CALTAGIRONE EDITORE

May 2004

Agenda

- **Company Overview**
- **Newspapers**
  - products
  - strategy
  - industry overview
  - local strength
- **Free press**
  - products and strategy
  - industry overview
  - national strength
- **Financials**
- **Outlook**
- **Appendix**

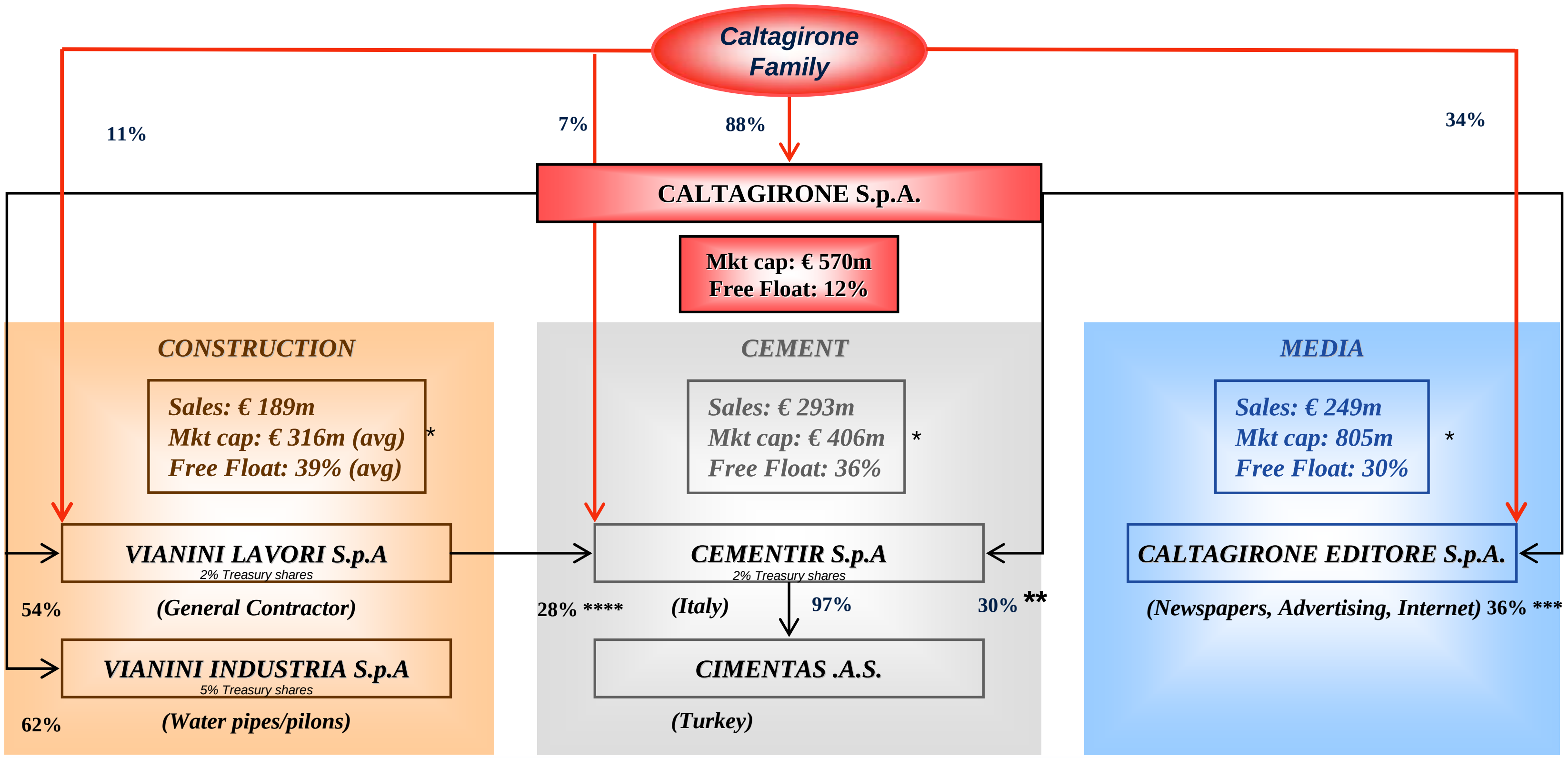
Il Messaggero headquarters in Via del Tritone, Rome

Company Overview: the Caltagirone group

CALTAGIRONE EDITORE

• The Caltagirone group is a family-controlled industrial concern operating mainly in Italy

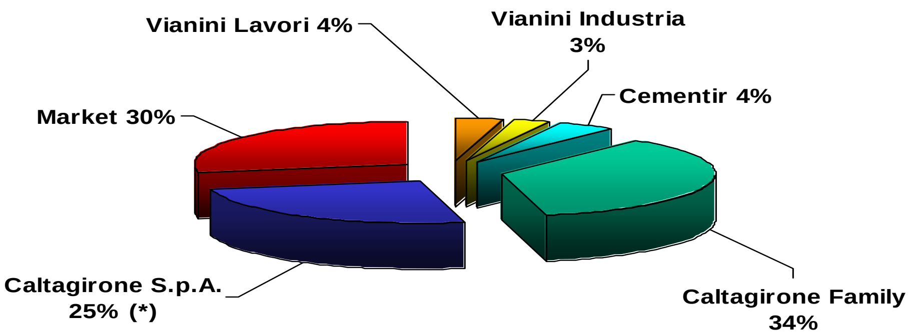
• The group operates in three main business areas : construction & real estate, cement, media



* 2003 data; ** Includes 30% stake held by Mantegna '87 Srl, 100% controlled by Caltagirone S.p.A. ; *** 11% stake held by Mantegna '87 Srl,100% controlled by Caltagirone S.p.A.;
**** Stake held by Vianini Lavori S.p.A., S.I.L.M. S.p.A. and C.D.R. Srl

Company Overview: the Caltagirone Editore group

SHAREHOLDERS STRUCTURE



- The group started from construction and diversified into cement and media during the Nineties
- Group strengths are based on:
  - strong focus on core business
  - solid financial structure
  - constant search for new business opportunities
  - ongoing commitment to reach cost efficiencies
  - focus on long-term value creation

(*) Includes Mantegna '87 Srl, 100% controlled by Caltagirone S.p.A.

Company Overview: Caltagirone Editore

CALTAGIRONE EDITORE

PRODUCTS

Il Messaggero | IL MATTINO | LEGGO

Market position

Il Messaggero
- 1.26 million daily readers
- Sales 2003: € 157m
- Market share: 50% in Lazio

Il Mattino
- 678,000 daily readers
- Sales 2003: € 59.6m
- Market share: 62% in Campania

Leggo
- Daily circulation of 810,000 copies
- Sales 2003: € 17.2m

SERVICES

PIEMME
- Advertising agency for the Group and third parties (Il Nuovo Quotidiano di Puglia , Radio Globo (the first local radio in Rome), Radio Antenna 1and other radios in Rome, Milan, Naples)

caltanet
- One of the main national internet portals

b2win (business relationship management solutions)
- Call center that offers services exploiting Caltanet’s technology

Newspapers: the products

CALTAGIRONE EDITORE

Il Messaggero

• National editions

• 13 Local editions

IL MATTINO

• National editions

• 7 Local editions

Newspapers: strategy

Il Messaggero

- National newspaper with high brand visibility
- 13 local editions
- Avg. 48 pages, with a maximum of 64
- Up to 24 color pages
- 4th newspaper in Italy[1] with around 1.26 million daily readers
- 250,000 average copies sold [2]

IL MATTINO

- National newspaper with high brand visibility
- 7 local editions
- Avg. 48 pages, with a maximum of 64
- Up to 24 color pages (from March 2004)
- 9th newspaper in Italy[1] with around 678,000 daily readers
- 94,000 average copies sold [2]

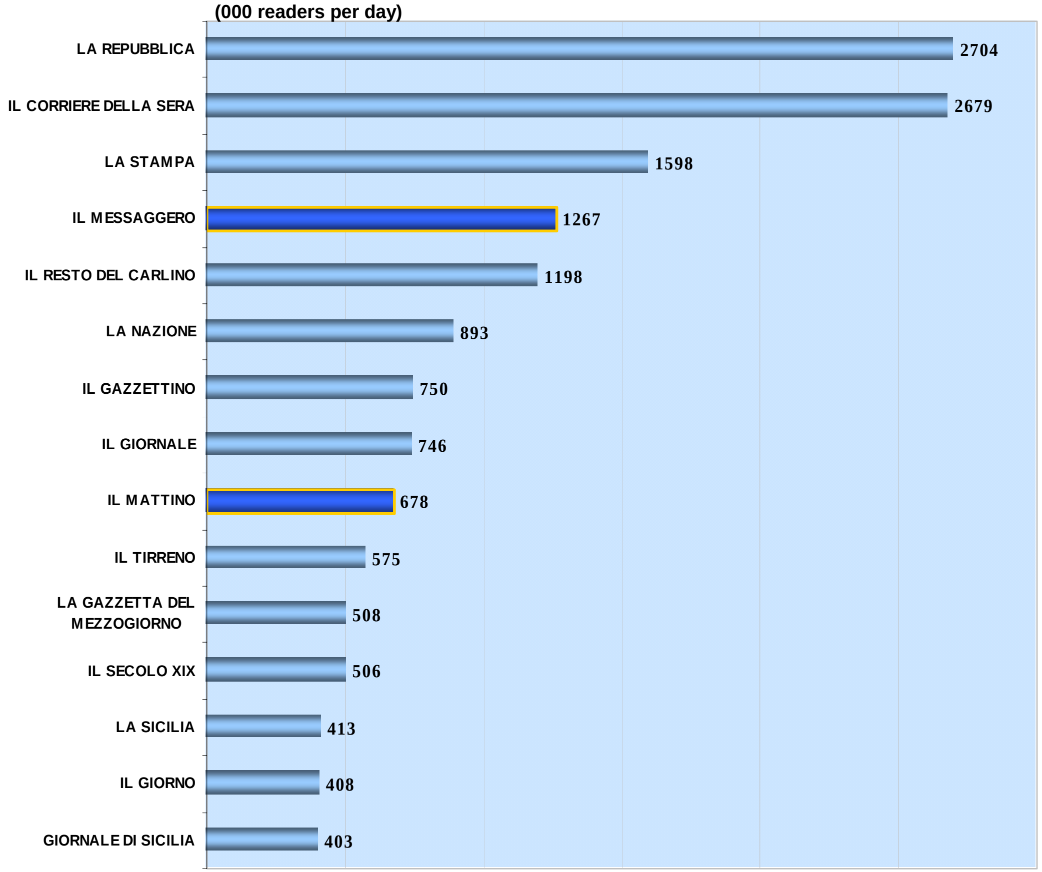
STRATEGY

- Improvement of printing facilities of both Il Messaggero and Il Mattino with a total investment of € 105 million in order to increase: number of pages, output quality and yield
- "State of the art" printing facilities will make easier switching from one edition to another at minimum extra cost
- Aggressive price policy in order to increase market share in the Macroregion
- Focus on cost control
- Financial incentives for new investments (ex L. 488, grants equal to 30% of investment for Il Mattino)

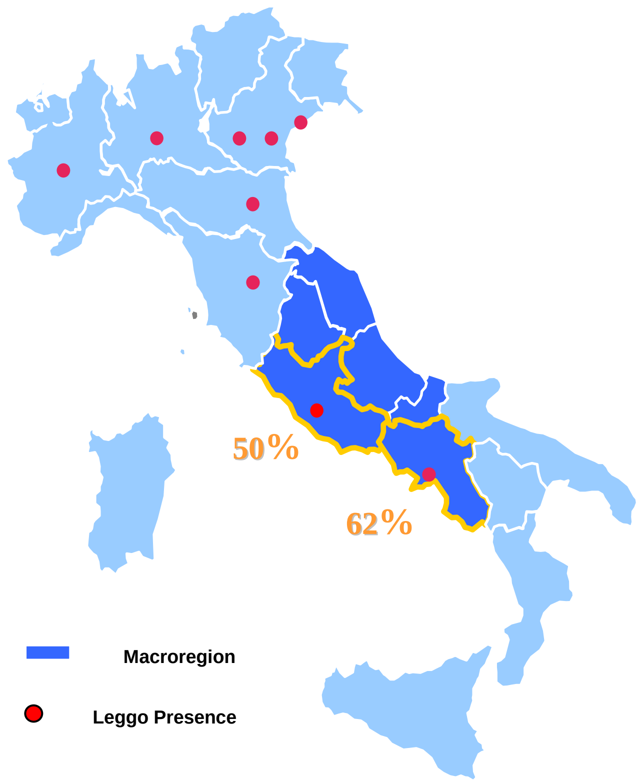
1 Excluding financial and sport dailies – Source: Audipress 2002
² Source: ADS 2002/2003

Newspapers: industry overview

Market Share – readership *



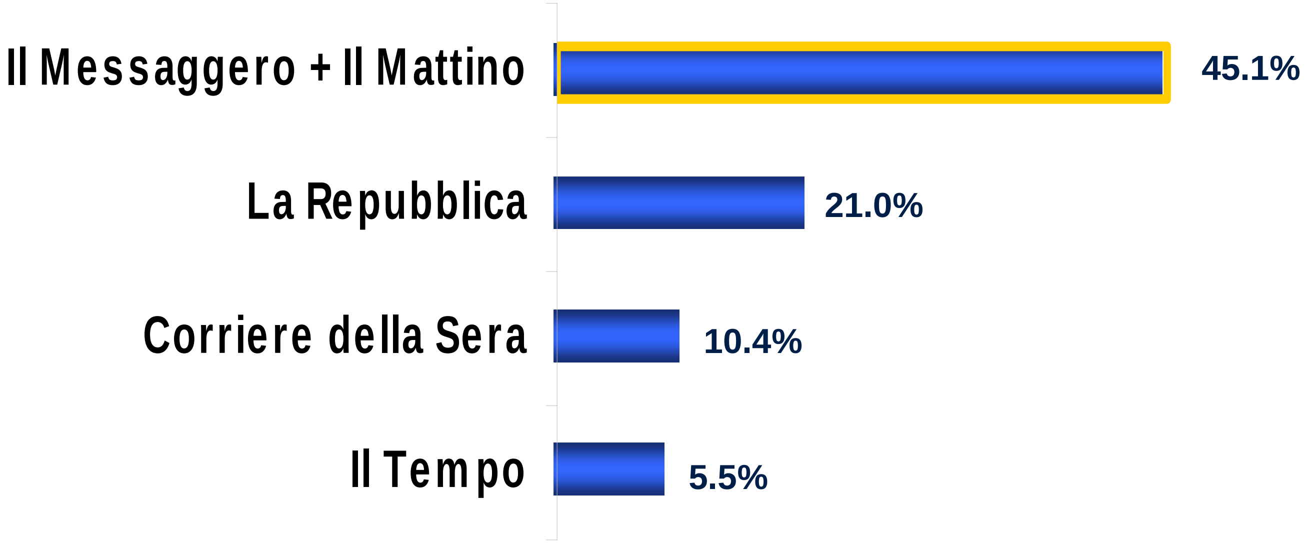
Il Messaggero and Il Mattino have a market share of 50% in Lazio and 62% in Campania, respectively.



** Excluding financial and sports daily newspapers - Source: Audipress Spring 2003;Audipress Autumn 2003 data is not yet available on a regional basis*

Newspapers: local strength

Market Share in the Macroregion *



Il Messaggero

Market share of 50% in Lazio

IL MATTINO

Market share of 62% in Campania

** Readers per day excluding financial and sports daily newspapers - Source: Audipress Spring 2003*

Free press: products and strategy

- 1st free newspaper in Italy with:
  - daily circulation of 810,000 copies
  - daily readership of 979,000 *
- Average 24 pages in tabloid format
- Launched in March 2001, expected to reach break-even by the end of 2004
- Distributed from Monday to Friday in:
  - railway stations (exclusive long-term agreement with Grandi Stazioni)
  - underground stations
  - bars
  - hospitals
  - universities
  - other meeting points

STRATEGY

- Creation of a national network in order to reach a wider presence
- Reinforcement of market leadership to exploit advertising upturn
- Target focus on:
  - youngsters
  - working people
  - mass affluent

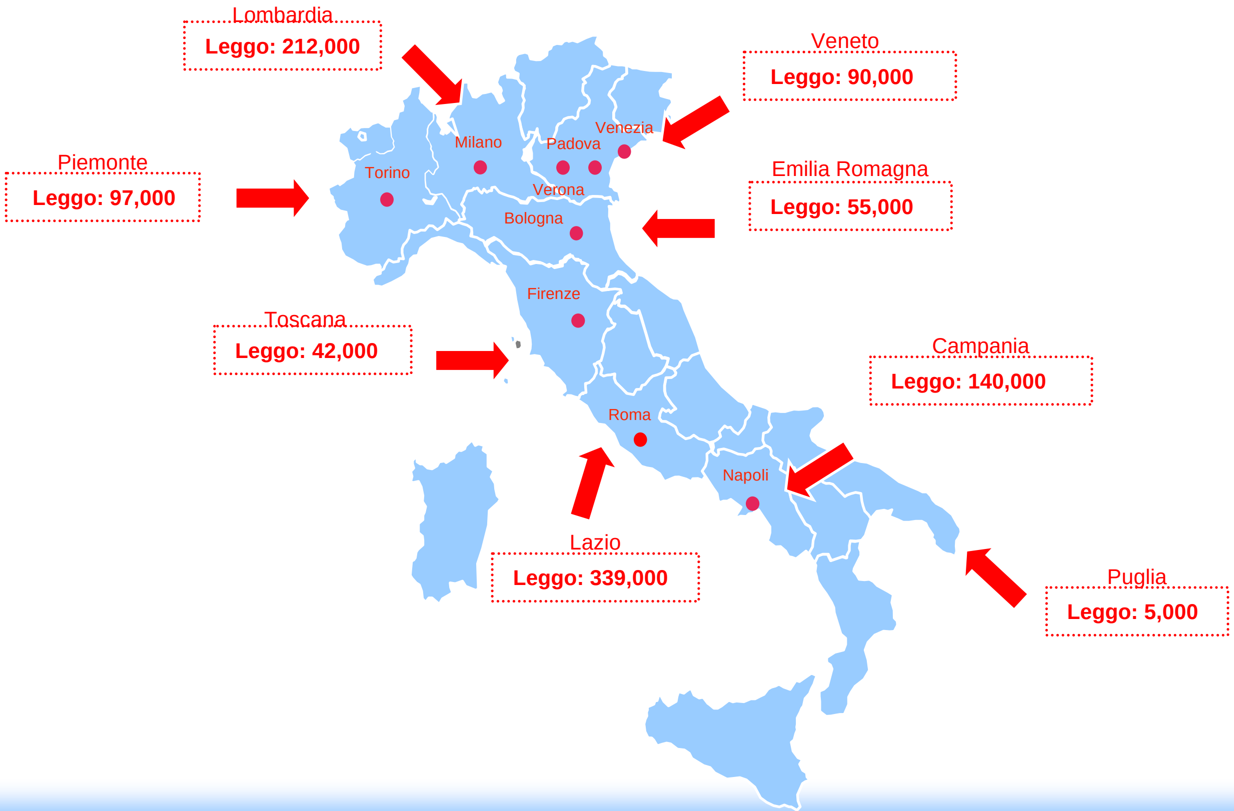
** Source: Eurisko 2003*

Free press: industry overview

CALTAGIRONE EDITORE

Avg. Daily readers by region *

- Free newspapers are present in 8 regions, accounting for 71% of Italian population
- Avg. Daily readers of at least one free newspaper: 1,650,000

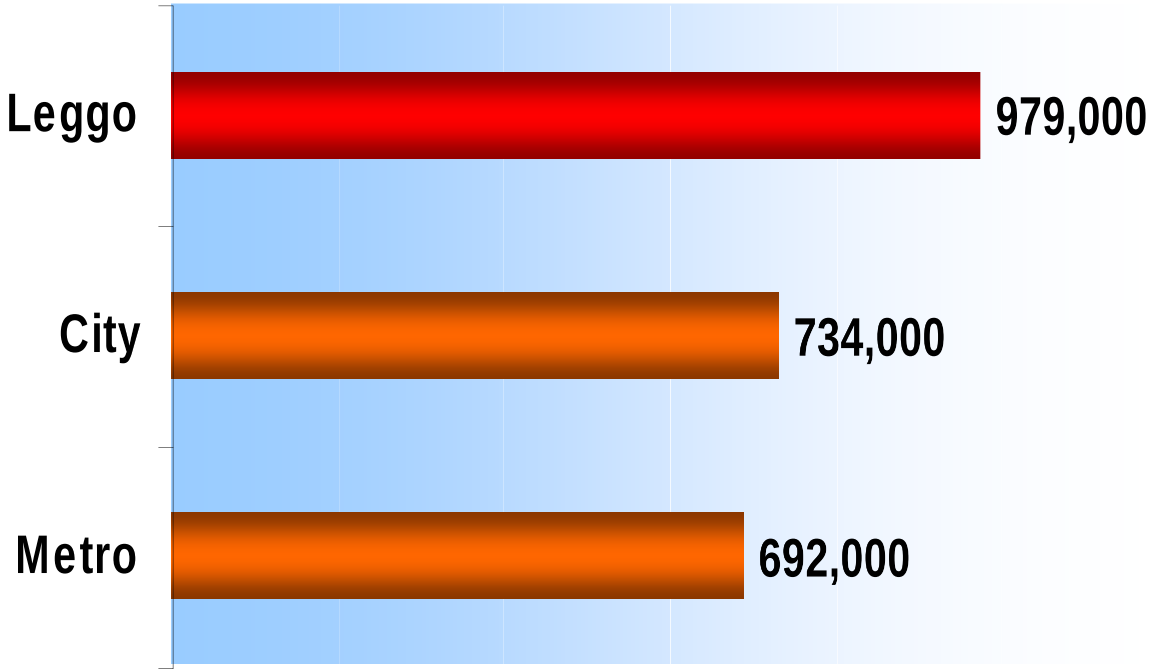


* Source: Eurisko 2003

Free press: national strength

Leggo is the #1 free newspaper in Italy

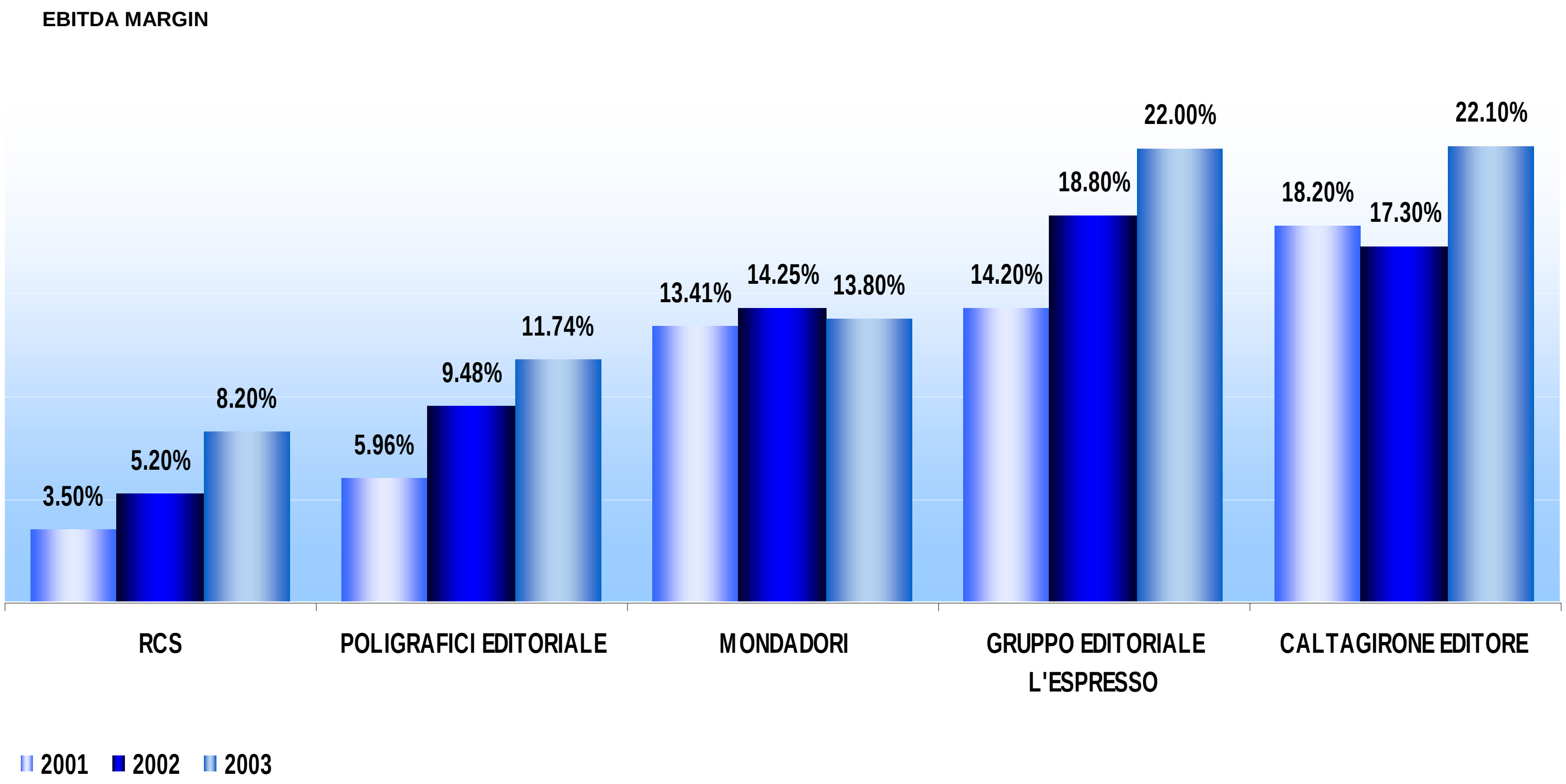
National Avg. Daily readers *



* Source: Eurisko 2003

Industry Overview: profitability vs quoted peers

Caltagirone Editore ranks as one of the most profitable media groups *

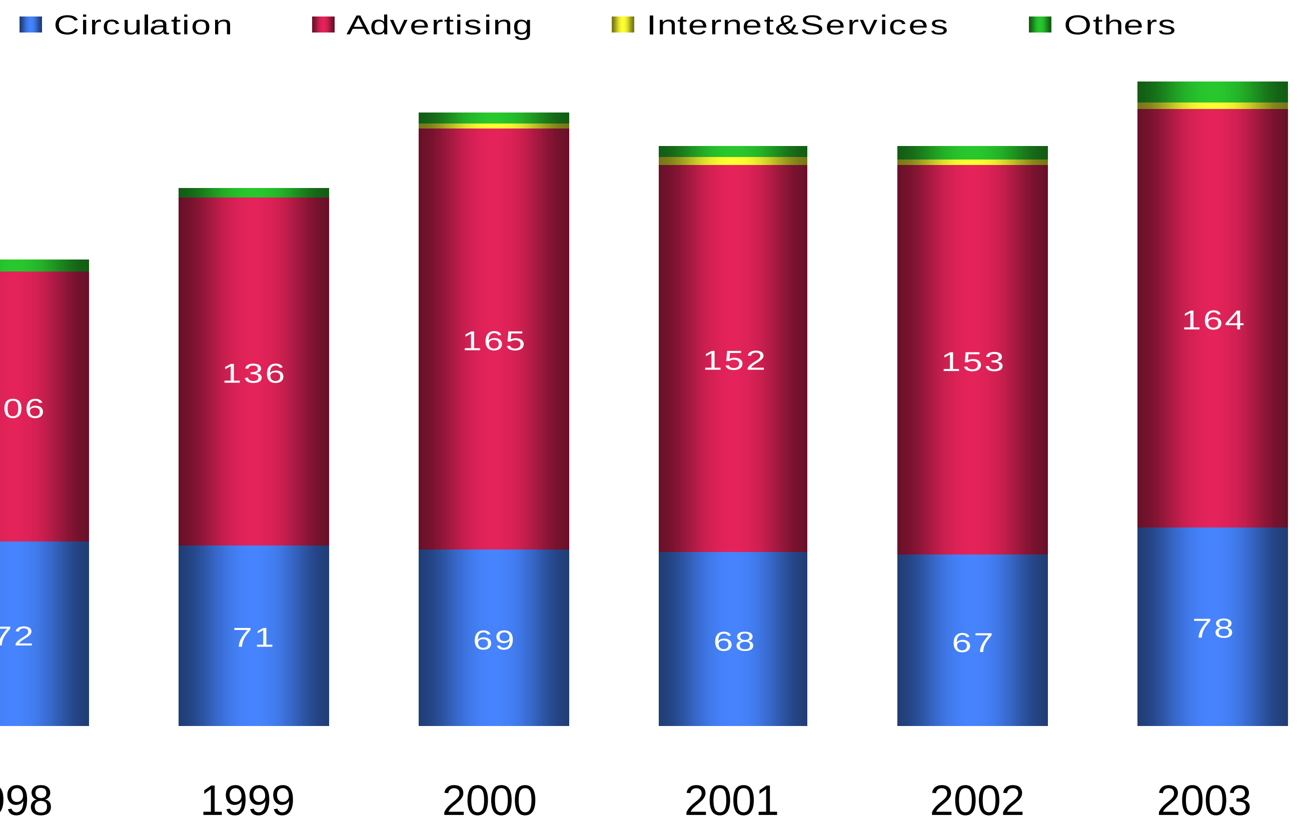


**See “Appendix” for details about business mix.*

Financials: revenue breakdown

Advertising is the main driver of Group revenue

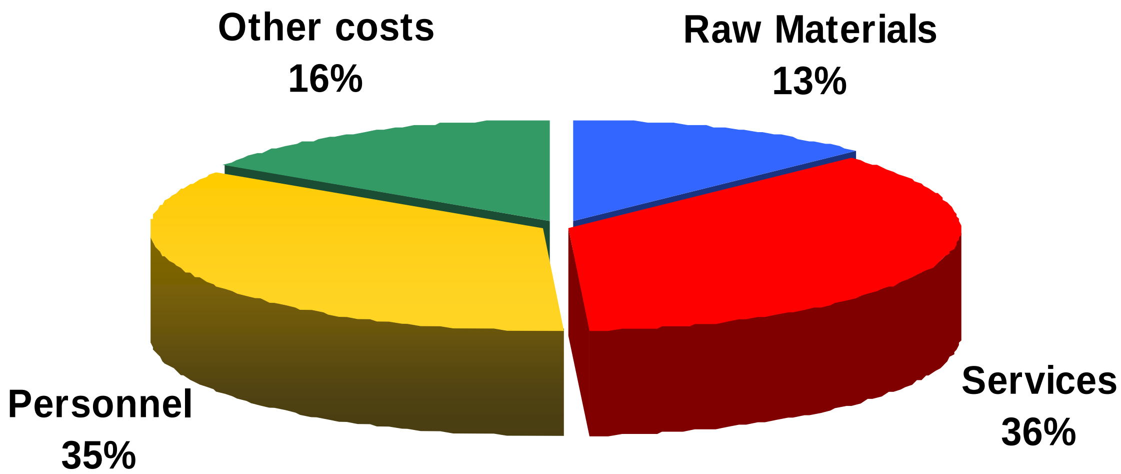
€ milions



Financials: operating costs breakdown 2003

High proportion of services is due to:

- in-house management of logistics
- outsourcing of low-value added activities



Financials: Q1 2004

€ millions	March 31, 2004	March 31, 2003	YoY%
Circulation	21.9	18.5	18.4%
Advertising	41.2	39.5	4.3%
Others	1.9	1.6	18.7%
Total Sales	**65.1**	**59.6**	9.2%
Costs	49.9	46.3	7.8%
EBITDA	**15.2**	**13.3**	**14.3%**
% margin	*23.4%*	*22.3%*	
EBIT	**8.8**	**8.1**	**8.6%**
% margin	*13.5%*	*13.6%*	
Net Financial Charges	3.9	3.1	25.8%
Pretax	**12.7**	**11.2**	**13.4%**
Extraordinaries	-0.6	-0.9	-33.3%
Tax	-5.7	-4.3	32.6%
Minorities	-0.5	-0.4	
Net income	**5.9**	**5.5**	**7.3%**
% margin	*9.1%*	*9.2%*	

- Underlying ciculation revenue was flat
- “Add on promotions” boosted circulation revenues by € 3m
- Advertising growth is mainly due to positive trend in local advertising, revenue increase for Leggo
- Service costs increased because of “add on promotions”
- Despite higher depriciation costs related to the new printing center in Torrespaccata, Ebit increased by 8.6%
- Statutory tax rate (DIT no longer possible).

Financials: FY 2003

€ millions	Dec 31, 2003	Dec 31, 2002	YoY%
Circulation	78	67	16%
Advertising	164	153	7%
Others	7	7	0%
Total Sales	**249**	**227**	10%
Costs	194	188	3%
EBITDA	**55**	**39**	**41%**
% margin	*22.1%*	*17.3%*	
EBIT	**29**	**17**	**71%**
% margin	*11.5%*	*7.6%*	
Net Financial Charges	3	15	-80%
Pretax	**32**	**32**	**0%**
Extraordinaries	-8	-9.8	-14%
Tax	5	-5	
Minorities	-2	-0.7	
Net income	**26**	**17**	**55%**
% margin	*10.4%*	*7.3%*	

Circulation:
- Underlying ciculation revenue was flat
- “Add on promotions” boosted circulation revenues by € 7.9m

Advertising:
- Advertising growth for Il Messaggero and Il Mattino was + 4.5%.
- Leggo increased revenues by 28%.

Costs:
- Paper costs declined by 14% year- over- year
- Service costs increased by € 8 m due to “add on promotions”

EBIT:
- € 3.6 m increase in amortization due to new printing center in Torrespaccata (6 months in 2003)
- € 1,87 devaluation of Caltanet stake

Net Financial Charges:
- € 2 m dividends from 2% RCS stake
- Lower interest income due to lower yield on cash deposits

Tax:
- Current taxes: - € 12 m
- Defered tax credit: €16.8m due to devaluation of financial stakes
- Expected average future tax rate around 35% (DT no longer possible).

Financials: profitability over time

Facts

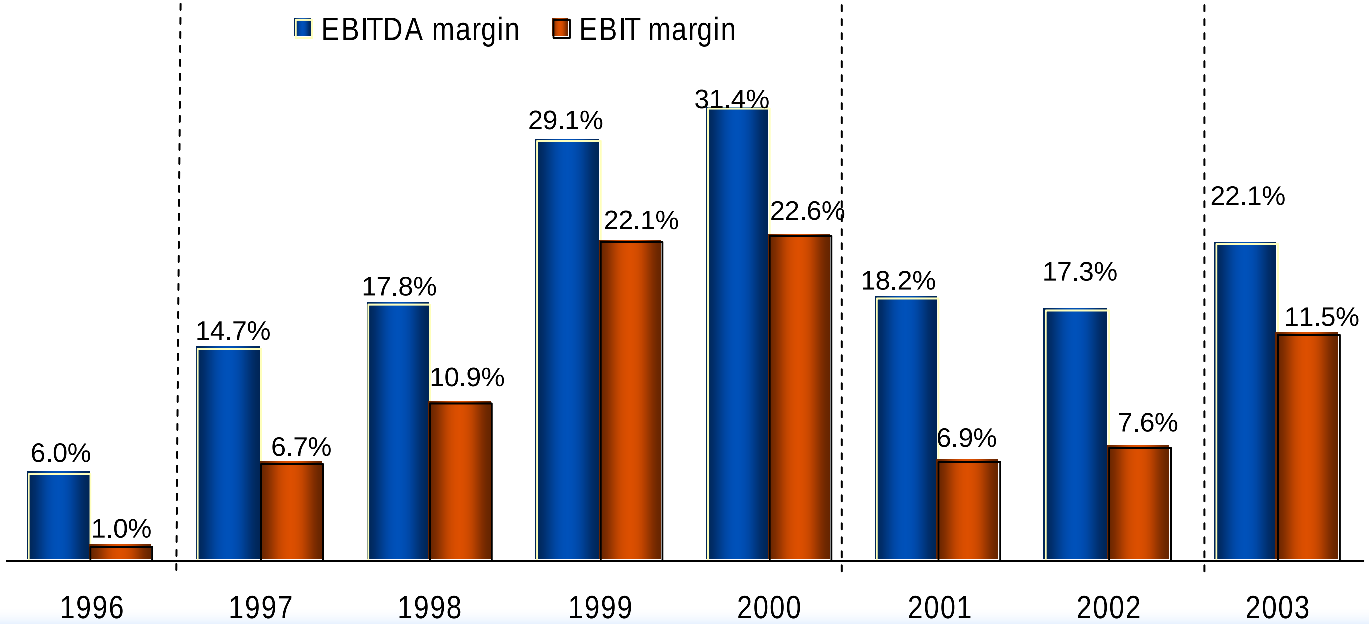
- Caltagirone Group acquires Il Messaggero and Il Mattino

- Strong cyclical upswing
- Strong advertising growth
- Reorganization of activities and completion of turnaround process
- Strict cost control

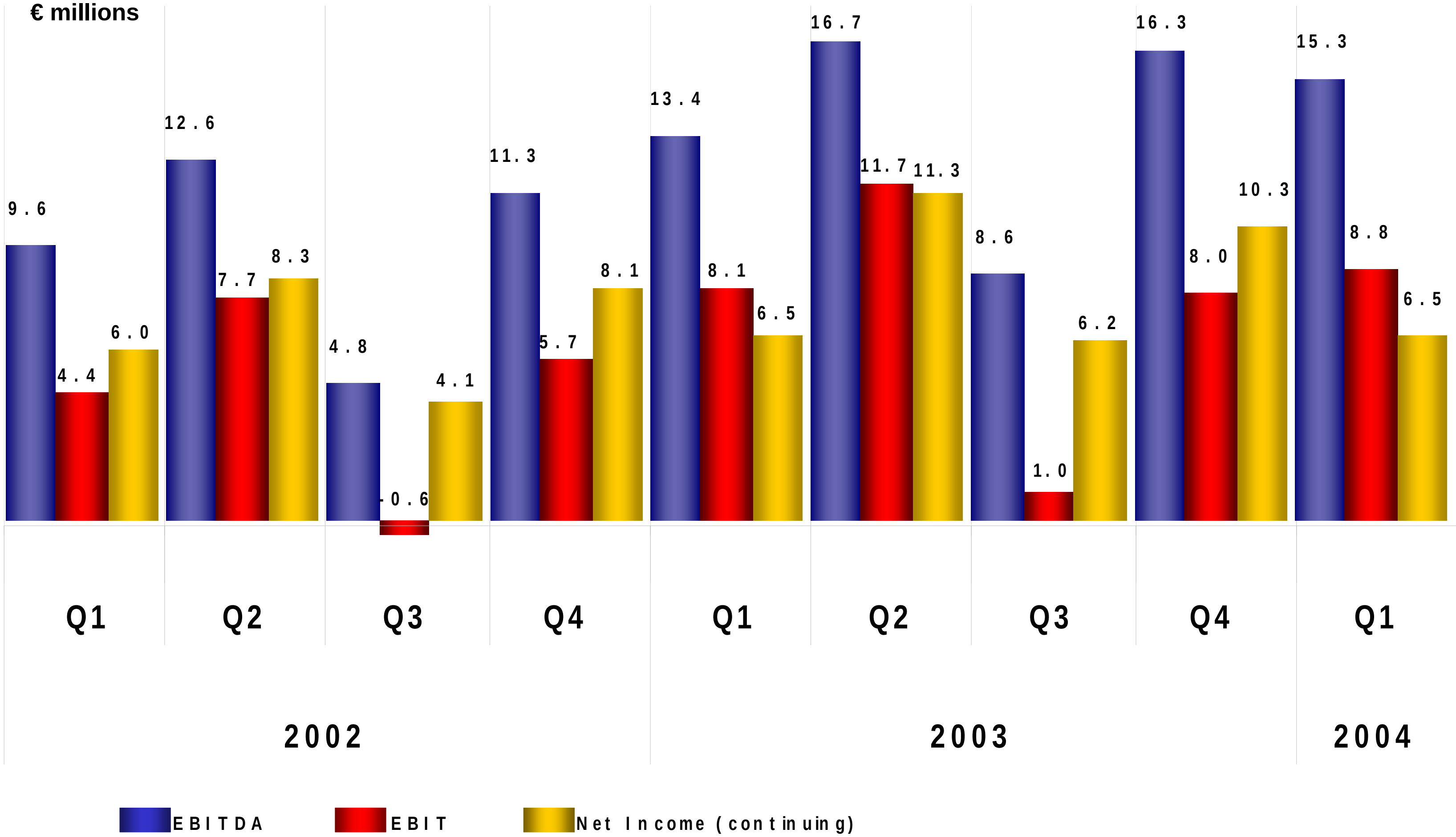
- Economic slowdown
- Advertising demand fall
- Further improvement in efficiency through reduction of labour cost
- Launch of LEGGO

- Start of a new advertising upturn
- New printing plant up and running (Il Messaggero)

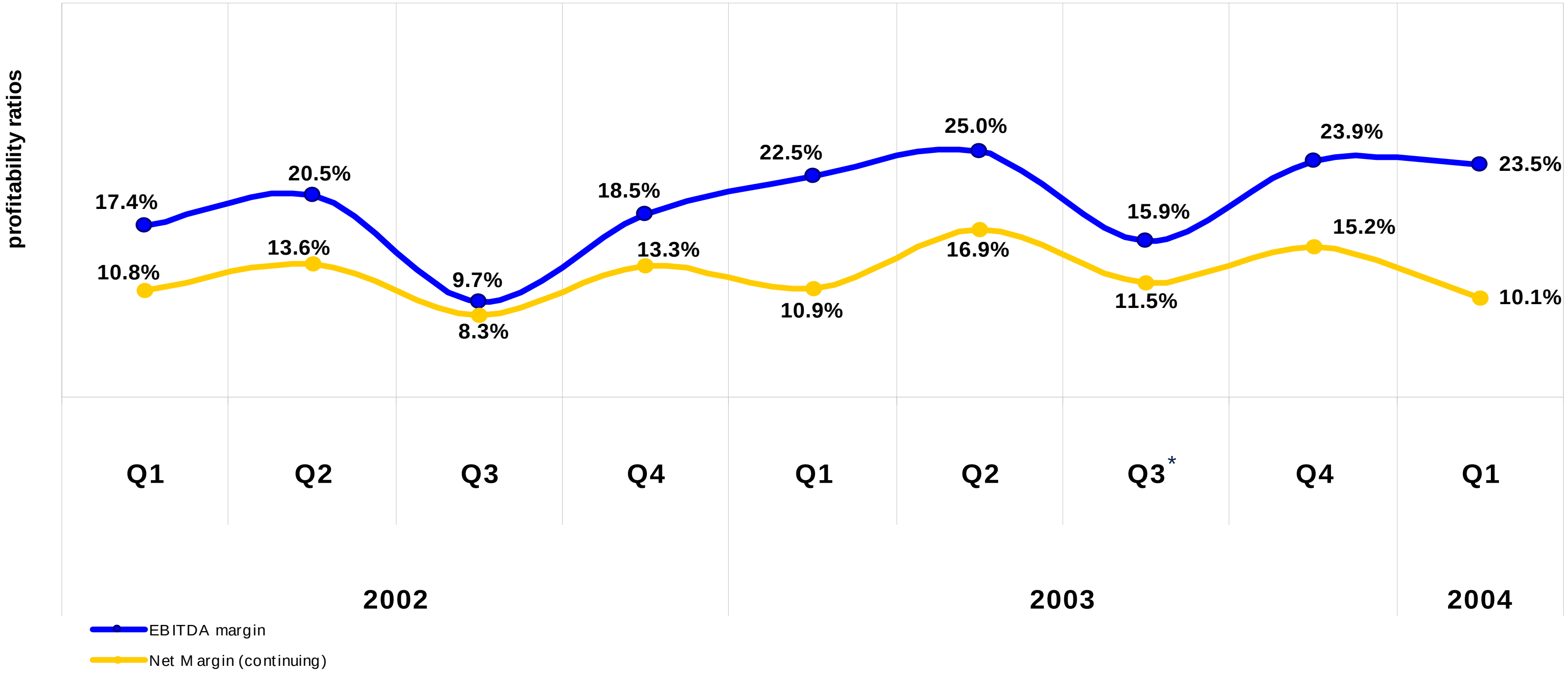
Results



Financials: breakdown by quarter

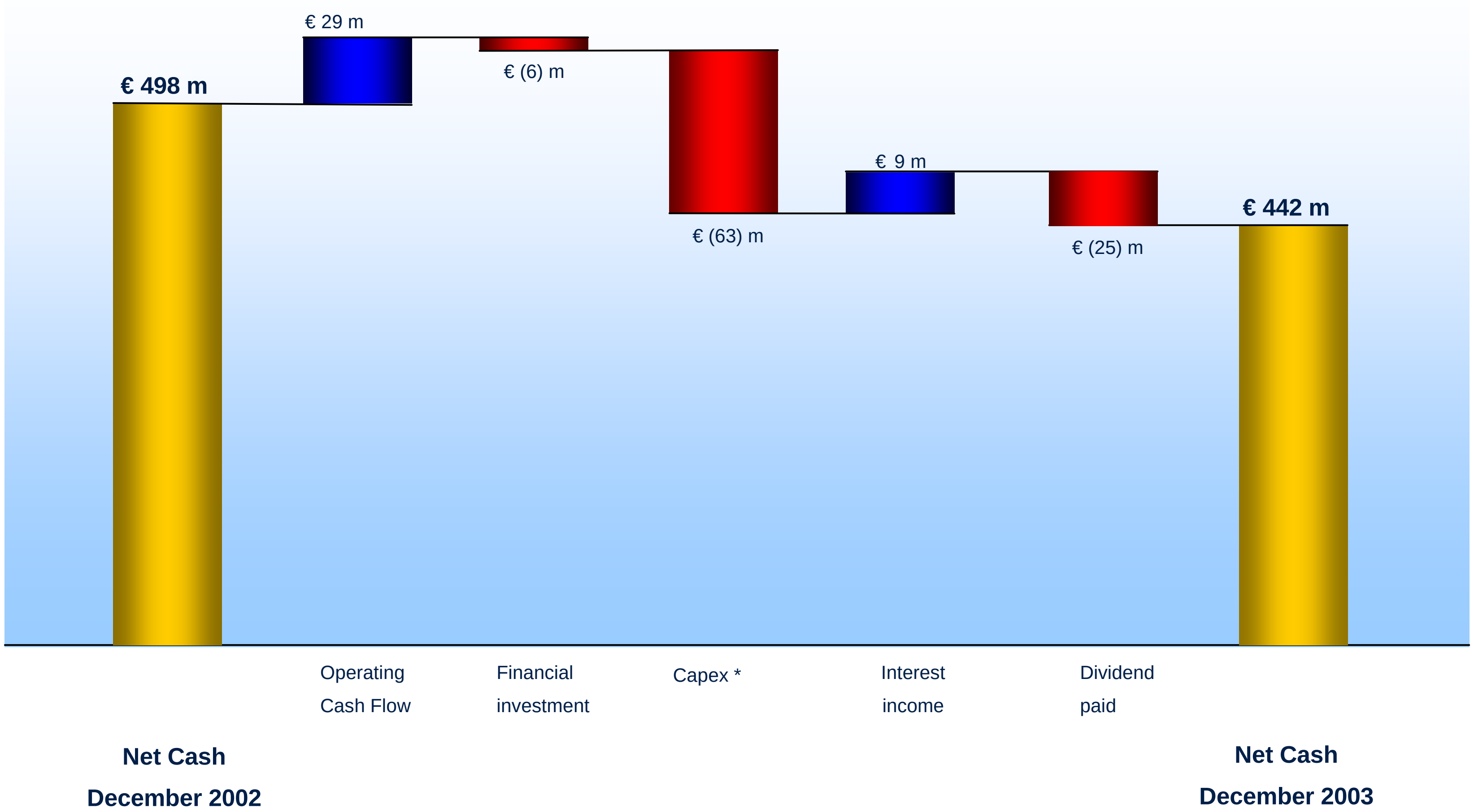


Financials: breakdown by quarter



* Q3 2003 margin figures are not directly comparable due to first time inclusion of new printing plant depreciation.

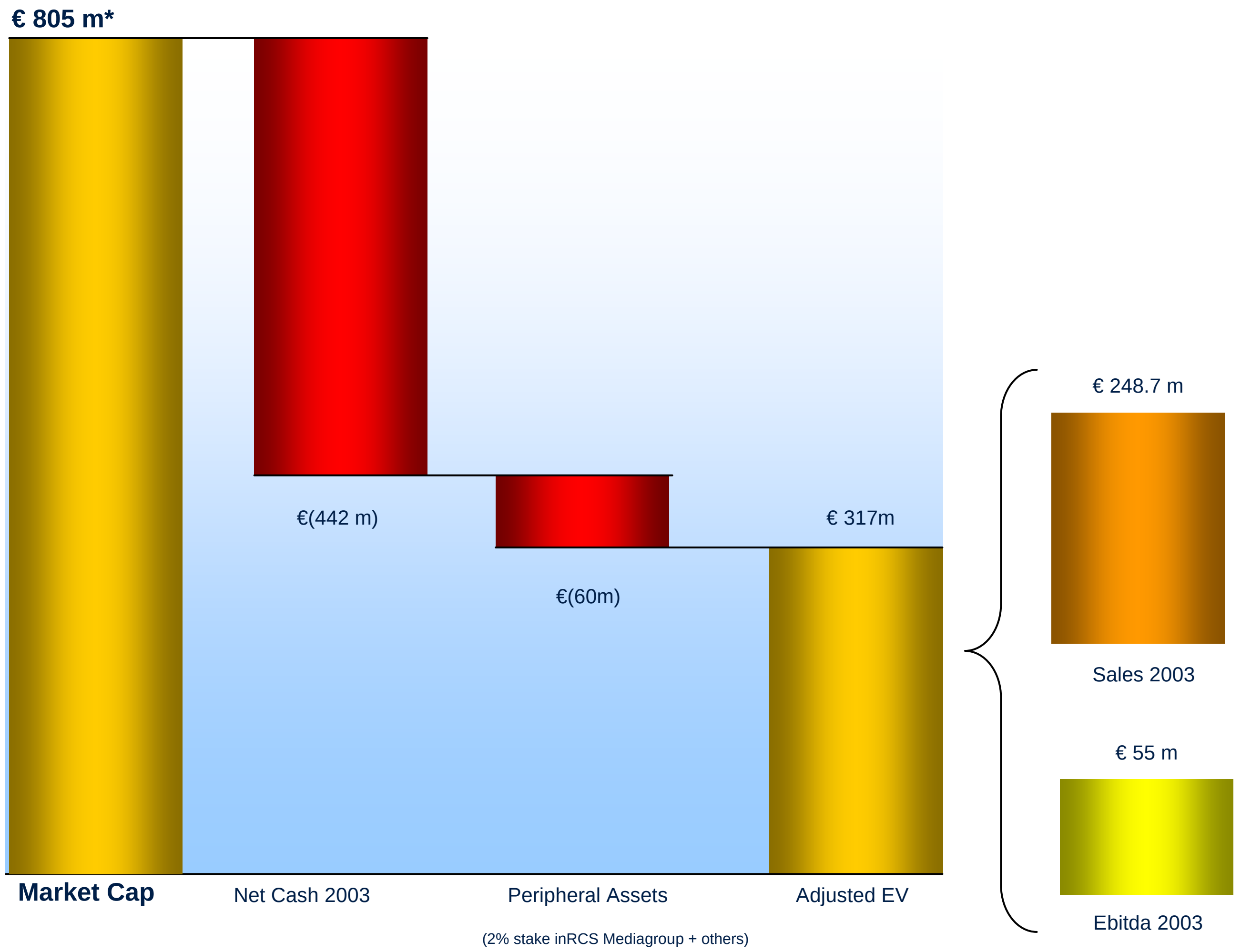
Financials: cash flow



** 2003 Capex is unusally high due to one-off expenditure for new printing facility in Torrespaccata*

Financials: market multiples

Adjusted firm value is 5.9x historical Ebitda



$$\frac{\text{Adjusted EV}}{\text{Sales 2003}} = 1.3x$$

$$\frac{\text{Adjusted EV}}{\text{Ebitda 2003}} = 5.9x$$

** As of April 20, 2004*

Outlook

- **Circulation** → • Flat/slight increase due to add-on sales

- **Advertising** → • Our strength in local advertising provided resilience during last cyclical downturn

  BUT

  • being one of the top national players, we will benefit from any advertising upswing

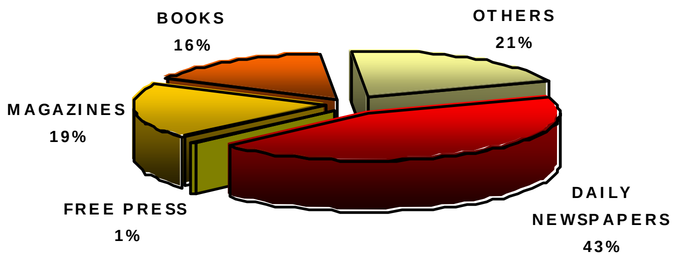
- **Cost control** → • We aim at further improvement of existing cost structure

- **Growth goals** → • We pursue organic growth as well as external growth in the core business

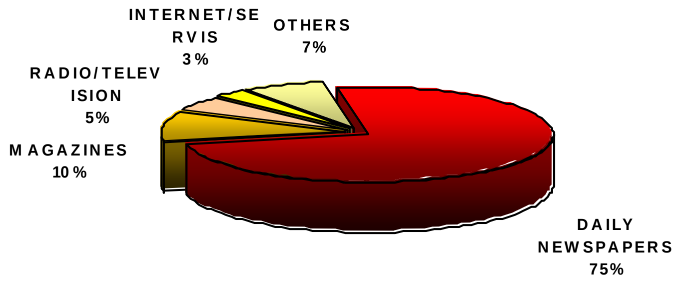
Appendix

Business mix

RCS MEDIAGROUP



GRUPPO EDITORIALE L'ESPRESSO



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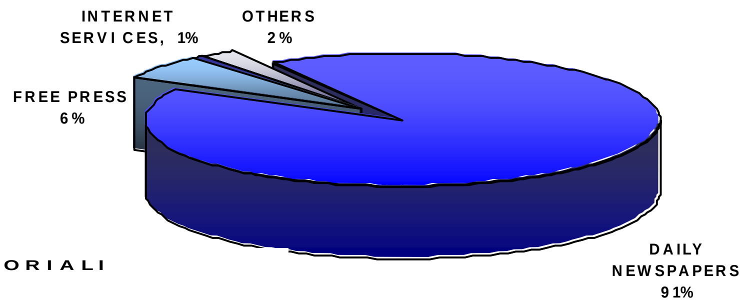
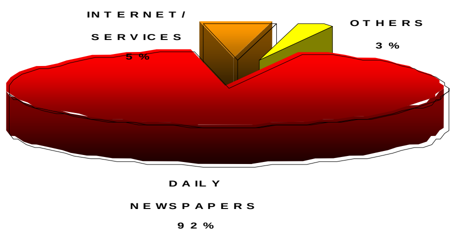
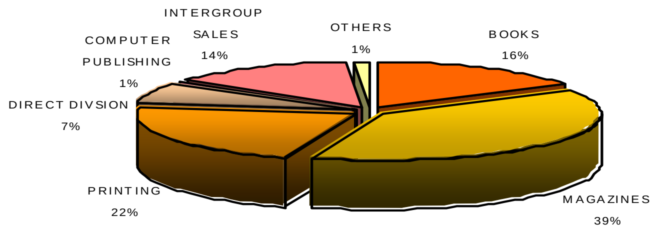


POLIGRAFICI EDITORIALI



GRUPPO MONDADORI



As of Decmenber 2002

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