



Mondadori Group

Results 1Q14

Analysts Conference Call

May 13, 2014

The market scenario

At the macroeconomic level, there were no signs of an improvement in the economic cycle in the countries of reference for the Mondadori Group

While the figures for the sectors in which the Group operates show further decline compared with the same period of 2013

	MONDADORI	MARKET
Italy		
Trade Books	-9.6%	-5.3%
Magazines		
Advertising:		
-print	-7.4%	-14.7%
-Internet	24.0%	-6.3%
Circulation	-5.6%	-12.8%
Add on Sales	-14.4%	-19.3%
France		
Advertising		
-print	-10.5%	-10.0%
-Internet	39.0%	na
Diffusion(newsstands)	-1.4%	-8.1%

Italy: for *Trade Books* the source is Nielsen (March). For magazines the source is Nielsen (January – February 2014), the Mondadori figures are like-for-like at the end of March

France: internal figures for circulation at the end of March 2014



Highlights 1Q14

▲ **Revenues:** down by 6.5% on a like-for-like basis considering the contribution of the advertising sales activities to *Mediamond*

▲ Despite the difficult context **all of Mondadori's businesses showed an improvement compared with 1Q13, with the exception of Books** that will have a strongest editorial programme in the second half of the year

▲ During the period the **combined effect of product renewal and cost reductions** had a **positive impact on EBITDA** of €10 million, despite a €24 million falling revenues

▲ **Gross operating profit** (EBITDA) of **€5.6 million** compared with -€4.6 million, also net of non recurring items the EBITDA improved from €0.1 million to €5.0 million

▲ The Net Financial Position: -€396.5 million (-€363.2 million FY13) was affected by the restructuring costs of the previous year and investments in the education area. The figure is already an improvement on the budget forecast and is expected to show a significant **improvement by the end of the year**



Profit and loss: 1Q14

€ mio	1Q14	1Q13	Chg.	
Revenues	268.3	292.7	-8.3%	-6.5%*
Personnel costs	-59.3	-71.2	-16.7%	-11.0%**
Cost of sales & other	-203.4	-226.1	-10.0%	
<i>Adjustments for non recurring items</i>	-0.6	4.7		
EBITDA net of non recurring items	5.0	0.1	ns	
EBITDA	5.6	-4.6	ns	
Depreciation & Devaluation	-5.5	-6.0	ns	
EBIT	0.1	-10.6	ns	
Financial charges	-5.9	-5.0	ns	
Pre tax profit	-5.8	-15.6	ns	
Taxes	0.2	-0.6	ns	
Minority Interests	0.4	0.3	ns	
Net result	-6.4	-15.3	ns	

* Excludes the impact of the contribution to *Mediamond* (consolidated at equity) of the advertising sales business

** Excludes the impact of restructuring and the *Mediamond* contribution



Results by Division 1Q14

REVENUES

€ million	FY12	FY13	Chg.
Books	56.8	63.2	-10.1%
Magazine Italy	81.3	88.8	-8.4%
Magazine France	81.7	83.0	-1.6%
Advertising	3.9	29.9	ns
Retail	47.2	50.7	-6.9%
Radio	2.6	2.6	0.0%
Holding & Other	7.5	9.9	-24.2%
Gross Revenues	281.0	328.1	-14.4%
Intercompany	-12.7	-35.4	ns
Net Revenues	268.3	292.7	-8.3%

EBITDA Reported

€ million	FY12	FY13	Chg.
Books	1.7	3.7	-54.1%
Magazine Italy	7.5	2.6	ns
Magazine France	5.2	4.5	15.6%
Advertising	-0.6	-2.8	ns
Retail	-3.7	-4.0	ns
Radio	-1.2	-1.6	ns
Holding & Other	-3.3	-7.0	ns
Total	5.6	-4.6	ns

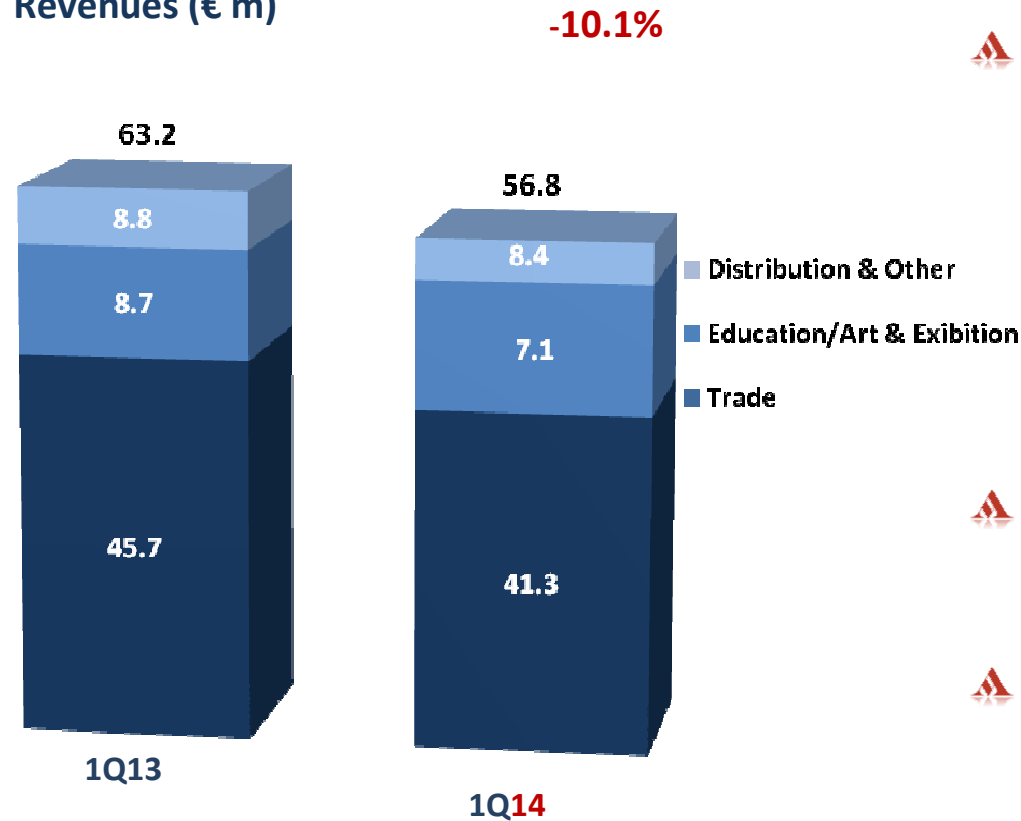


The business areas in 1Q 2014



Books: highlights

Revenues (€ m)



Revenues in the *Trade Books* area were down by -9.6% due to:

- a particularly poor performance in paperbacks mainly through the large-scale retail channel also due to the reconfiguration of promotional activities
- a stronger editorial programme planned for the second half of the year

Confirmation of market leadership with:

- 4 titles among the top 10 best sellers

Education: 1Q is not significant given the high seasonality of the business

e-books:

- Confirmation of a market share of over 40%
- Revenues: +57%

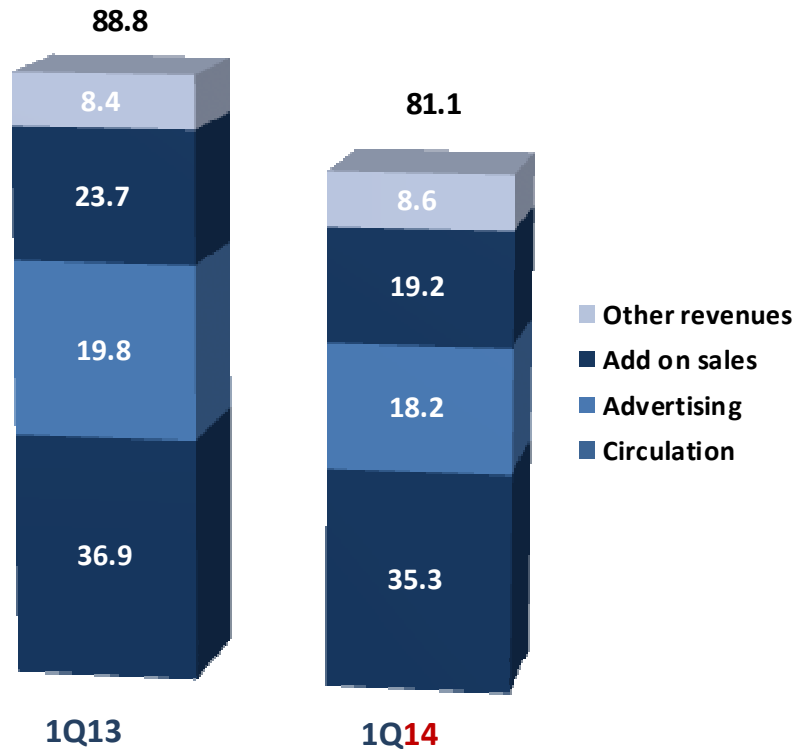
EBITDA (€ m)



Magazines Italy: highlights

Revenues (€ m)

-8.4%



The results of Mondadori titles (**on a like-for-like basis**), due to the combined effect of the portfolio review and the reorganisation of advertising sales, were markedly better than the market:

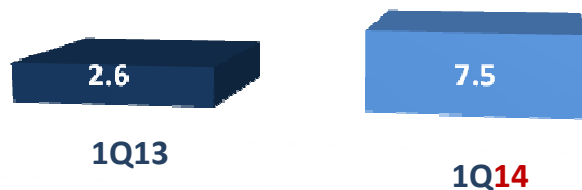
- circulation: -5.6% vs -12.8% (market March *internal source*)
- advertising sales: -7.4% vs -14.7% (market Feb. *Nielsen*)
- internet: +24% vs -6.3% (market Feb. *Nielsen*)
- add-on sales: -14.4% vs -19.3% (market March *internal source*)



Actions of the portfolio continued during the period with:

- the launch of *Il mio Papa* and the re-launch of *Panorama*
- the redesign of *CasaFacile*
- the closure of the titles in the auto segment
- the sale of *PC Professionale* and *Ciak* (effective from April)

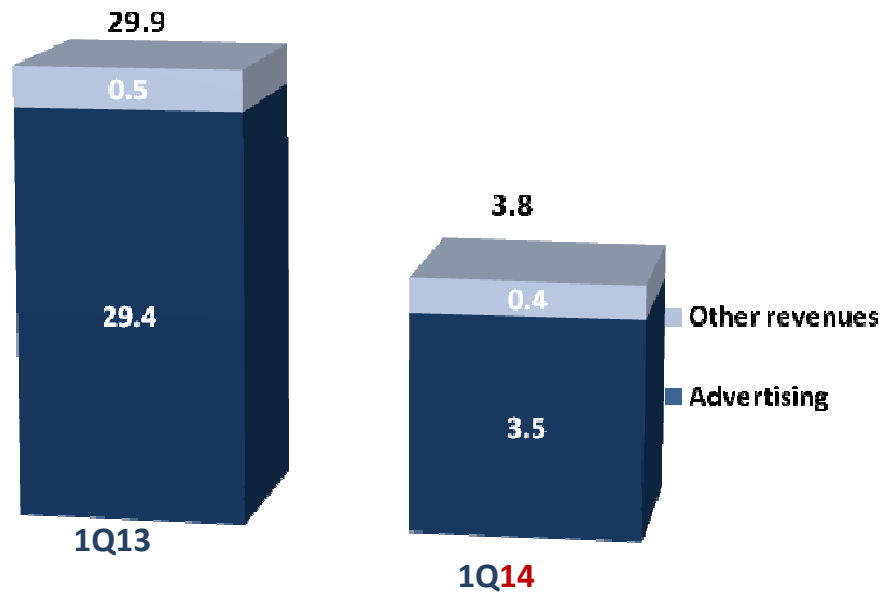
EBITDA (€ m)



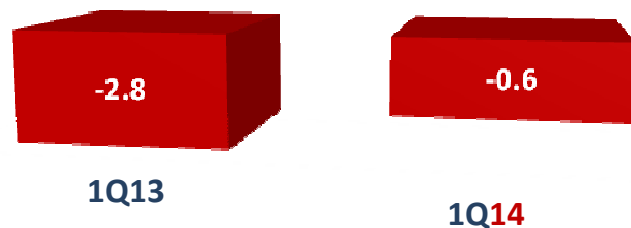
Advertising: highlights

Revenues (€ m)

Change: ns



EBITDA (€ m)



▲ The figures shown are not comparable due to the contribution (from 1 January 2014) of the advertising sales activities of Mondadori Pubblicità to the JV *Mediamond* (50-50 Mondadori Pubblicità/Publitalia '80)

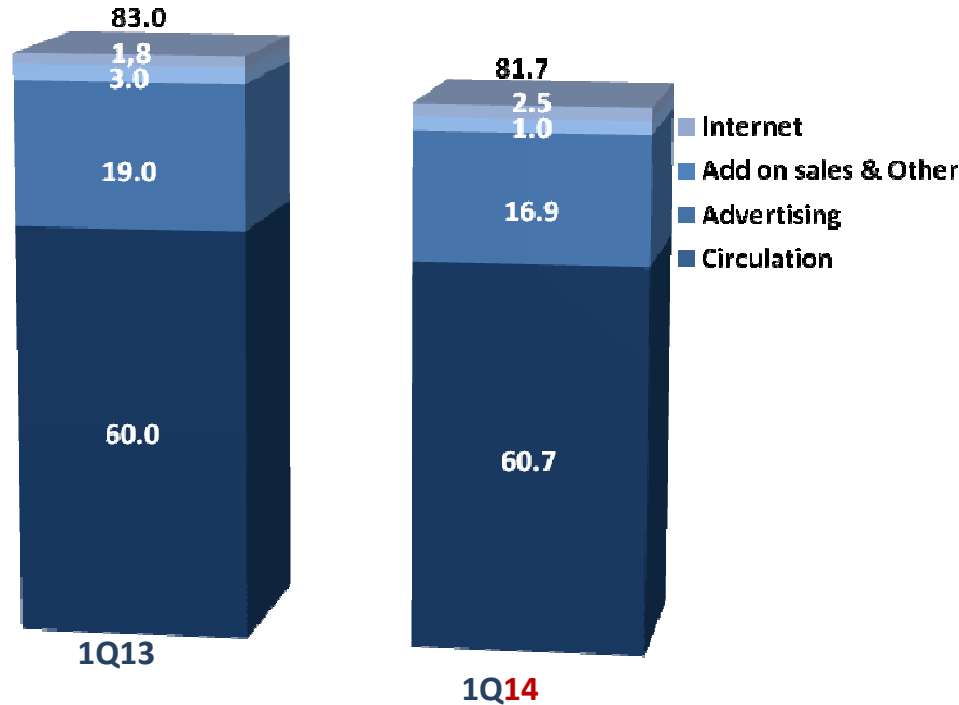
▲ Mediamond (consolidate at equity):

- already in 1Q14 there are signals of positive results with **like-for-like revenues up by 12.3%** of which:
 - Print: -7.4%
 - Radio: more than doubled thanks to the enlargement of the scope of radio (from 2014 network leader in Italy)
 - Internet: +24.0%

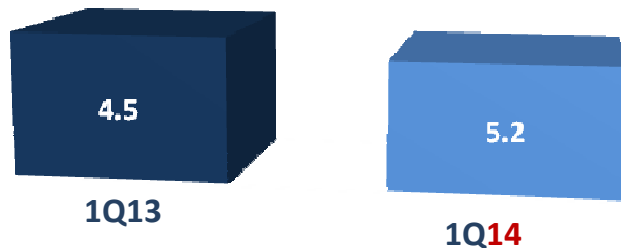


Magazines France: highlights

Revenues (€ m)



EBITDA (€ m)



Revenues (like-for-like) -2.2% of which:

- newsstand sales: -1.4% vs -8.1% (market)
- advertising: -10.5% vs -10.0% (market)



There was a continuation of the excellent performance of *Closer* (+25%) *Pleine Vie* (+24%) *Top Santé* (+25%) and the new launches *750g*, *Slam* and *Histoire & Jeux*



Attention to editorial quality through ongoing redesigns of the titles (from March *L'Auto-journal Evasion*, *Diapason*, *Modes e Travaux*, *Sceince & Vie* and *Top Santé*)



Reductions in overheads and labour costs made possible a recovery in margins despite the fall in revenues



During the period an incentive plan for voluntary redundancy was launched and a block on turnover introduced



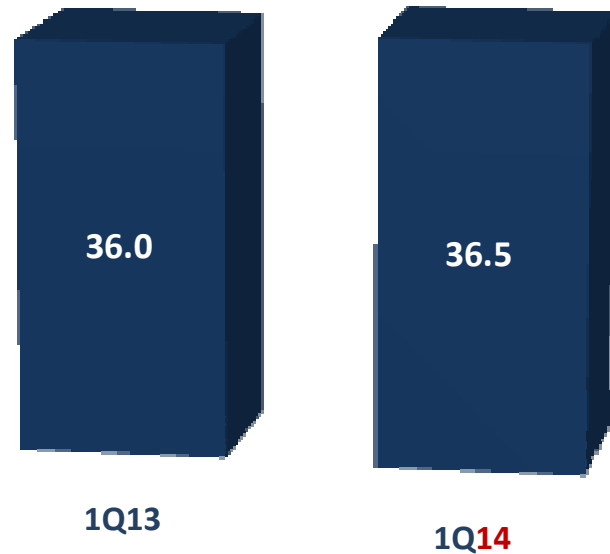
Digital:

- Significant growth in advertising sales (+39.0%) with unique users up to 7.8 million
- *NaturaBuy*: transaction value to €8.6million (+23%) and revenues +46%



International Network : highlights

Total Aggregated Turnover (€ m)



▲ MIB reported revenues in line with the previous year, the slight reduction in royalties (licensing) was offset by a 9% increase in advertising revenues for international partners in Italy

▲ Particularly strong was the performance of the last launch *Icon* in Spain

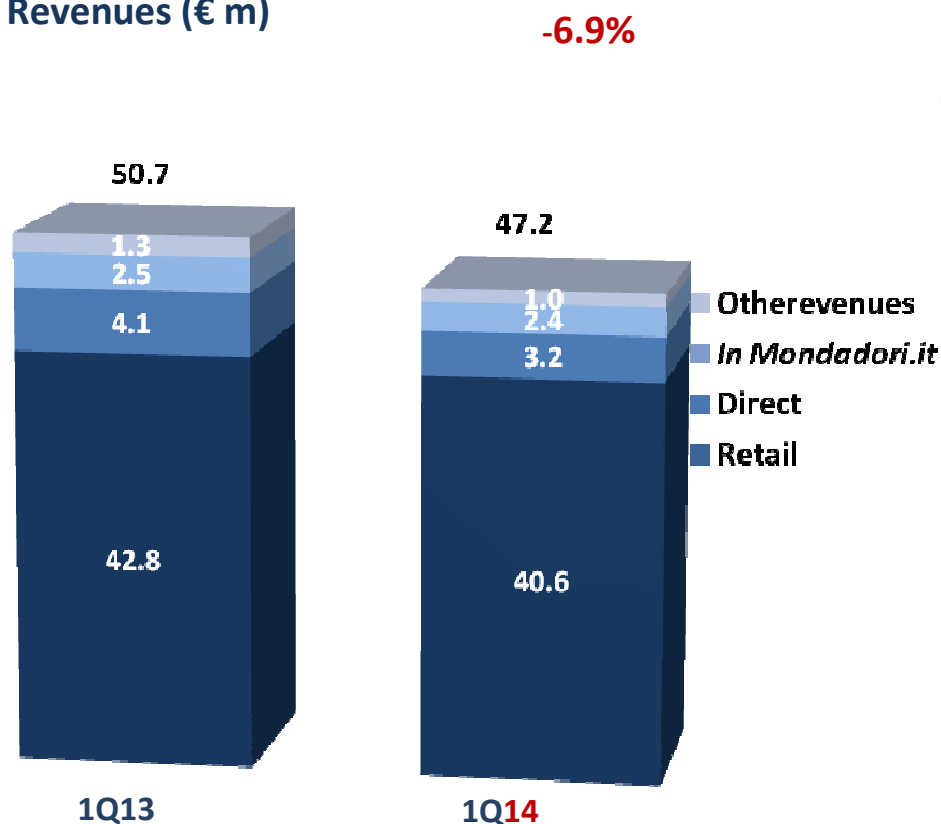
▲ Joint Venture:

▲ Excellent trend in revenues for *the Grazia* JV in China (+12%) the magazine will be launched as a weekly in April; stable in Russia, in a difficult political situation. In Greece Attica, after many negative months posted a 5% increase in advertising revenues



Retail: highlights

Revenues (€ m)



▲ The trend in the market of reference continues to feel the impact of the decline in book sales (-5.3%) and consumer electronics

▲ Retail revenues are essentially in line with the market

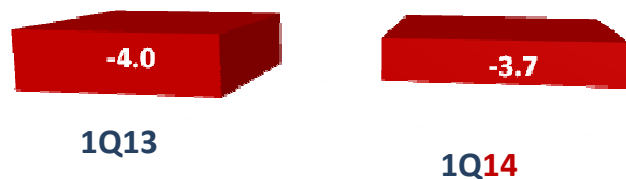
▲ The Network is currently constituted of:

- 8 Multicenters
- 19 directly owned stores
- Franchising:
 - 315 bookstores
 - 186 Edicolè
 - 21 book club outlets

▲ Actions continued during the period on:

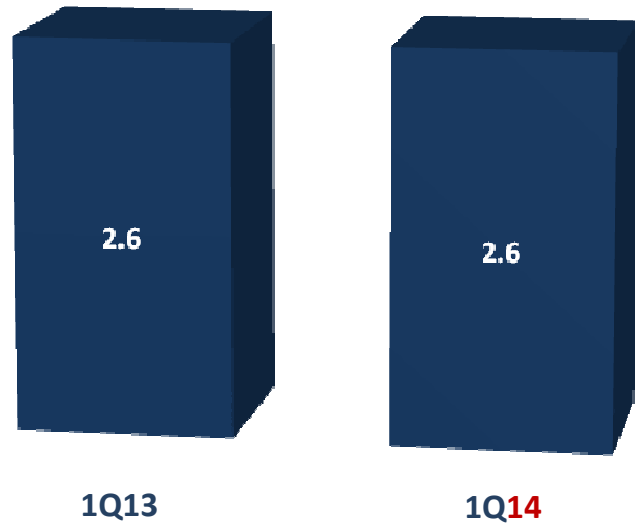
- reviewing the network and the assortment and the reconfiguration of the format of the directly owned stores
- reorganising logistics at the Group's Verona hub
- further reductions in labour costs (extension to 20% of the 'solidarity' programme at the offices in Milan and Rimini)

EBITDA (€ m)



Radio R101: highlights

Revenues (€ m)

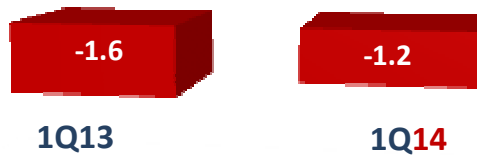


Revenues stable in a market that increased by 7.5%



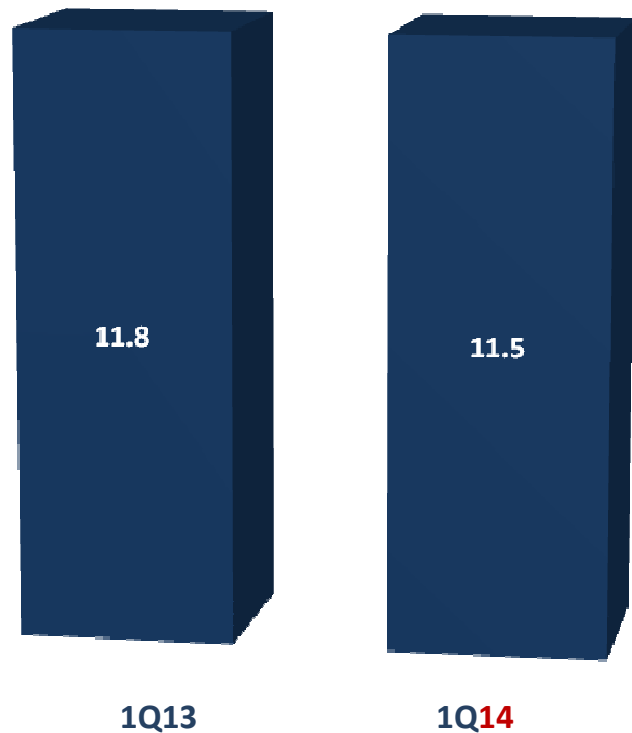
The new R101, the result of combined efforts with the professionals from *Radio Italia* and characterised by a new logo and the new pay off “the Music”, was presented at the end of March. The changes were supported by intense promotional activities to sustain the new format and with the launch of partnerships with television programmes and the strengthening of links with both Italian and international artists

EBITDA (€ m)



Digital: highlights*

Total Aggregated Turnover (€ m)



▲ In the first months of the year the company continued to strengthen the team with new resources dedicated to CRM, Marketing Services and e-commerce

▲ Revenues were stable compared with 1Q13

- Strong growth for:
 - e-books: revenues +57%
 - *Properties Italy*:
 - revenues +24%, with all the main sites growing: *Donna Moderna* (+23.8%), *Grazia* (+43.5%) and *Panorama Auto* (+5.2%)
 - *Donna Moderna* reached 14m unique users and over 150m page views
 - *Properties France*:
 - Revenues +39%, with all the main sites growing
 - 7.8 million unique users
- Revenues decrease for *Cemit* and *InMondadori*



* Revenues and EBITDA are represented in the different businesses of the Group and the parent company

Outlook: FY14

 In a market context in which there are still not signals of recovery, the **positive results** of the first quarter, the consequence of actions taken on products, structural reorganisation and cost reductions, make it possible to predict for **the full year 2014 a level of profitability (EBITDA) higher than that of FY12**, confirming the statements made during the presentation of the 2013 Annual Report



ANNEXES



EBITDA adjusted

€ million	FY12	FY13	Chg.
Books	1.9	3.7	-48.6%
Magazine Italy	7.7	2.6	ns
Magazine France	5.8	5.0	16%
Advertising	-1.7	-2.8	ns
Retail	-3.4	-3.8	ns
Radio	-1.2	-1.5	ns
Holding & Other	-4.1	-3.1	ns
Total	5.0	0.1	ns

