

MONDADORI

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PRESS RELEASE

MONDADORI Q1 2001: REVENUES +13.3% , OPERATING PROFIT +16.9%

Segrate, 14 May 2001 – The Mondadori Group's revenues grew by 13.3% in the first three months of the year. Overall **consolidated revenues** totalled 738 bn lire (651.3 bn in Q1 2000).

Pre tax profit for the period reached 46.8 bn lire, an increase of 15.8% compared with the 40.4 bn lire in the first three months of 2000, after having paid all the losses linked to Internet activities

Gross operating profit came to 83.1 bn lire, an increase of 16.9% on the 71.1 bn for the same period of the previous year. As a proportion of revenues, an increase from 10.9% in Q1 2000 to 11.3% this year.

Operating profit for the period reached 66.6 bn lire, an increase of 22.9% on the 54.2 bn for the same period last year. As a proportion of revenues, an increase from 8.3% in Q1 2000 to 9% this year.

Cash-flow totalled 74.3 bn lire, compared with 67.6 bn in the first three months of 2000, on the basis of comparable amortisations.

The Group's **net financial position** at 31 March 2001 showed a surplus of 352.3 bn lire, a continual improvement on the figure at the same time last year, when the figure was 248.4 bn lire.

The growth in revenues has been the result of excellent performances **in all the principal business areas.**

In particular in the **magazine sector**, thanks also to initiatives launched in 2000: including the *Panorama* insert *Portfolio* the monthlies *Cosmopolitan*, *Men's Health* and the titles resulting from ACI-Mondadori joint venture.

Overall, the magazine ended the first quarter 2001 with total revenues of 444.7 bn lire, an increase of 12.3% compared with the same period of 2000.

There was a marked increase in **advertising revenues**, which in the first three months of the year were up by 16.8%. While circulation revenues grew by 10% in the period.

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The first quarter was also marked by the success of a number of initiatives: *Panorama* with the CD-ROM Encyclopaedia Omnia and *Sorrisi e Canzoni TV* with a series of music CDs “I grandi album”.

In the **books** area, that from Q1 2001 does not include revenues from retail activities, revenues that have been diverted to the Direct Division, the Edizioni Mondadori, Einaudi and Sperling & Kupfer imprints have performed particularly well. Overall, the Group consolidated its leadership position and increased its market share in the context of a market that in the first three months of 2001 showed only timid signs of growth.

Total revenues in the area were essentially unchanged compared with the same period of the previous year (135.1 bn lire vs. 134.6 bn). However, the figure should be seen in the light of seasonally lower revenues from art book publishing and exhibition organising, and the reduction of distribution revenues resulting from the disposal of the company’s stake in Baldini & Castoldi.

There was also revenue growth in the **printing area**, both on account of volume growth in the domestic market and an increase in orders from foreign clients. The result confirms the first class technological level of Mondadori Printing plant. A number of important contracts were also brought forward.

During the period a new **division** has been established to bring together the group’s activities aimed at the final customer. In addition to the direct marketing activities, the Direct Division will also manage retail activities, both direct and in franchising, and e-commerce media sales (book-clubs, subscriptions, Bol, eBook).

In the first three months of 2001 also the retail activities of **Mondadori Informatica** have been transferred to the new Direct Division. Following this reorganisation the company has focused on its core business: specialised magazine and book publishing and education/training.

In these areas, revenues for the period were in line with the same period of the previous year.

For 2001 **Mondadori.com**, that concentrates the Group’s Internet activities, will continue to pursue content development on a vertical basis and with increased targeting. At the end of the first quarter, the company’s results are in line with the budget forecast in terms of advertising revenues. The period has also seen the launch of content supply agreements with important telecom operators and Internet service providers.

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Reclassified consolidate income statement	Lire/billion 31 March 2001	Lire/billion 31 March 2000	Change %
Sales revenues	738.0	651.3	13.3%
Personnel costs	123.8	117.4	5.5%
Cost of sales and operating costs	531.1	462.8	14.7%
Gross operating profit	83.1	71.1	16.9%
<i>As a proportion of revenues</i>	<i>11.3%</i>	<i>10.9%</i>	
Technical depreciations	16.5	16.9	(2.4%)
Operating profit	66.6	54.2	22.9%
<i>As a proportion of revenues</i>	<i>9.0%</i>	<i>8.3%</i>	
Amortisation of series, titles and goodwill	11.0	10.3	6.8%
Financial income (charges)	1.3	(1.3)	200.0%
Other income (charges)	(2.7)	0.5	(640.0%)
Extraordinary income (charges)	(0.7)	0.7	(200.0%)
Internet activities	(6.7)	(3.4)	97%
Pre-tax profit	46.8	40.4	15.8%
<i>As a proportion of revenues</i>	<i>6.3%</i>	<i>6.2%</i>	
Cash flow	74.3	67.6	