in **Italy**, thanks to the quality of its titles, was able to hold circulation relatively steady, while the market for add-on sales continued the expected sharp fall. In **France**, where a review of the product portfolio was completed, positive circulation figures were confirmed, also thanks to the contribution of subscriptions. At the end of August, the weekly women's title *Grazia* was launched, with better than expected results, both in terms of sales and advertising.

In a **book** market which in Italy showed a slight tendency to buck the prevailing trends in consumer spending, Mondadori produced results, both in terms of revenues and profitability, in line with 2008, which was a record year due to the number of bestsellers, thanks to the publication of a number of successful new titles.

There was increased attention for the activities of other business. **R101**, the group's radio station, in the last months of the year saw an upturn in advertising sales, anticipating what is hoped will be a recovery in 2010. There was a particularly intense expansion of the **retail** sector thanks to franchising agreements and a further push was given to the **digital** area, both for book sales and in magazines with sites for the main titles in Italy and France, as well as advertising sales, also through new joint ventures.

### **Significant events during the year**

In addition to a sharp focus on the business, as indicated above, Mondadori's reaction to an extraordinarily complex and negative market situation included a number of specific operations:

- the **sale** of 80% of the **printing business**, finalised at the end of 2008, a year in which there was a marked improvement in the financial position and consistent capital gains. In 2009 the partnership generated the expected positive impact, both in terms of the maintenance of standards of printing quality and flexibility, and reductions in costs;
- the continuation, with increased commitment, of a four-year plan for **operating cost reductions** begun in 2008 and centred on actions on cost structures, without sacrificing product quality, and a wide-ranging restructuring programme, both in Italy and in France. The plan, that has already generated cost savings during 2009 of around €110 million, aims, by the end of 2011, to achieve total savings, on a like-for-like basis of €170 million;
- **debt restructuring**, begun and completed during 2009, led in the final months of the year to an improvement in the financial flexibility of the business, with the expansion of covenants and the extension of terms on credit lines from banks.

### **GROUP PERFORMANCE IN THE YEAR TO 31 DECEMBER 2009**

An outline of the results for the year 2009 will include the effects of some of the operations described above, particularly in the differences with 2008, in terms of capital gains and restructuring charges. Consequently, what follows is an indication of normalized operating profit, excluding the effects of the changes mentioned above.

**Consolidated revenues** in 2009 came to **€1,540.1 million**, a fall of 15.3% on the €1,819.2 million of 2008. On a like-for-like basis, excluding the printing business sold last year, revenues (€1.695,3 million in 2008) were down by 9.2% (only -2.6% in the last quarter of the year).

**Consolidated gross operating profit** for 2009 amounted to €106.2 million, a fall of 57.4% on the €249.2 million of the previous year.

Excluding the results from the printing business (on a like-for-like basis), capital gains and charges for organisational restructuring, **normalized consolidated gross operating profit** came to **€133.1 million**, a fall of 34.3% on the €202.7 million of 2008; a reduction essentially due to the downturn in advertising revenues and investments for the launch of *Grazia* in France; the impact of these two factors were mitigated by the growing results of efforts to reduce operating costs.

In this regard, it is worth underlining that in the last quarter of 2009 the fall was of 8.5% (-€4.8 million) compared with the same period of the previous year, which provides a clear indication of a significant slowdown in the downward trend.

**Consolidated operating profit** for 2009 amounted to **€71.8 million**, a 64.7% fall on the €203.5 million of 2008, with amortizations and depreciations on tangible assets of €13.4 million (€31.1 million in 2008) and intangibles of €20.9 million (€14.6 million in 2008).

**Consolidated pre-tax profit** came to **€63.9 million**, a fall of 57.8% on the €151.4 million of 2008, with an improvement of €44.2 million in net financial charges, the result of the lower cost of money, as well as lower average indebtedness and capital gains from debt restructuring activities (€14.5 million).

**Consolidated net profit** for 2009 amounted to **€34.3 million**, a 64.7% reduction on the €97.1 million (around €32 million of which from capital gains) of the previous year.

**Consolidated gross cash flow** (net profit plus amortizations) at 31 December 2009 came to **€68.7 million** compared with €142.8 million in 2008.

The **consolidated net financial position** went from -€490.3 million at the end of 2008 to -€372.9 million on 31 December 2009, an improvement of €117.4 million; compared with 30 September 2008 (i.e. before the sale of 80% of Mondadori Printing) the improvement was of €271.6 million.

#### Information concerning personnel

On 31 December 2009 permanent and temporary contract staff employed by the companies of the Group amounted to 3,750 (3,925 on 31 December 2008).

The consolidated figure, therefore, shows a fall of 175 (-4.5%), obtained through a block on turnover and efficiency policies related to the launch of the restructuring plan.

Personnel costs for 2009 came to €302.8 million, a fall of 15% compared with the previous year. However, the figure is not comparable in that the figure for 2008 includes, for ten months, the printing business. In fact, excluding the labour costs for Mondadori Printing and costs related to restructuring, the reduction was of 8%.

As already indicated, the Group will pursue, both in Italy and France, a reorganisation plan, begun in 2008, with the aim of achieving further significant efficiency gains by the end of 2011.

## **THE BUSINESS AREAS**

- **Books**

The Mondadori Book Division recorded total revenues in 2009 of **€425.7 million**, compared with €434.3 million in the previous year (-2%); excluding add-on sales, the fall was of 1%.

During 2009 the Group published 2,449 new titles (2,695 in 2008) and 5,137 reprints (5,225 in 2008), a total of 51.6 million copies, compared with 53.4 million in previous year.

Over the year the Mondadori Group confirmed its leadership position, with a 28.4% market share in terms of value, and with a clear advantage over its competitors. The slight fall in the Group's overall share was due to the expected downturn by Edizioni Mondadori compared with 2008, a year that was positively conditioned by the success of Paolo Giordano, winner of the Premio Strega with *La solitudine dei numeri primi*. Of note, compared with the previous year, was the growth in the market share of Einaudi, which, once again in 2009, was Italy's second largest publishing house.

As regards the performance of the individual companies, **Edizioni Mondadori** generated revenues of €142 million, a slight fall on the previous year (-1.4%). Two new titles published in 2009 met with particular success among readers: *Il simbolo perduto* by Dan Brown, published in October, sold more than a million copies in just over two months (and became the year's biggest selling title). There was also great success for *Il tempo che vorrei* by Fabio Volo, which in just over a month sold over 600,000 copies. Of particular note was *Venuto al mondo* by Margaret Mazzantini, winner of the Premio Campiello Letteratura. Published in November 2008, the novel had sold, by the end of 2009, a total of more than 500,000 copies. Remaining with Italian fiction, the exceptional sales of *La solitudine dei numeri primi* by Paolo Giordano continued which, two years after it was first published, has now sold more than 1,300,000 copies in Italy, and been published in 30 foreign translations.

In foreign fiction there was continued success for *Marina* by Carlos Ruiz Zafon (340,000 copies); of note in non-fiction was the book by Bruno Vespa, *Donne di cuori*, which sold more than 300,000 copies, making it the year's top selling non-fiction title. Also the Strade Blu series saw continued success, especially with Roberto Saviano, with *Gomorra* and *La bellezza e l'inferno*.

During the period revenues at **Einaudi** amounted to €50.2 million (-2.9%). The fall was mainly due to a downturn in revenues for the sale of rights for add-on sales initiatives. Among the publisher's series good performances were recorded Italian fictions (+27%), also as a result of the award of the Premio Strega to Tiziano Scarpa for *Stabat Mater* (over 140,000 copies), and by Economici (+5.3%). Other successful titles during the period included: *Che la festa cominci* by Niccolò Ammaniti (300,000 copies), *Un luogo incerto* and *Scorre la Senna* by Fred Vargas (a total of over 180,000 copies), *Il museo dell'innocenza* by Orhan Pamuk (55,000 copies).

Revenues at **Sperling & Kupfer** were up by 11.5% compared with the previous twelve months, reaching €23.2 million. Actions to re-focus the offer, begun in 2008, continued with a further containment in the number of new titles and copies produced. Among the biggest hits were *Il gioco delle verità* by Sveva Casati Modignani (170,000 copies).

In 2009 **Piemme** generated net revenues of €44.4 million (-8.8%). This result was achieved thanks to the excellent performance of the religion and paperback lines, that compensated for an expected downturn in fiction, determined by hard cover sales of Hosseini.

Revenues at **Mondadori Electa** during 2009 came to €40.3 million, a 5.4% fall on the previous year.

**Mondadori Education** generated net revenues of €81.7 million (-5.1%), maintaining a significant position in the school textbook sector, with a market share of 13.3%, and confirming its leadership position in the primary school segment.

- **Magazines Italy**

2009 was strongly characterised by the effects of the crisis in the second half of 2008 which continued to affect also the year just ended.

The fall in consumer spending affected all sectors of print media, impacting readers propensity to buy and, even more markedly, the level of advertising investment in traditional media. In terms of circulation, there was not so much a fall in the number of buyers as a downturn in the frequency of buying.

The fall in advertising revenues was, in turn, affected by both a fall in volumes and an inevitable reduction in ad rates. It should be noted, however, that Mondadori titles outperformed the market, in particular in the most relevant segment, that of weeklies.

In this difficult context, which in any case saw a strong reaction by Mondadori in terms of initiatives and management, the revenues of the Division in Italy came to **€494.3 million**, a fall of 14.1% compared with the €575.7 million of 2008.

This was largely due to the following phenomena:

- a fall in circulation revenues (-3.6%) mainly the result of a reduction in volumes and only in part compensated by cover price increases;
- a marked slump in add-on sales (-18.4%) which, while sustained by a significant increase in the number of initiatives, recorded an expected fall in average sales per single operation;
- a substantial downturn in advertising revenues (-27.1%) split across, albeit unevenly, all advertising sectors and almost all titles.

Actions taken to face this unfavourable market situation included the support and development of titles, with a priority on actions aimed at improving efficiency and reducing operating and structural costs.

In the last quarter of 2009 the Group was also engaged in the implementation of an ambitious corporate restructuring plan, made possible by agreements reached with the unions in August and October for the adoption of measures foreseen by current norms to be applied at times of crisis, as well as individual incentives, affecting both graphics/layout and journalistic staff.

In terms of circulation, in a market that was a downturn of around 7%, Mondadori confirmed its leadership with a share of around 35%.

In the women's segment *Donna Moderna* maintained its circulation revenues thanks also to an increase in the cover price introduced at the beginning of the year, while in the market area *Grazia* more than confirmed the sales levels of 2008. Of special note were the sales of *Tu Style*, so radically redesigned as to be considered an authentic "launch", that drove circulation to 190,000 copies (+45%), increasing circulation revenues by 30%.

In the newsmagazine segment *Panorama* underlined its position of pre-eminence by further expanding the gap from competitors.

In the TV guides segment, which has been suffering from a long-term decline in circulation, the various titles in the Mondadori portfolio resisted rather well. In particular *TV Sorrisi e Canzoni* which, thanks to both a cover price increase during the year and constant efforts to renew the title, saw a very contained fall in circulation (-3%).

Among monthly titles there were particular problems with titles in the interiors and design segments (-5% in circulation revenues) while cookery titles performed well, showing growth in both circulation and revenues.

There were also promising prospects for *Flair* which, after its July relaunch, saw an encouraging increase in newsstand sales.

In add-on sales, that have been particularly relevant in the past for the profitability of a number of publishing groups, there was a continuation of the negative trend (-22.1%). Mondadori nevertheless generated significant revenues, performing slightly better than the market (-18.4%), and confirming its position as market leader, also with respect to the leading national daily newspapers.

### Digital

Mondadori is active online with 47 web sites that cover all of the Group's activities, with 2009 revenues that recorded growth of 13%, in a market that grew by 5.1% (Source: Nielsen).

Particularly positive was the performance of the Group's sites for women, including *Donnamoderna.com*, *Starbene.it*, *Grazia.blog.it* and *Cosmopolitan.it*. Leadership in the segment will be further strengthened in 2010 with the *GraziaMagazine.it* site, launched in February.

### International activities

During 2009 the international activities of Mondadori magazines generated total revenues of **€118.5 million**.

Thanks to a good performance by titles, and in particular an excellent performance by *Grazia* UK, licensing revenues were up by 15.4%; there was also a sharp increase in revenues from advertising for titles in the network (+34.4%), which partly compensated the fall in syndication revenues.

During the year the intense activities for the launch of new international editions continued: *Grazia* arrived in China, France, Thailand and Indonesia; *Flair* in the Czech Republic, Slovakia, Slovenia and Hungary, and *Casaviva* in India. Despite the overall economic-financial crisis, and the specific difficulties facing the media, the initial indications from these new initiatives are very positive and ahead of expectations.

In February 2010 the 'Grazia International Network' expanded again with the launch of the German edition of the magazine.

The subsidiary Attica was affected in Greece and the Balkans by cutbacks in advertising expenditure, but a sharp focus on containing costs was able to counterbalance the fall in revenues (-16.2%).

Among the international editions produced by the Group's joint ventures, special mention should be given to *Grazia* Russia and *Grazia* China, launched in February 2009, that achieved higher than expected levels of circulation, in the face of advertising revenues that were affected by the international economic downturn.

- **Magazines France**

The Magazine Division in France generated 2009 revenues of **€343.5 million**, a fall of 8.2% compared with the €374.1 million of the previous year. On a like-for-like basis, i.e. net of titles sold and new launches, the fall was of 6.6%.

During the period the activities of Mondadori France were characterised by the following:

- the launch, at the end of August, of the weekly *Grazia France*, the upscale women's title that from its first issues was well received both by readers and by the advertising market. Average circulation reached 180,000 copies (Source: OJD 2009), compared with an initial target of 160,000; while on the advertising side, *Grazia* France remained at an average of 32 pages per issue (+50% on the target), with a portfolio of upscale clients (fashion and cosmetics);
- the grouping of the magazines *Auto-Journal* and *Sport Auto* in the EMAS joint venture, that publishes the weekly *Auto Plus*, means that it will become the leading publisher in the auto segment in France and a vital point of reference for advertisers in the sector;
- a company reorganisation plan that foresees the cessation of publication of six titles (*Mixte*, *Caméra Video*, *Le Photographe*, *ADDX*, *FHM* and *La Nouvelle Revue du Son et du Home Cinema*) in line with the policy of focusing on more mass market titles, will also make it possible to realise significant cost reductions;
- a plan to optimise costs concerning the company's offices will be completed in 2010.

These changes, along with significant measures related to the restructuring of the company, had a negative impact at the operating level during the year of around €28 million.

Circulation revenues at Mondadori France, which include newsstand sales and subscriptions (around 70% of the total), were down by 6% (-4.9% on a like-for-like basis).

In detail, newsstand sales fell by 8.9%, while subscriptions were in line with the previous year. According to DFP (Diffusion France Payée) figures, the company saw a shortfall in terms of copies of 1.8%, outperforming the market (-3.5%). Among the best performing titles were the monthlies *Biba*, *Science&Vie Junior*, *Modes et Travaux* and *Top Santé*, and the weekly *Télé Star* which was the top performer in the TV guides segment.

2009 was particularly difficult for the advertising market in France, with investments down by 13% (in terms of volume, Source: TNS). Mondadori, meanwhile, performed better than the market with a fall of 10.3% in terms of volume, thanks to the aforementioned launch of *Grazia* and a good performance by *Biba* in the upscale monthly segment, recording revenues of €81.6 million (-13.8% compared with the previous twelve months).

- **Advertising**

Mondadori Pubblicità ended 2009 with revenues of **€250.4 million**, compared with the €331 million of 2008 (-24.4%), proving able to at least partially contain the slump recorded in the first months of the

year, thanks to a decidedly better second half in the markets of reference. The market share in magazines covered by the advertising company in 2009 was of around 26.6% (Source: Nielsen).

The results of 2009 were also characterised by two changes:

- total sales were impacted by the absence, in the last two months of the year, of the titles published by Società Europea di Edizioni S.p.A. (*Il Giornale* and its supplements);
- the inclusion of sales for Radio Kiss Kiss from the month of March 2009.

The magazine portfolio, essentially unchanged with respect to 2008, recorded a performance that, while decidedly negative (-27.6%), was nevertheless better than the market of reference, despite a slump in some key sectors for the company, including fashion, furnishings, cosmetics, as well as auto, telecoms, finance and FMCGs. This result was made possible thanks to the weekly titles, while monthlies were in line with the market.

Sales for radio in 2009 were above the trend in the market, where R101 ended the year with a fall of 6.4%, but included sales for Radio Kiss Kiss, which entered the portfolio in March 2009, increasing the company's revenues in the sector to a total of €25.5 million.

On the Internet front, there was a substantial recovery in the summer months, with the Donnamoderna.com site recording an increase in revenues of 13.8%.

Mediamond, the joint-venture between Mondadori Pubblicità S.p.A. and Publitalia '80 S.p.A. for online advertising online, began operations in January 2010 and currently can count on a product portfolio that every month reaches around 8 million unique users with 600 million page views.

- **Direct marketing**

In 2009 the market for direct marketing saw a downturn of 15.8% (Source: Nielsen in terms of value). In this context **Cemit Interactive Media** reacted by identifying new clients and new operations, which had greatest success among a number of important Italian companies in the consumer, financial-insurance, automotive and non-profit sectors. All of which made it possible to contain the fall in revenues to 6.3%, closing at **€20.9 million**, compared with €22.3 million in 2008.

- **Retail**

The total revenues of the Retail Division in 2009 amounted to **€194 million**, essentially in line (-0.3%) with the €194.5 million of 2008, with different trends in the two halves of the year: the first six months closed with a fall of 3.6%, while the second half recorded growth of 2.4%.

**Mondadori Franchising** recorded 2009 revenues of €74.2 million, an increase of 11.6% on the €66.5 million of 2008. During the period the company continued with its expansion programme, and the network now has the largest number of outlets for the sale of editorial products in Italy, with 249 bookshops (227 in December 2008) and 203 Edicolò (177 in December 2008).

**Mondadori Retail** generated revenues in 2009 of €119.8 million (-6.4%), compared with €128 million in 2008. A revenues breakdown shows that trends were different for different categories of goods. Editorial products remained essentially unchanged, stationery and gifts grew while there was a fall in IT and audio-video.

The network continued to expand in 2009 with the opening of three new outlets (Rome, Turin and Palermo), bringing the total to 23 bookstores and 9 Multicenters.

- **Radio**

Advertising investments in radio market during 2009 were down by 7.7% on the previous year (Source: Nielsen). The excellent performance in the last quarter went a long way to rebalancing the sharp slump in the first months of the year. It also raises hopes for 2010 and confirms the value and the credibility of radio as an effective advertising media.

2009 net revenues at R101 amounted to **€13.8 million** (-6.8%), compared with €14.8 million in 2008, and correspond to advertising sales of €16.9 million (-6.4% on the €18.1 million of 2008).

In terms of ratings, R101 confirmed its position as the 5<sup>th</sup> most popular commercial radio network in Italy among those who have participated in the new Audiradio diary panel, with a daily average of around 2 million listeners and around 6.2 million over 7 days, reaching a pool of around 9 million listeners over 28 days.

### **RESULTS OF THE PARENT COMPANY ARNOLDO MONDADORI EDITORE S.P.A.**

The Annual Report of the parent company, Arnoldo Mondadori Editore S.p.A., for the year to 31 December 2010, shows a net profit of €53.2 million (€66.2 million on 31 December 2008), while gross operating profit came to €43.6 million (€97.9 million in 2008).

The last indicator was particularly affected by the negative performance of the Magazine Division, which was in difficulty in terms of circulation, saw a further fall in the market for add-on sales and for a severe downturn in advertising.

### **FORECAST FOR THE FULL YEAR**

There were no significant changes in prevailing market trends in the first two months of the current year compared with the previous year in terms of consumer spending and, above all, in advertising investments. It is therefore reasonable to presume that there will be a continuing period of uncertainty before any solid recovery.

Given this situation, significant importance should be given to the Mondadori Group's commitment to reducing operating costs, with the pursuit of measures additional to those that already in the fourth quarter of 2009 allowed the company to record a level of profitability close to that of the same period of the previous year.

The strategic priorities on which the company will focus during the year will include a further focus on product quality and the management of the core business, alongside investments in growth areas, above all digital.

Over the short term it remains difficult to make detailed forecasts for the markets in which Mondadori operates. It is, however, possible to estimate that, unless there is a downturn in the current trends in advertising investments, the company will be able to improve the level of operating profitability compared with last year.

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### **PROPOSAL FOR THE DESTINATION OF NET PROFIT FOR THE YEAR ENDED 31.12.2009**

The Board of Directors agreed to propose to the Annual General Meeting of the Shareholders, called for 27 April 2009 (or 28 April on second calling), the deposit of the entire net profit for the year ended on 31 December 2009 of Arnoldo Mondadori Editore S.p.A., equal to €53,179,772.38, to the extraordinary reserve.

The proposal of the Board of Directors not to pay out a dividend for 2009 is consistent with the context indicated in the forecast for the full year and will also allow the company to successfully complete the ongoing process of reorganisation and to pursue the activities indicated above.

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### **SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD ALREADY COMMUNICATED TO THE MARKET**

On 8 February 2010, Arnoldo Mondadori Editore S.p.A. signed a preliminary agreement with Società Holding Industriale di Grafica S.p.A. for the acquisition of 50% of the share capital of Mondolibri S.p.A., 50% of which is already owned by Mondadori in a joint-venture with Direct Group Bertelsmann.

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### **DECLARATION BY THE EXECUTIVE RESPONSIBLE FOR THE COMPANY'S ACCOUNTS**

The executive responsible for the preparation of the company's accounts, Carlo Maria Vismara, declares that, as per art. 2, 154 bis of the Single Finance Text, the accounting information contained in this release corresponds to that contained in the company's formal accounts.

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*The results of 2009 will be outlined by the deputy chairman and chief executive, Maurizio Costa, and the CFO, Carlo Maria Vismara, at a meeting with the financial community to be held today at 14.30 pm at the company's headquarters in Segrate.*

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The Annual Report for the year ended 31 December 2009, containing the management report and the reports of the statutory auditors and the external auditors, along with all other legally required documentation, will be made publicly available by 12 April at the company's corporate offices, at the Borsa Italiana S.p.A., as well as on the corporate web site [www.mondadori.it](http://www.mondadori.it) (in the Investor Relations section).

Enclosures:

1. *consolidated balance sheet*
2. *consolidated income statement*
3. *consolidated cash flow statement*
4. *balance sheet of Arnoldo Mondadori Editore S.p.A.*
5. *income statement of Arnoldo Mondadori Editore S.p.A.*
6. *cash flow statement of Arnoldo Mondadori Editore S.p.A.*

*(It should be noted that the full external auditing of the enclosed figures has not yet been completed).*

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Encl. 1

**Consolidated balance sheet (in €m)**

<b>Assets</b>	<b>31 December 2009</b>	<b>31 December 2008</b>
<b>Intangible assets</b>	<b>904.3</b>	<b>930.9</b>
<b>Fixed assets</b>	<b>2.5</b>	<b>2.6</b>
Land and buildings	11.4	18.3
Plant and machinery	7.2	10.3
Other assets	29.7	32.2
<b>Property, plant and machinery</b>	<b>48.3</b>	<b>60.8</b>
Investments booked using net equity method	143.3	140.8
Other investments	0.2	0.2
<b>Total investments</b>	<b>143.5</b>	<b>141.0</b>
<b>Non-current financial assets</b>	<b>0.5</b>	<b>2.0</b>
<b>Advanced taxes</b>	<b>46.2</b>	<b>38.9</b>
<b>Other non-current assets</b>	<b>2.9</b>	<b>2.8</b>
<b>Total non-current assets</b>	<b>1,148.2</b>	<b>1,179.0</b>
<b>Tax credits</b>	<b>23.6</b>	<b>20.1</b>
<b>Other current assets</b>	<b>87.0</b>	<b>90.3</b>
<b>Inventories</b>	<b>124.0</b>	<b>123.4</b>
<b>Trade receivables</b>	<b>378.3</b>	<b>417.3</b>
<b>Stocks and other current financial assets</b>	<b>41.4</b>	<b>68.5</b>
<b>Cash and equivalents</b>	<b>119.6</b>	<b>330.5</b>
<b>Total current assets</b>	<b>773.9</b>	<b>1,050.1</b>
<b>Assets destined to be sold or closed</b>	<b>-</b>	<b>-</b>
<b>Total assets</b>	<b>1,922.1</b>	<b>2,229.1</b>
<b>Liabilities</b>	<b>31 December 2009</b>	<b>31 December 2008</b>
<b>Share capital</b>	<b>67.5</b>	<b>67.5</b>
<b>Share premium reserve</b>	<b>286.9</b>	<b>286.9</b>
<b>Other reserves and results carried forward</b>	<b>155.8</b>	<b>55.7</b>
<b>Profit (loss) for the period</b>	<b>34.3</b>	<b>97.1</b>
<b>Total Group shareholders' equity</b>	<b>544.5</b>	<b>507.2</b>
<b>Minority capital and reserves</b>	<b>1.8</b>	<b>1.9</b>
<b>Total shareholders' equity</b>	<b>546.3</b>	<b>509.1</b>
<b>Reserves</b>	<b>58.4</b>	<b>39.7</b>
<b>Severance payments</b>	<b>59.0</b>	<b>61.4</b>
<b>Non-current financial liabilities</b>	<b>382.2</b>	<b>674.0</b>
<b>Deferred tax liabilities</b>	<b>89.1</b>	<b>88.9</b>
<b>Other non-current liabilities</b>	<b>0.1</b>	<b>-</b>
<b>Total non-current liabilities</b>	<b>588.8</b>	<b>864.0</b>
<b>Income taxes payable</b>	<b>20.4</b>	<b>23.6</b>
<b>Other current liabilities</b>	<b>256.7</b>	<b>258.8</b>
<b>Trade liabilities</b>	<b>357.7</b>	<b>356.3</b>
<b>Bank debts and other financial liabilities</b>	<b>152.2</b>	<b>217.3</b>
<b>Total current liabilities</b>	<b>787.0</b>	<b>856.0</b>
<b>Liabilities deriving from sales or closures</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>	<b>1,922.1</b>	<b>2,229.1</b>

Encl. 2

**Consolidated income statement (in €m)**

<b>Consolidated income statement</b>	<b>FY 2009</b>	<b>FY 2008</b>	<b>% change</b>
Income from sales of goods and services	1,540.1	1,819.2	(15.3%)
Personnel costs	302.8	356.4	(15.0%)
Cost of sales and management (*)	1,133.4	1,219.0	(7.0%)
Income (charges) from investments calculated on a net equity basis	2.3	5.4	(57.4%)
<b>Gross operating profit</b>	<b>106.2</b>	<b>249.2</b>	<b>(57.4%)</b>
- as a proportion of revenues	6.9%	13.7%	
Depreciation of property, plant and machinery	13.5	31.1	(56.6%)
Depreciation of intangible assets	20.9	14.6	43.2%
<b>Operating profit</b>	<b>71.8</b>	<b>203.5</b>	<b>(64.7%)</b>
- as a proportion of revenues	4.7%	11.2%	
Net financial income (charges)	(7.9)	(52.1)	(84.8%)
Other financial income (charges)	-	-	-
<b>Profit for the period before taxation</b>	<b>63.9</b>	<b>151.4</b>	<b>(57.8%)</b>
Tax charges (income)	29.0	53.6	(45.9%)
Minority interest	(0.6)	(0.7)	(14.3%)
<b>Net profit</b>	<b>34.3</b>	<b>97.1</b>	<b>(64.7%)</b>

(\*) Includes the following items: decrease (increase) in inventories; cost of raw, ancillary and consumable materials and goods; cost of services; various charges (income).

Encl. 3

**Consolidated cash flow statement (in €m)**

	31 December 2009	31 December 2008
Net profit for the period	34.3	97.1
Adjustments		
Depreciations, amortisation and impairment	34.4	45.7
Stock options	1.2	1.5
Charges to provisions and leaving entitlements	12.7	16.3
Capital losses (gains) on disposals of tangible assets, property, plant and equipment	(2.1)	(38.3)
Capital losses (gains) on valuations of financial assets	(6.0)	13.5
(Income) charges from companies booked at net equity	(2.3)	(5.4)
<b>Adjusted net profit from operating activities</b>	<b>72.2</b>	<b>130.4</b>
(Increase) decrease in trade receivables	31.7	(31.1)
(Increase) decrease in inventories	0.3	13.0
Increase (decrease) in trade payables	(0.8)	(12.6)
Net changes in income tax receivables/payables	(6.8)	(12.3)
Payment of advances and leaving entitlements	(6.6)	(8.3)
Net changes in deferred tax assets/liabilities	(6.2)	1.4
Net changes in other current assets/liabilities	8.8	(38.7)
<b>Cash flow from (used in) operating activities</b>	<b>92.6</b>	<b>41.8</b>
Payment of business combination net of cash acquired	-	112.8
(Investments in) disposals of intangible assets	7.0	4.4
(Investments in) disposals of property, plant and equipment	7.8	(18.2)
(Investments in) disposals of equity investments	0.4	5.0
(Investments in) disposals of financial assets	38.2	18.8
<b>Cash flow from (used in) investment activities</b>	<b>53.4</b>	<b>122.8</b>
Net changes in financial liabilities	(356.9)	24.6
(Purchase) disposal of treasury stock	-	-
Dividends paid	-	(83.8)
<b>Cash flow from (used in) financial activities</b>	<b>(356.9)</b>	<b>(59.2)</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>(210.9)</b>	<b>105.4</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>330.5</b>	<b>225.1</b>
<b>Cash and cash equivalents at end of period</b>	<b>119.6</b>	<b>330.5</b>
<b>Composition of cash and cash equivalents at beginning of period</b>		
Cash, cheques and valuables in hand	1.4	1.1
Bank and post office deposits	118.2	329.4
	<b>119.6</b>	<b>330.5</b>

Encl. 4

**Balance sheet of Arnoldo Mondadori Editore S.p.A. (in €m)**

<b>ASSETS</b>	<b>31.12.2009</b>	<b>31.12.2008</b>
Intangible assets	91.5	92.4
Fixed assets	2.5	2.6
Land and buildings	8.9	9.3
Plant and machinery	5.5	6.7
Other assets	3.4	4.3
Property, plant and machinery	<b>17.8</b>	<b>20.3</b>
Investments	604.7	684.8
Non-current financial assets	-	-
Advanced taxes	21.6	16.5
Other non-current assets	0.4	0.5
<b>Total non-current assets</b>	<b>738.5</b>	<b>817.1</b>
Tax credits	6.4	2.7
Other current assets	119.6	53.6
Inventories	31.3	34.7
Trade receivables	204.4	224.6
Stocks and other current financial assets	104.5	108.9
Cash and equivalents	35.4	113.0
<b>Total current assets</b>	<b>501.6</b>	<b>537.5</b>
Assets destined to be sold or closed	-	-
<b>Total assets</b>	<b>1,240.1</b>	<b>1,354.6</b>
<b>LIABILITIES</b>	NOTES	
	<b>31.12.2009</b>	<b>31.12.2008</b>
Share capital	67.5	67.5
Share premium reserve	286.9	286.8
Treasury stock	(104.0)	(104.0)
Other reserves and results carried forward	167.6	100.3
Profit (loss) for the period	53.2	66.2
<b>Total shareholders' equity</b>	<b>471.2</b>	<b>416.8</b>
Reserves	36.4	23.5
Severance payments	32.5	34.1
Non-current financial liabilities	140.0	371.3
Deferred tax liabilities	19.0	18.5
Other non-current liabilities	-	-
<b>Total non-current liabilities</b>	<b>227.9</b>	<b>447.4</b>
Income taxes payable	17.6	14.6
Other current liabilities	74.9	72.1
Trade liabilities	159.9	162.6
Bank debts and other financial liabilities	288.6	241.1
<b>Total current liabilities</b>	<b>541.0</b>	<b>490.4</b>
Liabilities deriving from sales or closures	-	-
<b>Total liabilities</b>	<b>1,240.1</b>	<b>1,354.6</b>

Encl. 5

**Income statement for Arnoldo Mondadori Editore S.p.A. (in €m)**

	NOTES	2009	2008
<b>Income from sales of goods and services</b>		<b>776.3</b>	<b>865.1</b>
Decrease (increase) in inventories		3.4	4.4
Cost of raw, ancillary and consumable materials and goods		183.3	180.1
Cost of services		395.0	445.5
Personnel costs		144.6	130.5
Various charges (income)		6.4	6.7
<b>Gross operating profit</b>		<b>43.6</b>	<b>97.9</b>
Depreciation of property, plant and machinery		4.0	4.2
Depreciation of intangible assets		1.3	0.3
<b>Operating profit</b>		<b>38.3</b>	<b>93.4</b>
Financial income (charges)		4.1	(24.3)
Investment income (charges)		28.4	21.9
<b>Profit before taxation</b>		<b>70.8</b>	<b>91.0</b>
Income taxes		17.6	24.8
<b>Net profit</b>		<b>53.2</b>	<b>66.2</b>

Encl. 6

**Cash flow statement for Arnoldo Mondadori Editore S.p.A (in €m)**

	31 December 2009	31 December 2008
Net profit for the period	53.2	66.2
<i>Adjustments</i>		
Depreciations, amortisation and writedowns	22.8	35.4
Stock options	1.0	1.1
Charges to provisions and leaving entitlements	3.2	10.8
Capital losses (gains) on disposals of tangible assets, property, plant and equipment	(0.7)	(1.4)
Income from investments – dividends	(45.9)	(51.5)
<b>Adjusted net profit from operating activities</b>	<b>33.6</b>	<b>60.6</b>
(Increase) decrease in trade receivables	21.7	13.3
(Increase) decrease in inventories	3.4	4.4
Increase (decrease) trade payables	(2.7)	(22.3)
Net changes in income tax receivables/payables	(0.6)	(6.9)
Net changes in current and non-current assets/liabilities	21.8	(11.4)
Net changes in deferred tax assets/liabilities	(4.5)	(0.6)
Increase (decrease) in provisions and leaving entitlements	(6.3)	(4.0)
<b>Cash flow from (used in) operating activities</b>	<b>66.4</b>	<b>33.1</b>
(Investments in) disposals of intangible assets	(0.4)	(1.0)
(Investments in) disposals of property, plant and equipment	(1.3)	(3.3)
(Investments in) disposals of equity investments	(8.8)	46.7
Income from investments – dividends	45.9	51.5
(Investments in) disposals of securities and other non-current financial assets	4.5	(5.6)
<b>Cash flow from (used in) investment activities</b>	<b>39.9</b>	<b>88.3</b>
(Increase) decrease in payables to banks	47.4	(95.5)
(Purchase) sale of treasury stock	-	-
Net changes in other non-current financial assets/liabilities	(231.3)	74.9
Dividends paid	-	(83.8)
<b>Cash flow from (used in) financial activities</b>	<b>(183.9)</b>	<b>(104.4)</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>(77.6)</b>	<b>17.0</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>113.0</b>	<b>96.0</b>
<b>Cash and cash equivalents at end of period</b>	<b>35.4</b>	<b>113.0</b>
<b>Composition of cash and cash equivalents at beginning of period</b>		
Cash, cheques and valuables in hand	-	-
Bank and post office deposits	35.4	113.0
	<b>35.4</b>	<b>113.0</b>