



MONDADORI

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PRESS RELEASE

BOARD APPROVES Q1 2003 RESULTS:

REVENUES UP TO €360,5 MILLION (+7.9%)

MARKED INCREASE IN PRE TAX PROFIT AT €26.3 (+13.9%)

Segrate, 9 May 2003. The Board of Directors of Arnoldo Mondadori S.p.A. met today, under the Chairmanship of Marina Berlusconi, to examine and approve the management report for the first three months of the year to 31st March 2003 as presented by the Group's Deputy Chairman and Chief Executive, Maurizio Costa.

In spite of continuing international economic uncertainty, in the first quarter of 2003 the Mondadori Group has shown that it can develop innovative projects in all the sectors in which it operates to seize **new business opportunities**. The success of this approach can be seen by the Group's first quarter results. During the period the **magazine division** has increased its circulation revenues while it awaits a recovery in the advertising market. The **book division**, meanwhile, confirmed its leadership in a market that once again has bucked the prevailing trend with marked increases both in terms of copies sold and in terms of value.

Performance in the period to 31 March 2003

In the first three months of 2003 consolidated revenues came to €360.5 million, an increase of 7.9% on the €334.1 million in the same period of the previous year.

Gross operating profit came to €42.9 million, compared with €42.5 million in Q1 2001 (and increase of 0.9%). As a proportion of revenues, a move from 12.7% to 11.9%. It is worth pointing out that the increase in the cost of sales and management, and the consequent reduction of gross operating profit as a proportion of revenues, is due to the different revenue mix and one-off costs for the preparation and launch of new titles (*Flair* and *Economy*) that have been entirely booked for the period.



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Operating profit totalled €33.7 million, a slight increase of 0.9% compared with the €34.4 million at the end of March 2002; as a proportion of revenues a shift from 10% to 9.3%.

Pre-tax profit rose to €23,1 million, a marked increase on the €23,1 million of the first quarter of 2002, up 13.9% with an increase in terms of the proportion of revenues from 6.9% to 7.3%.

Gross **cash flow** totalled €41.1 million, compared with the €37.8 million of the same period last year.

Business areas

In the first three months of the year there was a decisive increase in the revenues of the **book division** (up 16.5% to €75.6 million). All areas of the division were able to seize the opportunities presented by a growing market and of particular note were the performances of Mondadori books (€33.9 million, +17.8%) and Einaudi (€11 million, +19.6%).

The **magazine division** generated total Q1 revenues of €204.3 million, compared with €195.7 in the same period of the previous year, an increase of 4.4%. This was largely the result of a marked increase in circulation revenues (+11.4%), obtained thanks to optional add-on sales, of DVDs, music CDs and videocassettes, and a fall in advertising revenues (-7.7%) in a market particularly affected by the lack of a recovery in consumer spending. The fall in advertising revenues, excluding the sales of space for *Famiglia Cristiana* in the portfolio one year ago, was 2.6%.

There was a marked turnaround compared with the second half of 2002 in the market in which the **printing division** operates, with continued fierce competition among European printing companies in a period of continuing weakness in demand. In spite of this, the company managed to increase revenues by 3.2% compared with the same period of the previous year, up to €104.5 million from the €102.1 million of Q1 2002.

The **direct division** consolidated its sales performance in the mail order sector, Mondolibri, while there was a slight shortfall in revenues for the direct marketing services of Cemit). There was a marked increase in retail sales, in both the directly managed and franchise bookstores, as well as the multicenters.

Expectations for the year

In the period immediately following the end of the first quarter, the economic scenario in which the Group operates continued not to show any sign of a reversal in the trend. In fact, performance forecasts for consumer spending and investment been further reduced, confirming concerns about a postponement of



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recovery to the second half of the year. In this context, the Mondadori Group has set targets for 2003 aimed at maintaining the positive performance achieved in the previous year.

The Board of Directors has verified, as per the criteria set out in the Self Disciplinary Code for listed companies, that the directors Martina Mondadori, Mario Resca and Marco Spadacini meet the necessary requirements of independence. The Board also nominated a new Committee of Internal Control that is made up of the non-executive directors Roberto Poli, Mario Resca and Marco Spadacini.

For further information:
<http://ame.mondadori.com>

Reclassified consolidated income statement

	€m	€m	Change
	Q1 2003	Q1 2002	%
Sales revenues	360.5	334.1	7.9%
Personnel costs	62.4	60.8	2.6%
Cost of sales and operating costs	255.2	230.8	10.6%
Gross operating profit	9	42.5	0.9%
<i>As a proportion of revenues</i>	<i>11.9%</i>	<i>12.7%</i>	
Technical depreciations	9.2	9.1	1.1%
Operating profit	7	33.4	0.9%
<i>As a proportion of revenues</i>	<i>9.3%</i>	<i>10.0%</i>	
Amortisation of series, titles and goodwill	5.6	5.6	-
Financial income (charges)	0	0.5	
Other income (charges)	(1.5)	(2.5)	40.0%
Extraordinary income (charges)	1.0	(1.1)	n.a.
Internet activities	(1.3)	(1.6)	18.8%
Pre-tax profit	26.3	23.1	13.9%
<i>As a proportion of revenues</i>	<i>7.3%</i>	<i>6.9%</i>	
Cash flow	41.1	37.8	