



***November 2004***

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## ***Agenda***

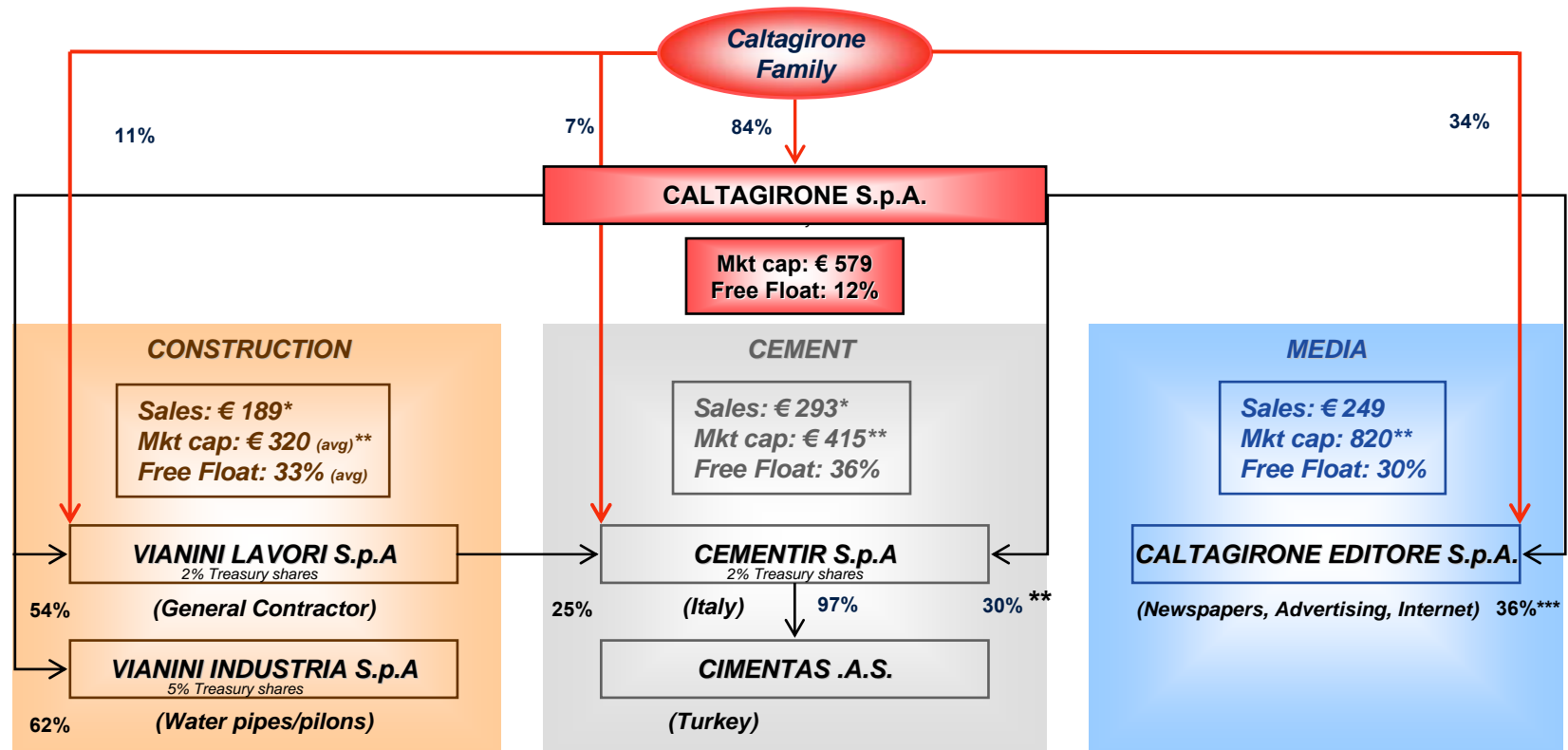
- ***Company Overview***
- ***Newspapers***
  - *products*
  - *strategy*
  - *industry overview*
  - *local strength*
- ***Free press***
  - *products and strategy*
  - *industry overview*
  - *national strength*
- ***Financials***
- ***Outlook***
- ***Appendix***



Il Messaggero headquarters in Via del Tritone, Rome

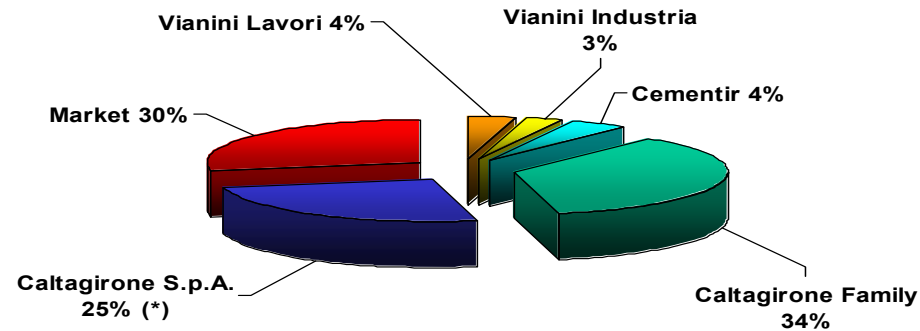
## Company Overview: the Caltagirone group

- 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; \*\* As of May 2004 \*\* 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.

### 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

### PRODUCTS

**Il Messaggero**

**IL MATTINO**

**LEGGO**

#### Market position

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

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

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

### SERVICES

**PIEMME**

**caltanet**

 **b2win**  
business relationship management solutions

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

- One of the main national internet portals

- Call center that offers services exploiting Caltanet's technology

## Newspapers: the products

### 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<sup>1</sup> with around 1.26 million daily readers
- 250,000 average copies sold <sup>2</sup>

### **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<sup>1</sup> with around 678,000 daily readers
- 94,000 average copies sold <sup>2</sup>

### **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)

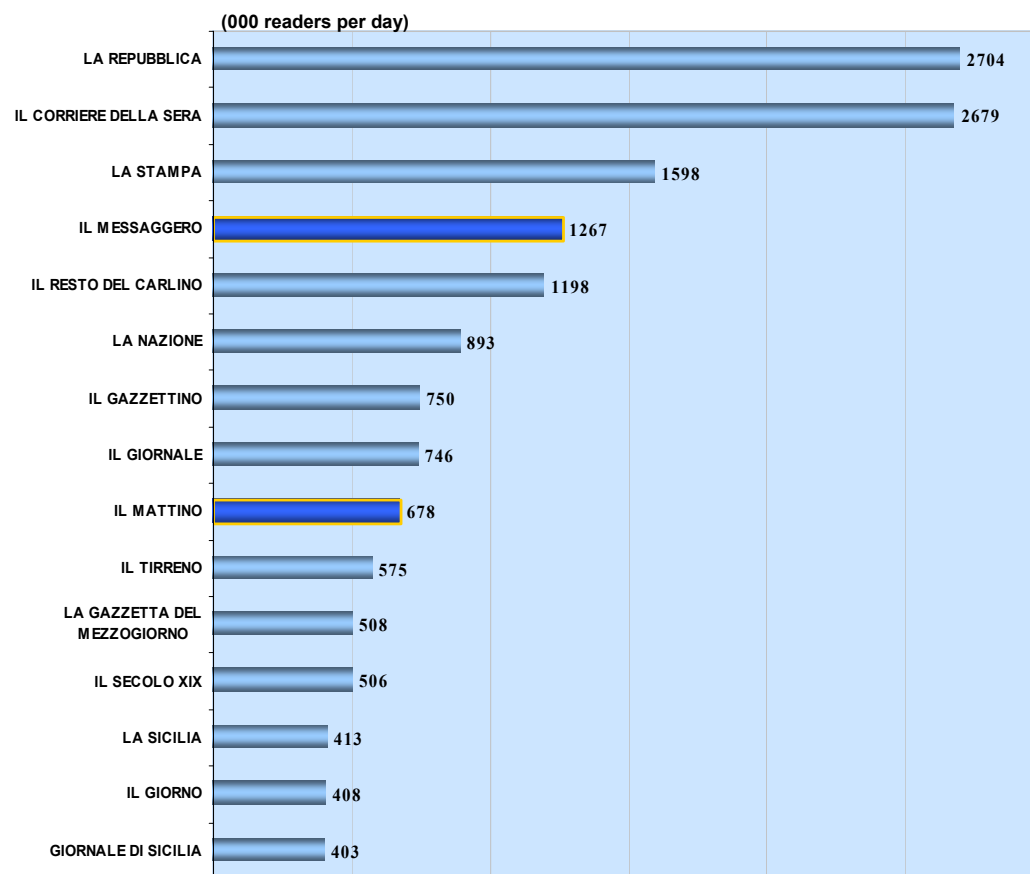
<sup>1</sup> Excluding financial and sport dailies – Source: Audipress 2002

<sup>2</sup> Source: ADS 2002/2003

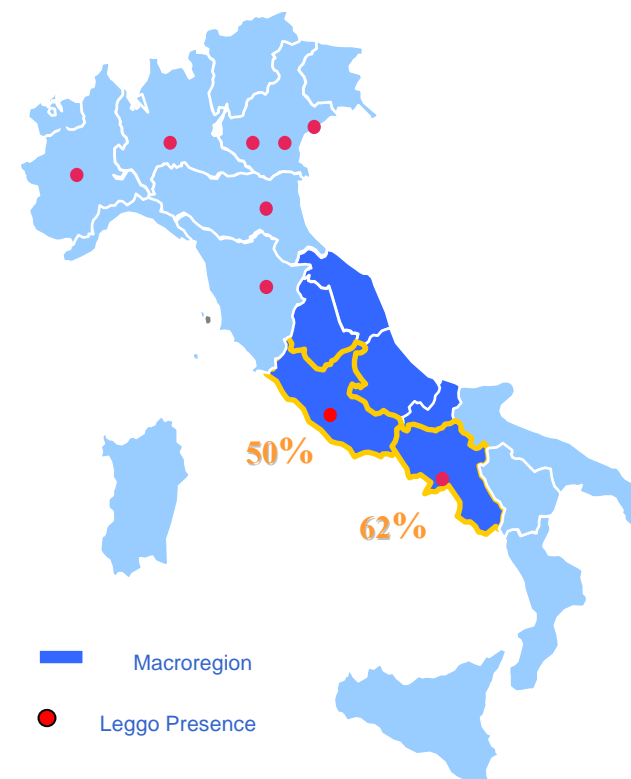


## Newspapers: industry overview

### Market Share – readership \*



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

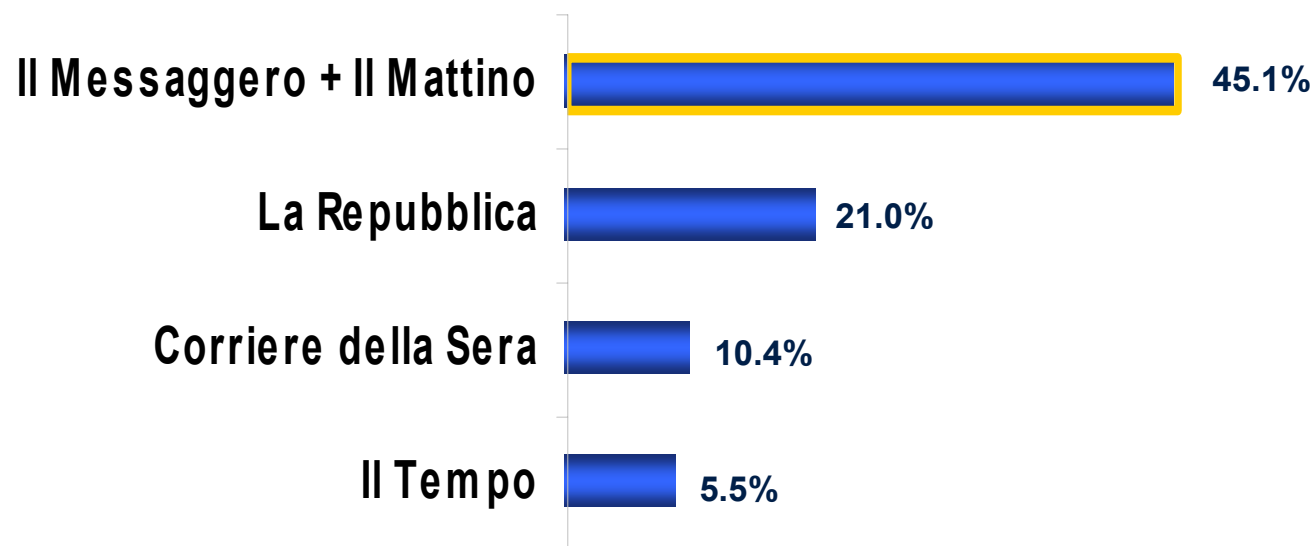


\* Excluding financial and sports daily newspapers - Source: Audipress Spring 2003; Audipress Autumn 2003 data is not yet available on a regional basis



## *Newspapers: local strength*

### *Market Share in the Macroregion \**



**Il Messaggero**

Market share of 50% in Lazio

**IL MATTINO**

Market share of 62% in Campania

## 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

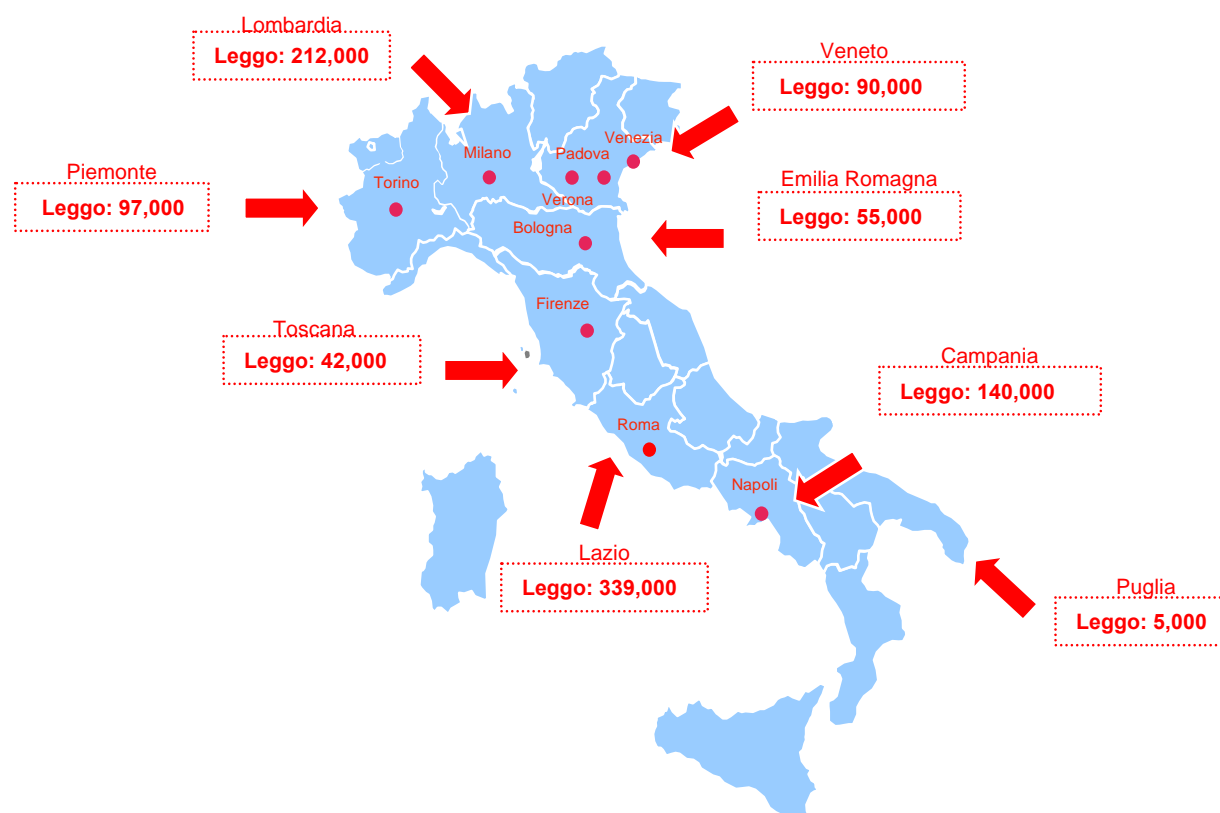
- Creation of a national network in order to reach a wider presence
- Reinforcement of market leadership to exploit advertising upturn
- Target focus on:
  - youngsters
  - working people
  - mass affluent

\* Source: Eurisko 2003

## Free press: industry overview

### 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

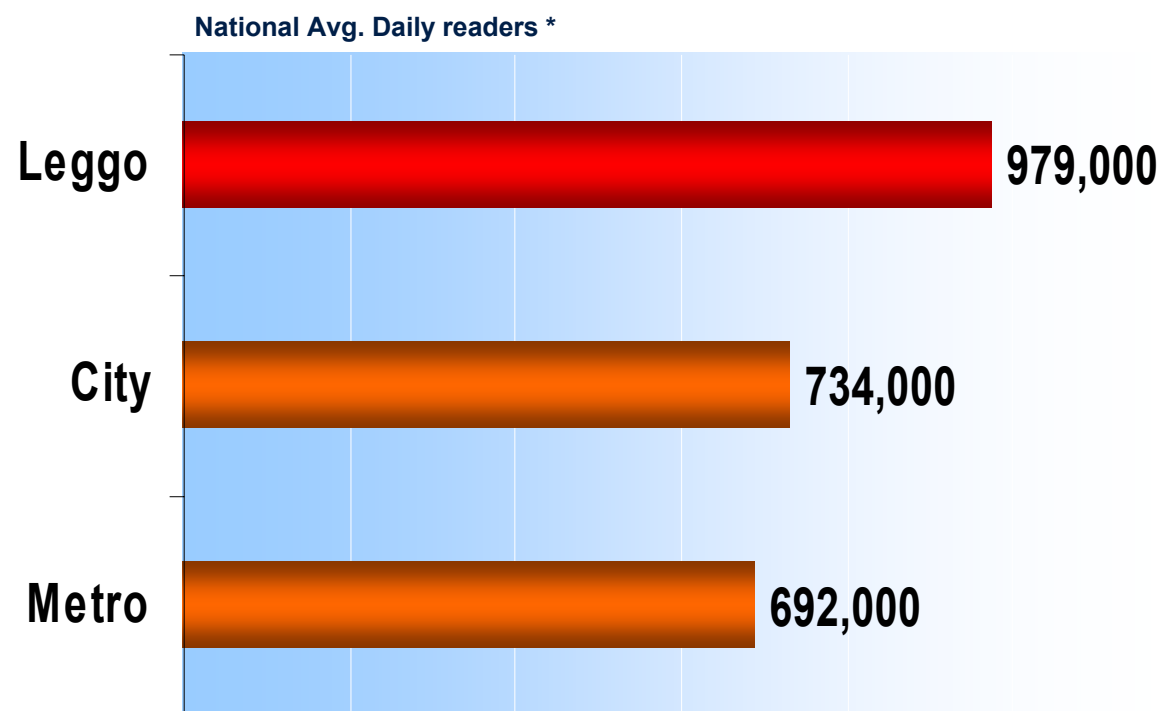


\* Source: Eurisko 2003

## *Free press: national strength*

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*Leggo is the #1 free newspaper in Italy*



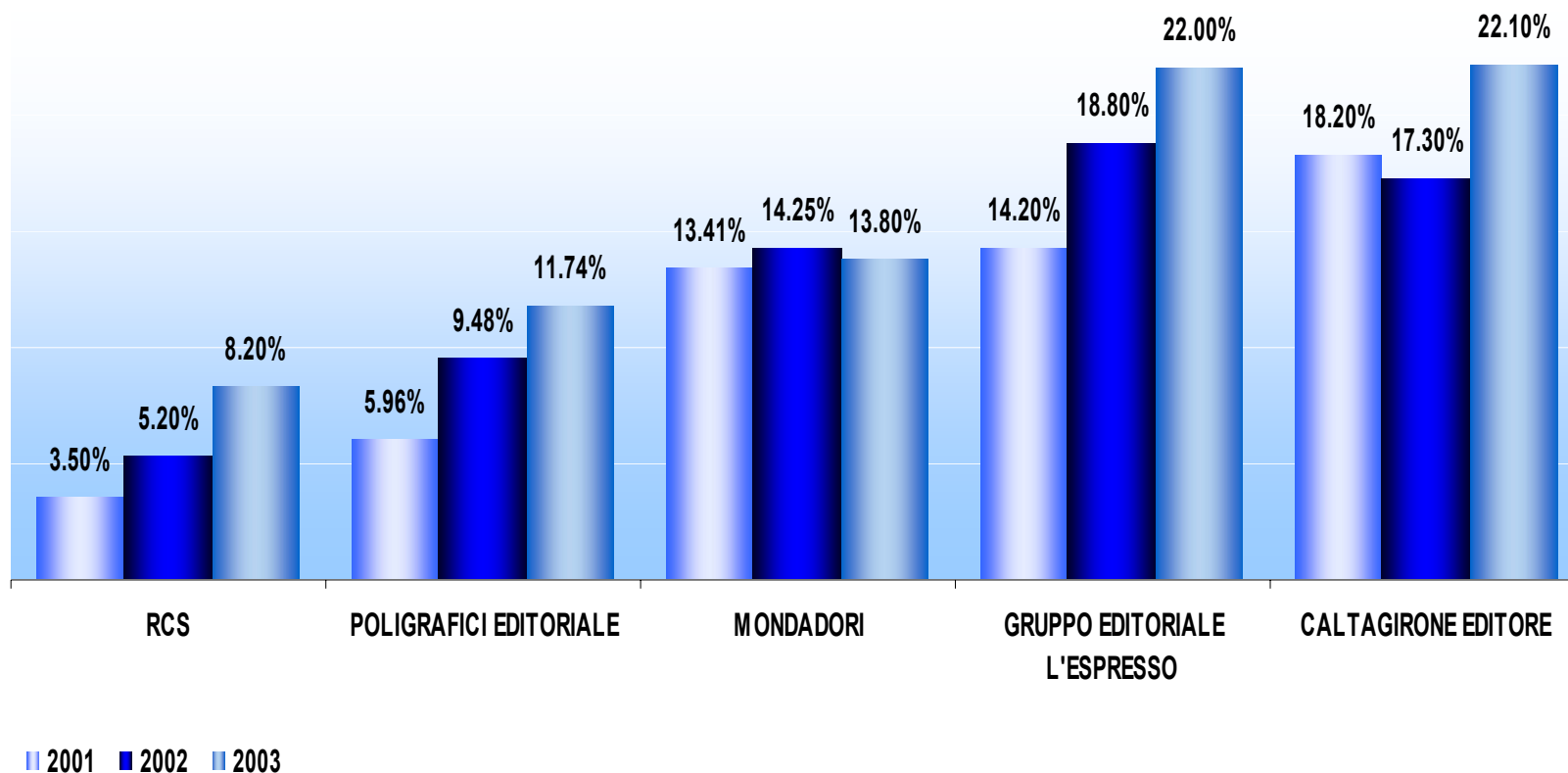
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\* Source: Eurisko 2003

## Industry Overview: profitability vs quoted peers

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

EBITDA MARGIN

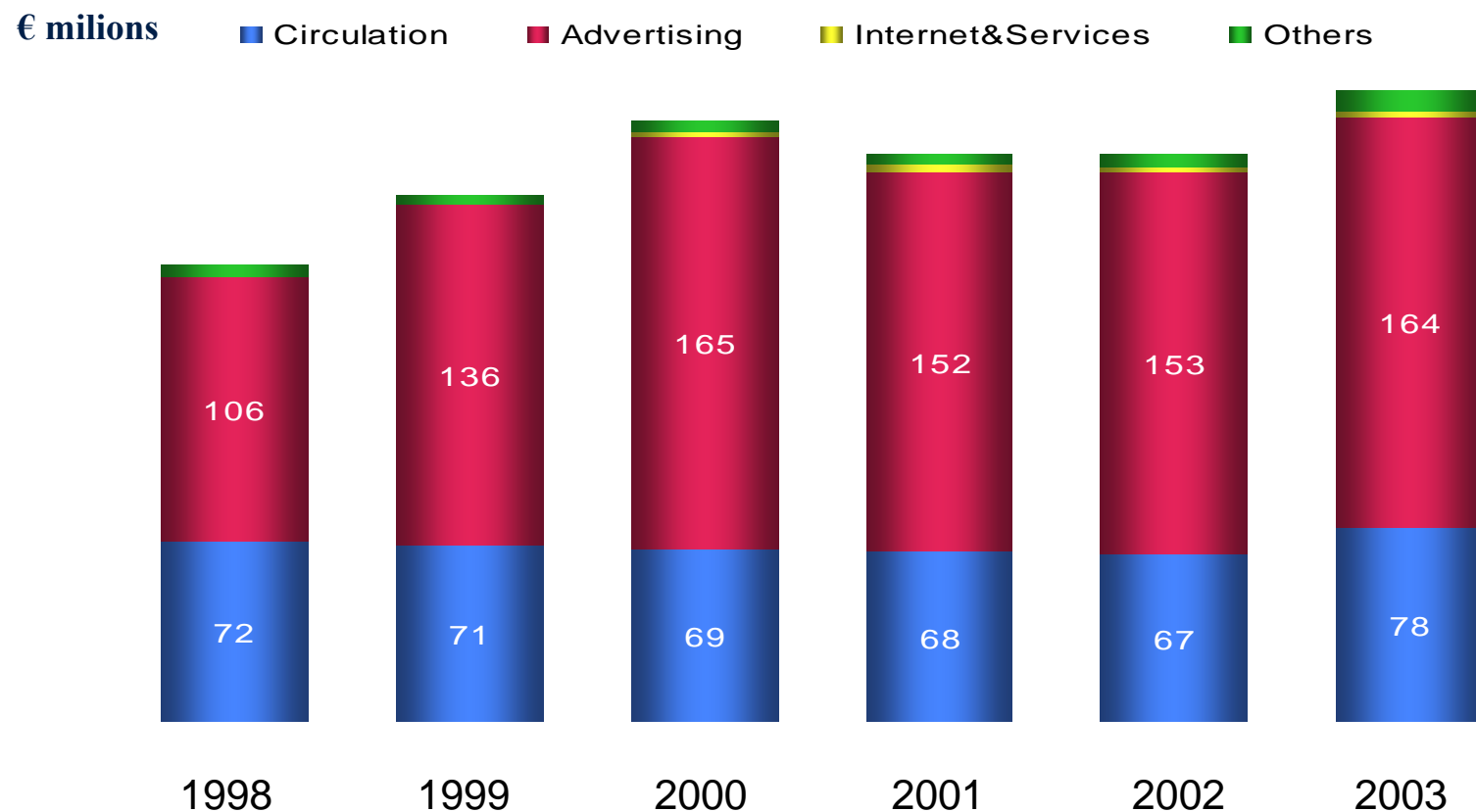


\* See "Appendix" for details about business mix.

## *Financials: revenue breakdown*

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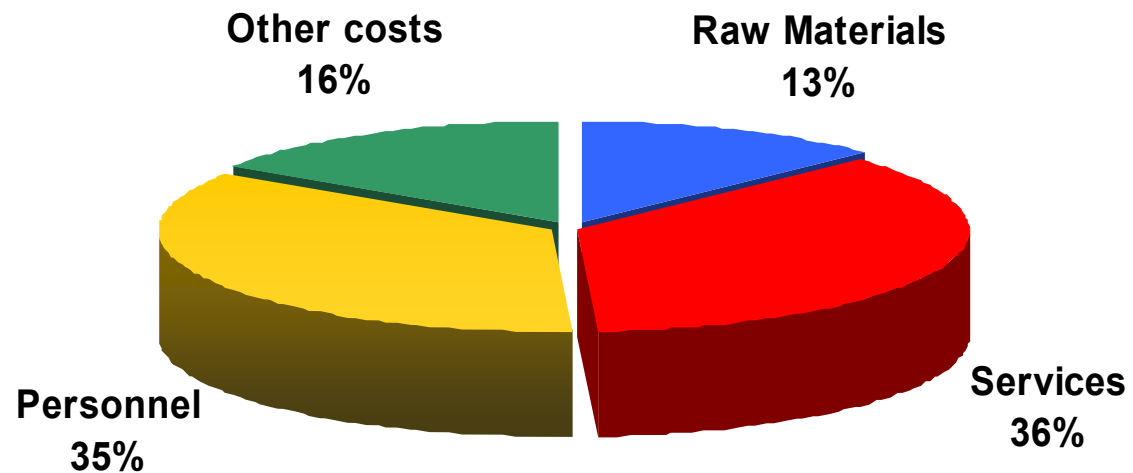
### *Advertising is the main driver of Group revenue*



## ***Financials: operating costs breakdown 2003***

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***High proportion of services is due to:***  
***- in-house management of logistics***  
***- outsourcing of low-value added activities***





## Financials: 3Q 2004 highlights

<b>3Q Highlights</b>	<b>Jul-Sept</b>	<b>Jul-Sept</b>	<b>Δ %</b>
<i>Euro 000</i>	<b>2004</b>	<b>2003</b>	
<b>Net Sales</b>	<b>57.508</b>	54.100	6,3%
of which:			
• Circulation	20.548	19.522	5,3%
• Advertising	34.174	33.001	3,6%
• Other revenues	2.786	1.577	76,7%
<b>Ebitda</b>	<b>9.648</b>	8.635	11,7%
<b>Ebit</b>	<b>2.196</b>	1.008	117,9%

<b>Circulation</b>	<b>Jul-Sept 2004 <i>Euro 000</i></b>	<b>Jul-Sept 2003 <i>Euro 000</i></b>	<b>Δ %</b>
<b>Circulation</b>	<b>19.149</b>	18.371	4,2%
<b>“Add-on” sales</b>	<b>1.399</b>	1.151	21,5%
of which:			
• Il Messaggero	1.030	697	47,8%
• Il Mattino	369	454	-18,7%
<b>Total</b>	<b>20.548</b>	19.522	5,3%

<b>Advertising</b>	<b>Jul-Sept 2004 <i>Euro 000</i></b>	<b>Jul-Sept 2003 <i>Euro 000</i></b>	<b>Δ %</b>
• Il Messaggero	20.315	20.173	0,7%
• Il Mattino	7.561	7.704	-1,9%
• Leggo	3.194	3.113	2,6%
• Corriere Adriatico (*)	915	-	n.a.
• others	2.189	2.011	8,8%
<b>Total</b>	<b>34.174</b>	33.001	3,6%

## Financials: first 9 months of 2004 highlights

<b>9M Highlights</b>	<b>Jan-Sept 2004 <i>Euro 000</i></b>	<b>Jan-Sept 2003 <i>Euro 000</i></b>	<b>Δ %</b>
<b>Net Sales</b>	<b>192.844</b>	180.747	6,7%
of which:			
• Circulation	61.576	58.809	4,7%
• Advertising	124.310	116.845	6,4%
• Other revenues	6.958	5.093	36,6%
<b>Ebitda</b>	<b>44.993</b>	38.831	15,9%
<b>Ebit</b>	<b>24.002</b>	20.907	14,8%

<b>Circulation</b>	<b>Jan-Sept 2004 <i>Euro 000</i></b>	<b>Jan-Sept 2003 <i>Euro 000</i></b>	<b>Δ %</b>
<b>Circulation</b>	<b>51.612</b>	50.767	1,7%
<b>"Add-on" sales</b>	<b>9.964</b>	8.042	23,9%
of which:			
• Il Messaggero	6.007	5.694	5,5%
• Il Mattino	3.957	2.348	68,5%
<b>Total</b>	<b>61.576</b>	58.809	4,7%

<b>Advertising</b>	<b>Jan-Sept 2004 <i>Euro 000</i></b>	<b>Jan-Sept 2003 <i>Euro 000</i></b>	<b>Δ %</b>
• Il Messaggero	75.054	72.444	3,6%
• Il Mattino	27.551	26.852	2,6%
• Leggo	13.755	11.710	17,5%
• Corriere Adriatico (*)	915	-	n.a.
• others	7.035	5.839	20,5%
<b>Total</b>	<b>124.310</b>	116.845	6,4%







## Financials: first 9 months of 2004

<b>Profit &amp; Loss Account</b>	<b>Jan-Sept 2004</b> <i>Euro 000</i>	<b>Jan-Sept 2003</b> <i>Euro 000</i>	<b>Δ %</b>
Circulation	61.576	58.809	4,7%
Advertising	124.310	116.845	6,4%
Other revenues	6.958	5.093	36,6%
<b>Total</b>	<b>192.844</b>	180.747	6,7%
Raw materials	(18.927)	(21.090)	-10,3%
Services	(64.350)	(58.070)	10,8%
Rents, lease and similar costs	(5.034)	(3.557)	41,5%
Personnel	(57.898)	(57.904)	0,0%
Other costs	(1.642)	(1.295)	26,8%
<b>Total</b>	<b>(147.851)</b>	(141.916)	4,2%
<b>Ebitda</b>	<b>44.993</b>	38.831	15,9%
D&A	(18.001)	(16.754)	7,4%
Other (costs) revenues	(2.990)	(1.170)	155,6%
<b>Ebit</b>	<b>24.002</b>	20.907	14,8%
<b>Profit before taxes</b>	<b>29.045</b>	22.470	29,3%
Taxes	(12.155)	(7.217)	68,4%
<b>Profit before minorities</b>	<b>16.890</b>	15.253	10,7%
Minorities	(1.777)	(1.072)	65,8%
<b>Net profit</b>	<b>15.113</b>	14.181	6,6%

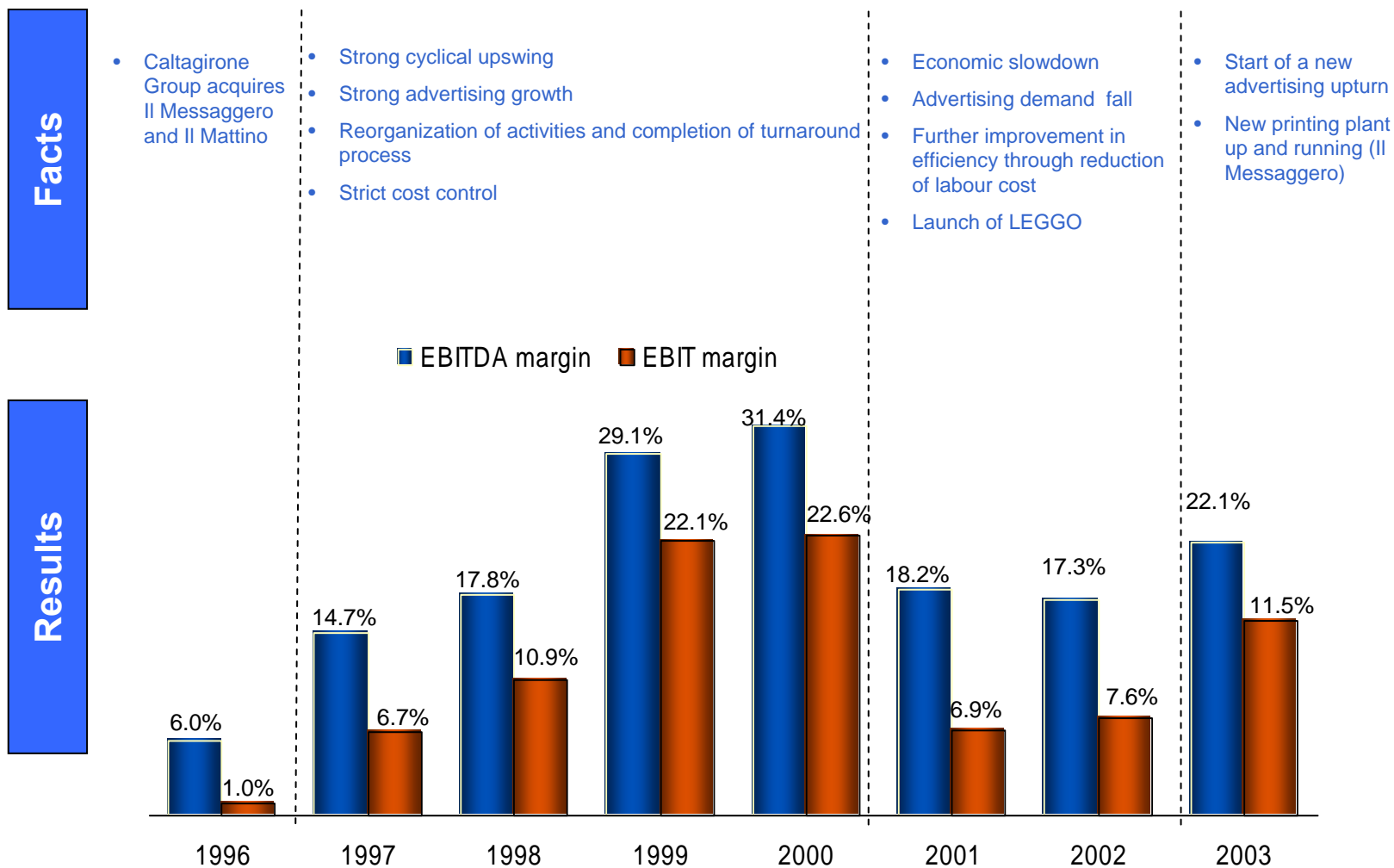
## ***Financials: net financial position***

<i>Euro 000</i>	<b>30/09/04</b>	<b>31/12/03</b>	<b>30/06/04</b>
Marketable securities	<b>14</b>	9	14
Cash/deposits	<b>485.976</b>	545.509	484.782
Long term borrowings	<b>(80.541)</b>	(82.358)	(80.541)
Short term borrowings	<b>(15.966)</b>	(21.187)	(28.244)
<b>Net Financial Position</b>	<b>389.483</b>	<b>441.973</b>	<b>376.011</b>

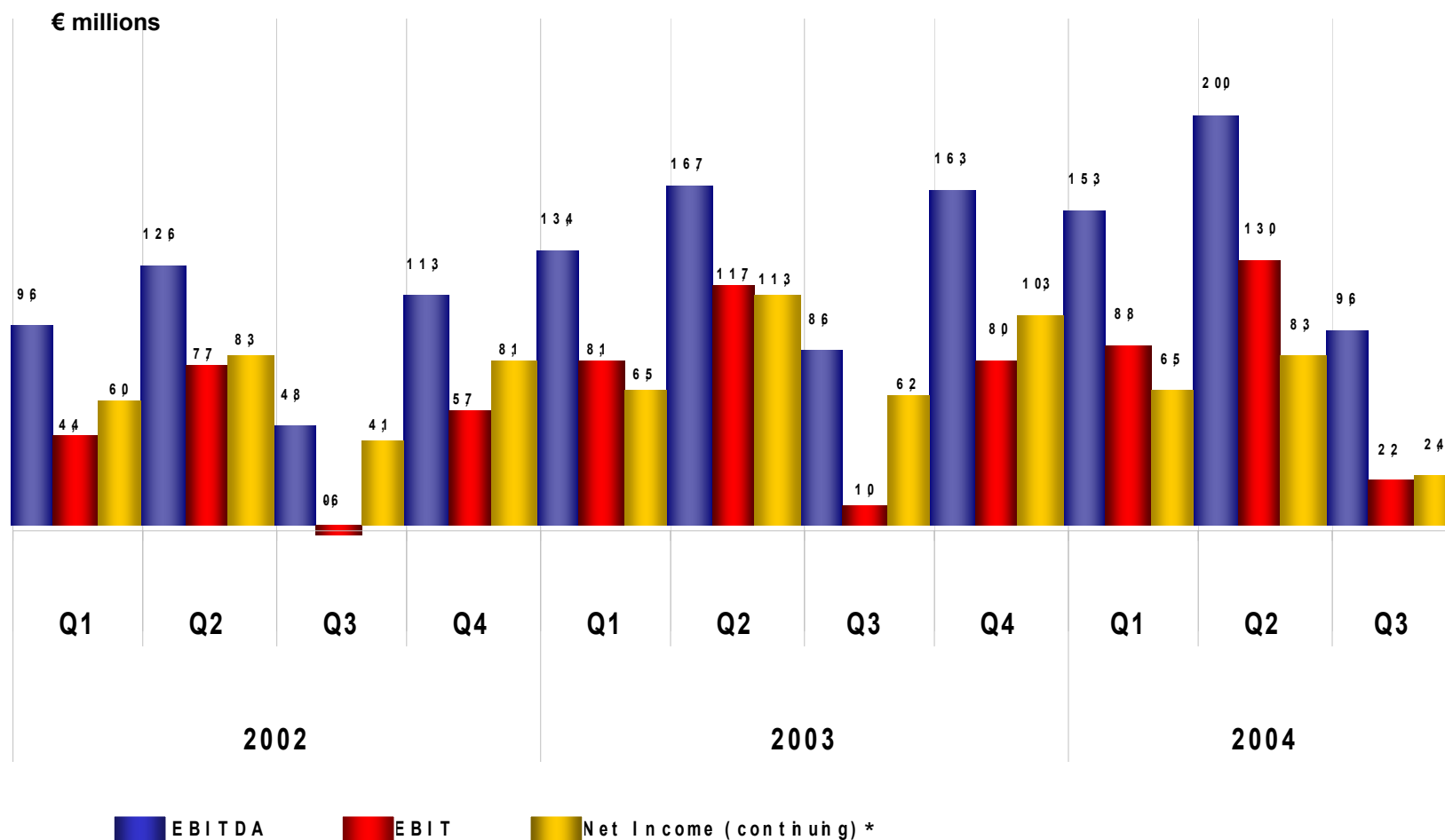
## Financials: FY 2003

€ millions	Dec 31, 2003	Dec 31, 2002	YoY%	
Circulation	78	67	16%	 <ul style="list-style-type: none"> <li>Underlying circulation revenue was flat</li> <li>"Add on promotions" boosted circulation revenues by € 7.9m</li> </ul>
Advertising	164	153	7%	 <ul style="list-style-type: none"> <li>Advertising growth for Il Messaggero and Il Mattino was + 4.5%.</li> <li>Leggo increased revenues by 28%.</li> </ul>
Others	7	7	0%	
<b>Total Sales</b>	<b>249</b>	<b>227</b>	<b>10%</b>	
Costs	194	188	3%	 <ul style="list-style-type: none"> <li>Paper costs declined by 14% year- over- year</li> <li>Service costs increased by € 8 m due to "add on promotions"</li> </ul>
<b>EBITDA</b>	<b>55</b>	<b>39</b>	<b>41%</b>	
% margin	22.1%	17.3%		
<b>EBIT</b>	<b>29</b>	<b>17</b>	<b>71%</b>	 <ul style="list-style-type: none"> <li>€ 3.6 m increase in amortization due to new printing center in Torrespaccata (6 months in 2003)</li> <li>€ 1,87 devaluation of Caltanet stake</li> </ul>
% margin	11.5%	7.6%		
Net Financial Charges	3	15	-80%	 <ul style="list-style-type: none"> <li>€ 2 m dividends from 2% RCS stake</li> <li>Lower interest income due to lower yield on cash deposits</li> </ul>
<b>Pretax</b>	<b>32</b>	<b>32</b>	<b>0%</b>	
Extraordinaries	-8	-9.8	-14%	
Tax	5	-5		 <ul style="list-style-type: none"> <li>Current taxes: - € 12 m</li> <li>Deferred tax credit: €16.8m due to devaluation of financial stakes</li> <li>Expected average future tax rate around 35% (DT no longer possible).</li> </ul>
Minorities	-2	-0.7		
<b>Net income</b>	<b>26</b>	<b>17</b>	<b>55%</b>	
% margin	10.4%	7.3%		

## Financials: profitability over time



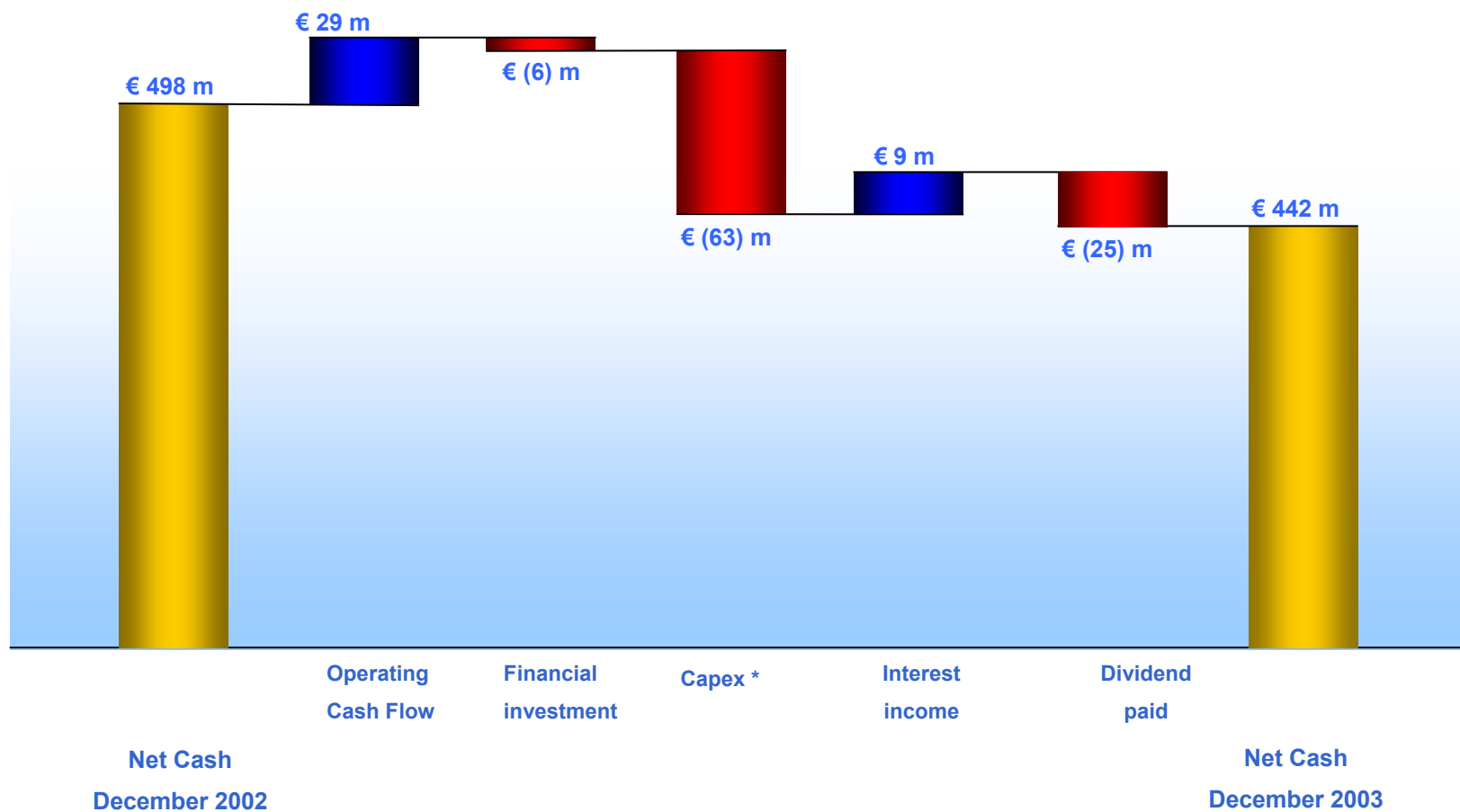
## Financials: breakdown by quarter



\*Not including extraordinary items

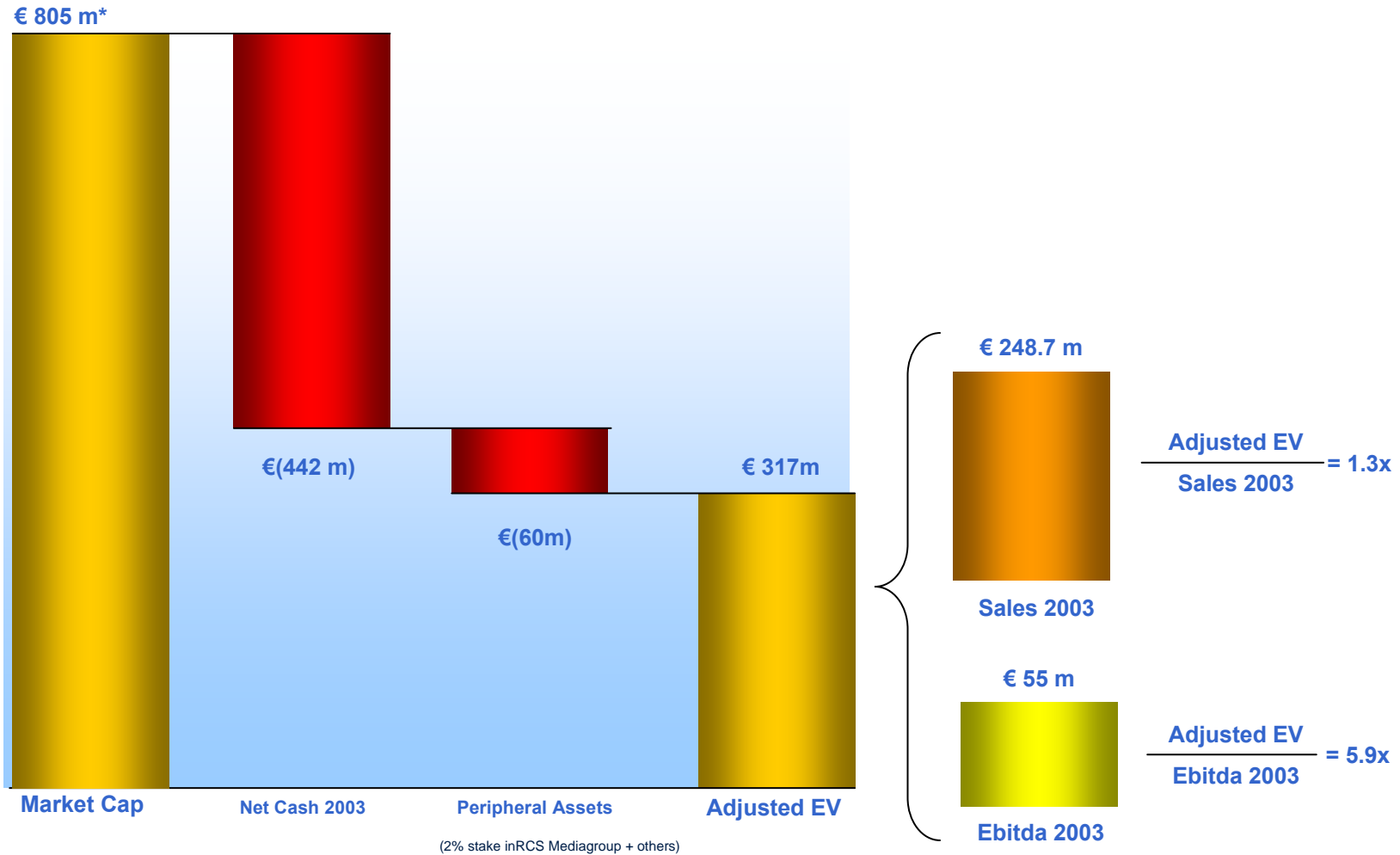


## Financials: cash flow



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

### Adjusted firm value is 5.9x historical Ebitda

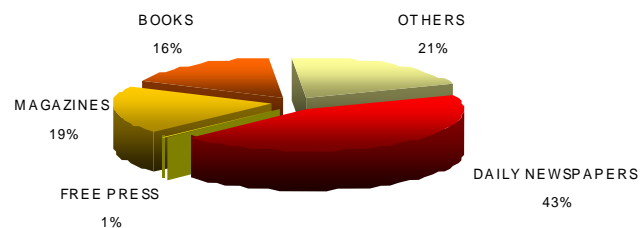


\* As of April 20, 2004

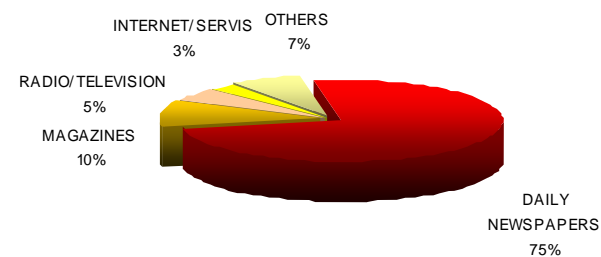
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## ***Appendix***

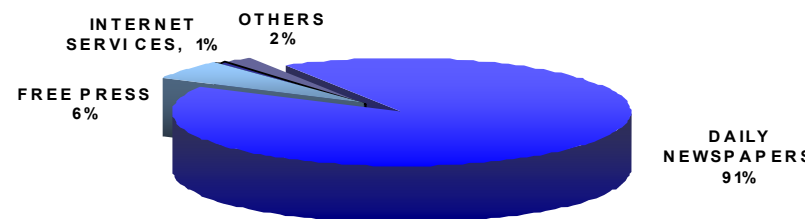
## RCS MEDIAGROUP



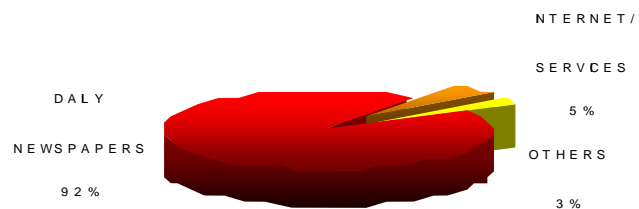
## GRUPPO EDITORIALE L'ESPRESSO



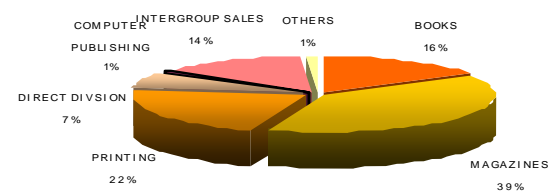
## CALTAGIRONE EDITORE



## POLIGRAFICI EDITORIALI



## GRUPPO MONDADORI



***For further information***

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**[www.caltagironeeditore.it](http://www.caltagironeeditore.it)**

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