9M13 Results

Conference Call

Segrate, November 2014

Highlights from 9M13

- In a market that still shows no sign of improvement, the Mondadori Group has continued to pursue activities aimed at:
  - adjusting the strategy
  - changing the organisation
  - marked cost reductions

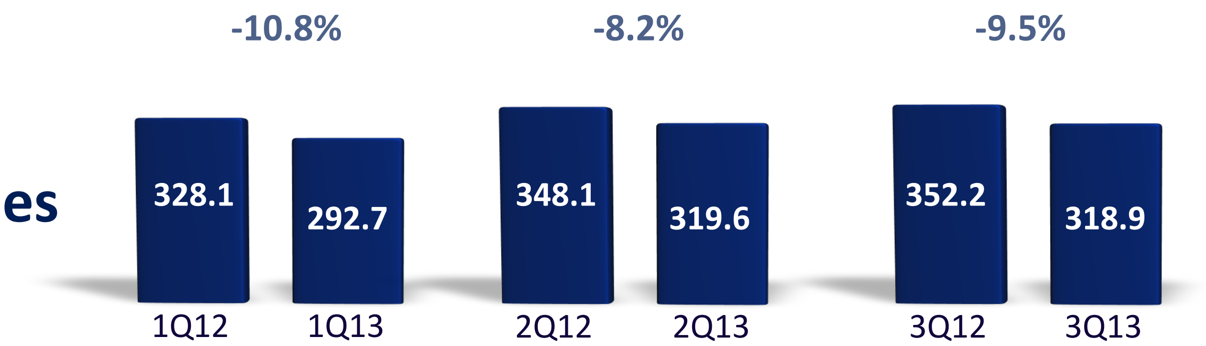
- During the period the Group reported:
  - a decline of 9.5% in revenues, in line with 1H13
  - EBITDA -33.5% before restructuring costs and extraordinary items (of -€27.3 million, compared with €8.9 million in 9M12). In 3Q the reduction of -17.3% (-48.9% in 1H13)

- As part of the cost reduction programme in 3Q13, further savings for a total of €80 million have been identified, and the target of €100 million for FY15 has been confirmed. In September the effects of the cuts were evident in both personnel (-8.6% net of restructuring) and other operating costs (-5.8%)

- November: new refinancing agreement for €270 million and renegotiation of the exisiting credit lines for €300 million with a waiver vs. 2013 and 2014 covenants of 3.5

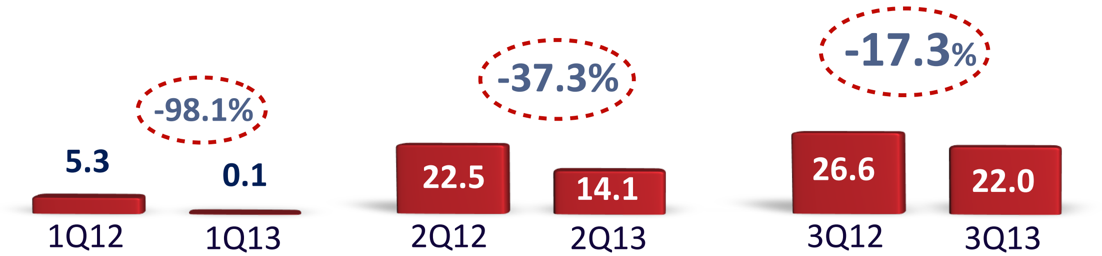
Revenues and EBITDA evolution by quarters (€ mio)

Revenues



- The quarterly trend shows a stabilization of the fall in revenues

EBITDA
net of non recurring items&restructuring



- A recovery in the reduction of EBITDA before non-recurring items and restructuring costs

EBITDA reported	**15.2**	**-4.6**	**20.8**	**-0.7**	**27.3**	**14.2**

Profit & Loss 9M13

€ mio	9M12	9M13	Change %	
Revenues	1,028.4	931.2	-9.5%	
Personnel costs	-204.9	-206.1	0.6%	[-8.6%]*
Cost of sales & other	-760.2	-716.2	-5.8%	
EBITDA net of non recurring items	**54.4**	**36.2**		**-33.5%**
Adjustments for non-recurring items	*+8.9*	*-27,3*		
EBITDA	**63.3**	**8.9**	**-85.9%**	
Depreciation	-18.5	-18.5	-	
EBIT	**44.8**	**-9.6**	**nm**	
Financial charges	-12.6	-16.6	-	
Pre-Tax profit	**32.2**	**-26.2**	**nm**	
Taxes	-14.6	-4,4	-	
Minority interest	-1.3	-1.7	-	
Net Profit	**16.3**	**-32.3**	**nm**	
Net Financial Position	**-346.0**	**-376.9**		

* Net of restructuring costs

Debt Refinancing

- 13 November:
    - Signed a new refinancing agreement with a pool of five banks for a total of € 270 mio expiring with same amount in 2016, 2017 and 2018
    - Rinegotiated:
        - line for € 200 mio expiring in 2016 with Intesa SPaolo bank
        - line for € 100 mio expiring in 2017 with Mediobanca
    - "All in" costs on nominal value 4.85% + Euribor
    - Covenant Net Debt/EBITDA at 4.5, for 2014 and 3.5 for 2015 and following years

Highlights 3Q13 by divisions

BOOKS

- Trade Books is affected by the comparison with a third quarter in 2012 that benefitted from the great success of the *50 Shades* phenomenon. There was also a downturn in the distribution of third party publishers. These effects were partially offset by the success of *D. Brown and K. Hosseini* and the ongoing double-digit growth of ebooks

MAGAZINES

- Italy:
  - The excellent results of the re-launch of the main women's titles and *CHI* was confirmed; with average sales in July and August reaching 1.2 million copies (+37% compared with the pre-launch period in April)
  - Cost reduction efforts continued, in particular with solidarity procedures and the social welfare of journalistic staff
- France: activities for both product renewal and improvements in operating efficiency continued successfully
- International Network: a number of projects are under examination for further development of the network
  - November: launched I*con*, the male lifestyle supplement of Panorama, in Spain
  - In 4Q expected launch of *Grazia Messico*

(...)

RETAIL

- Important organisational changes with a new President and new CEO
- A strategy is being defined for the complete relaunch of the network (franchising and directly-owned stores) and further cost reductions

ADVERTISING

- The magazine advertising market continued to suffer (-24.3% to September)
- Approval of a new organisational structure in synergy with other structures of the Group, able to provide clients with a unique, complete and multichannel commercial offer

RADIO

- Additional efforts to reduce costs and renew formats with a new content manager
- Benefits expected from the expansion of the scope of advertising sales (*Radio Italia*, *Subasio* and *RadioNorba*), that now reaches a leadership position with an average daily audience of 9.3 million

DIGITAL

- A business model has been defined: Digital as the engine of growth across all the business of the Group in the coming years
- Hired new professionals with specific competences aimed at increasing technological know-how, digital marketing, and ecommerce

Results breakdown 9M13

Revenues

€ mio	9M12	9M13	Change
Books	261.6	234.2	-10.5%
Magazines Italy	295.1	253.1	-14.2%
Magazines France	284.5	262.9	-7.6%
Mondadori Adv.	129.1	105.1	-18.6%
Retail	158.1	153.4	-3.0%
Radio	10.3	8.9	-13.6%
Holding&Others	27.7	26.2	-5.4%
Gross revenues	1,166.4	1,043.8	-10.5%
Intercompany	-138.0	-112.6	-18.4%
Net revenues	**1,028.4**	**931.2**	**-9.5%**
of which digital	43.8	42.8	-2.3%

EBITDA adjusted

net of non recurring and restructuring items

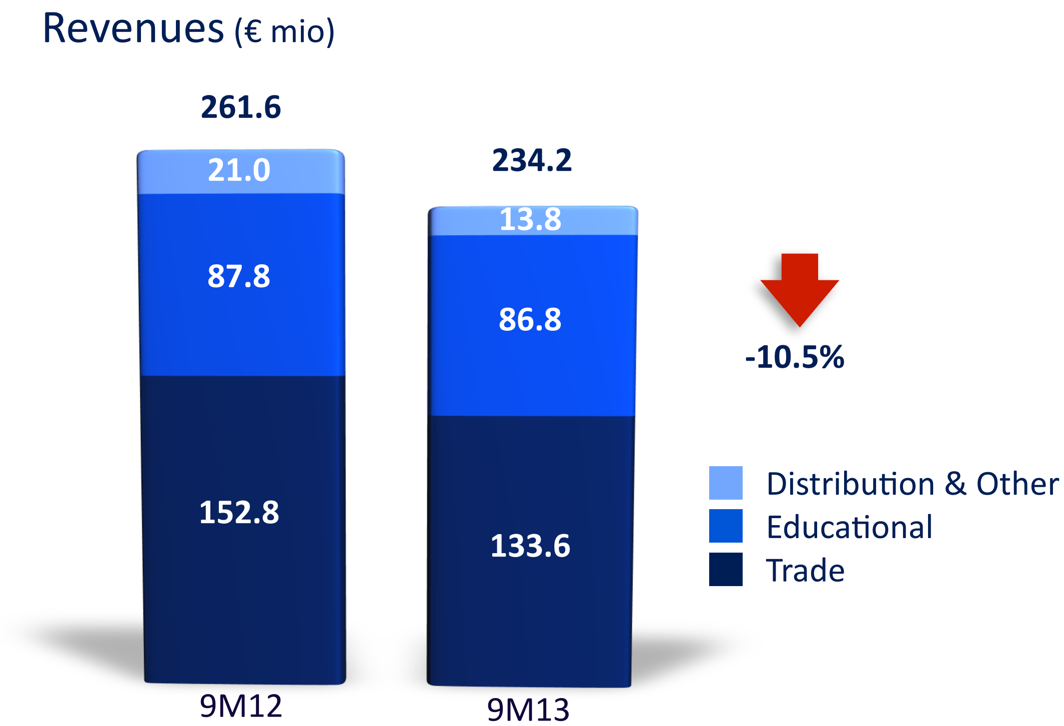
€ mio	9M12	9M13
Books	44.9	39.7
Magazines Italy	9.9	-0.2
Magazines France	27.8	23.1
Mondadori Adv.	-6.3	-7.4
Retail	-5.7	-5.6
Radio	-1.8	-2.8
Holding&Others	-14.4	-10.6
Total	**54.4**	**36.2**
of which Digital	-16.7	-9.4

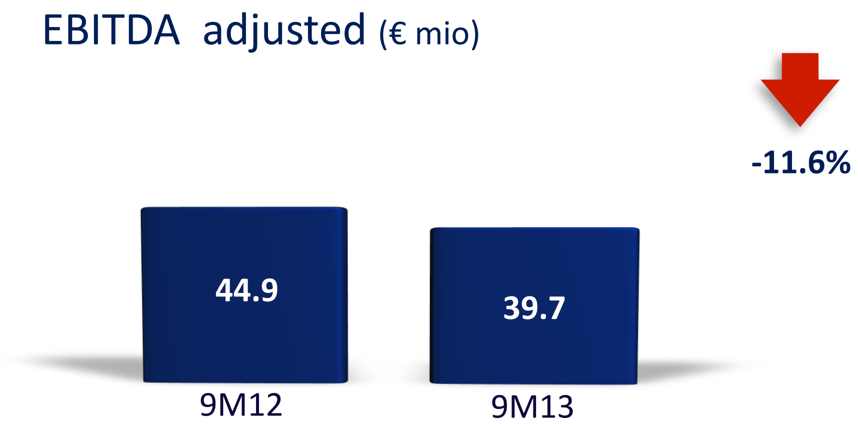
Market trend

		Market
Italy		
Trade Books	- 8.4% *	-6.3%
Magazines:		
Circulation (like for like)	-8.2%	-12.4% **
Advertising (like for like)	-22.8%	-24.3% **
Add-on sales	-12.2%	-20.4% **
France		
Circulation newsstands (like for like)	-5.7%	-7.0% ***
Adv magazines (volume)	-3.3%	-6.9% ***

*Excluding revenues from the distribution of third party publishers
** Italy: Source Nielsen (Sept '13) for adv; internal estimates for circulation and add-on-sales
*** France: internal estimates (Sept.'13) for circulation, Kantar Media (August'13) for advertising

Books: financial highlights

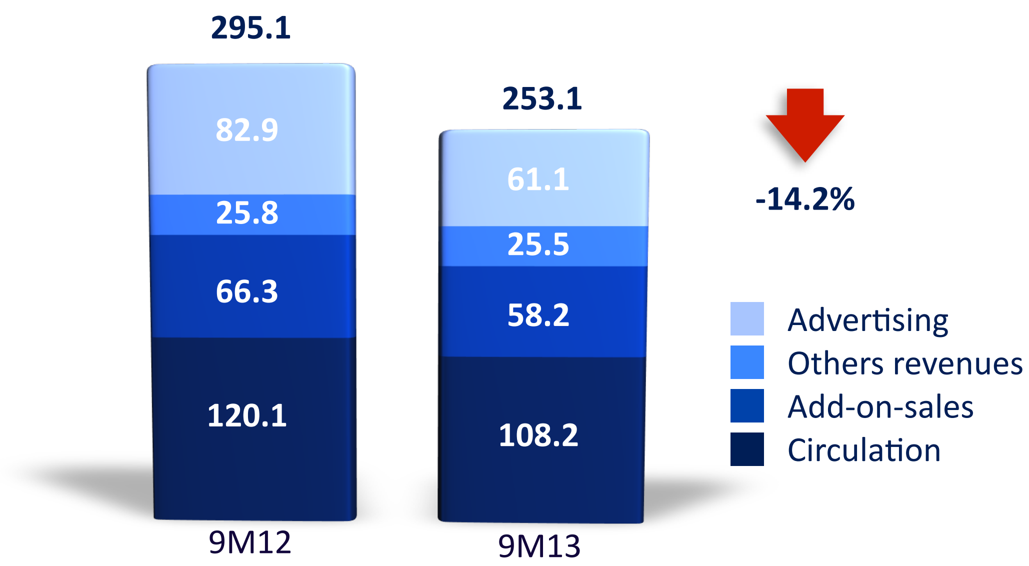




- Book revenues (excluding distribution of third-publishers) -8.4%. The comparison with 3Q12 is affected by the absence of the contribution of the *50 Shades* phenomenon, partially offset by best sellers (D. *Brown, K. Hosseini*). *Educational* revenues substantially stable
- *ebooks*: revenues more than double compared with 9M12. Market share over 40%
- Excellent start in 4Q, of the new book by F. Volo and other important authors in pipeline (Mazzantini, Grisham, Sparks, etc.)
- EBITDA (adjusted): -11.6% net of non-recurring items

Magazines Italy: financial highlights

Revenues (€ mio)

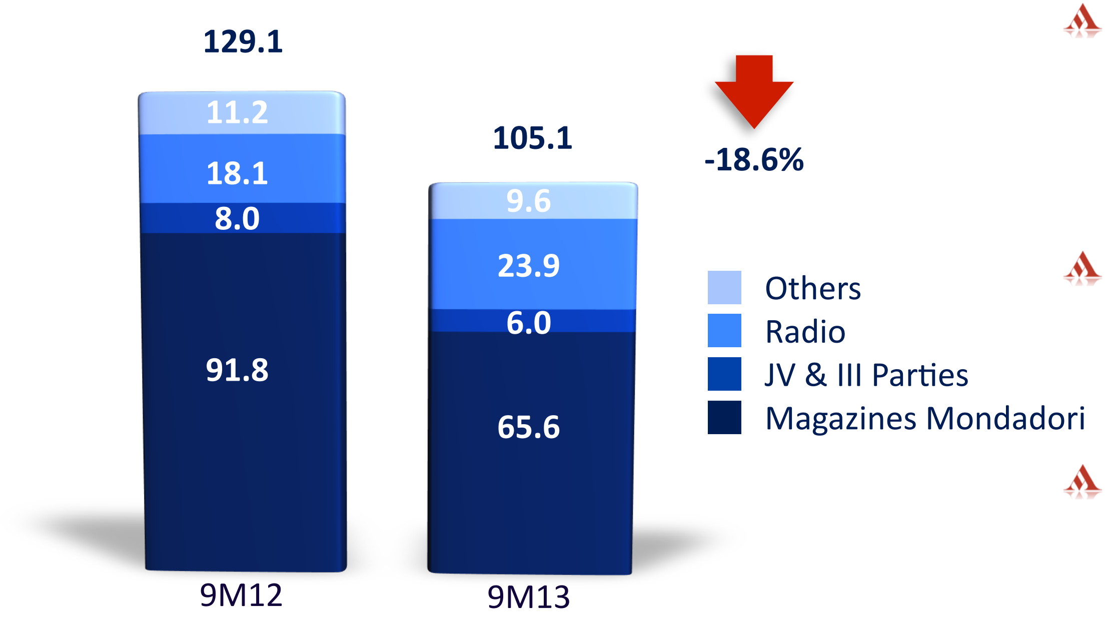


EBITDA adjusted (€ mio)

- Revenues for Mondadori titles -13.4% (on a like-for-like basis) of which:
  - circulation: -8.2%, with an improving trend
  - advertising sales: -22.8% in a confirmed declining trend
  - add-on sales: -12.2% compared with -20.4% of the market
- *Properties*: +6.2% in revenues in a market down by 2.6% (Nielsen September)
- EBITDA (adjusted): substantially at break-even

Mondadori Pubblicità: financial highlights

Revenues (€ mio)



EBITDA adjusted (€ mio)

- Mondadori Magazine down by -22.8% (on a like-for-like basis), with a better performance vs market (-24.3% Nielsen September)
- Radio: +32% thanks to advertising sales for *Radio Italia* (April) and *Radio Subasio* (September)
- Mediamond (the non-consolidated joint venture, controlled 50-50 by Publitalia'80 and AME) reported a +18.3% of revenues vs 9M12 to €29.9 million, thanks to the performance of *Grazia* (+26%) and *Videomediaset* (+42%), while the net result was at break even
- EBITDA: the reduction is related mainly to the negative advertising market trend

Integration of the advertising Collection activities

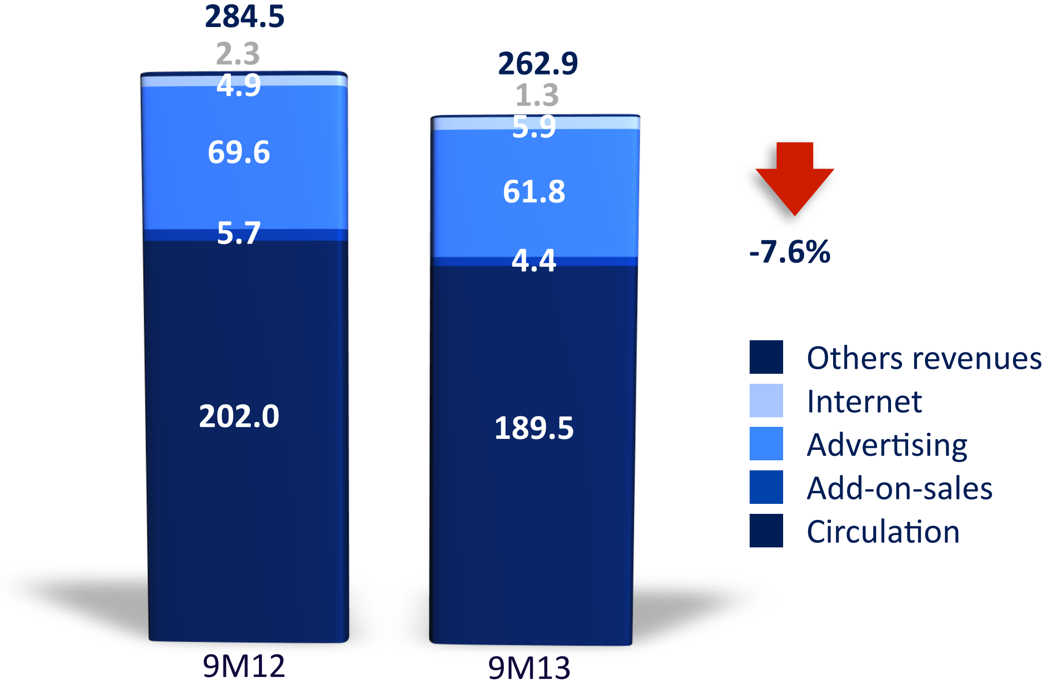
- The operation forsee the integration of the advertsing sales of Mondadori Pubblicità in Mediamond, an already existing joint venture (50-50 owned by Mondadori Pubblicità and Publitalia'80)

- Mediamond will become the most complete, integrated advertising sales company for magazines, radio and the web in Italy

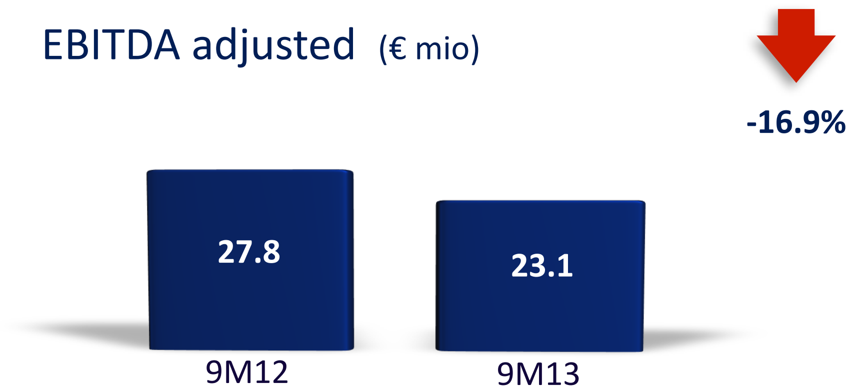
- Expected benefits from the operation are:
  - increase of revenues
  - costs saving
  - rationalization and integration of the commercial organization

Mondadori France: financial highlights

Revenues (€ mio)



EBITDA adjusted (€ mio)

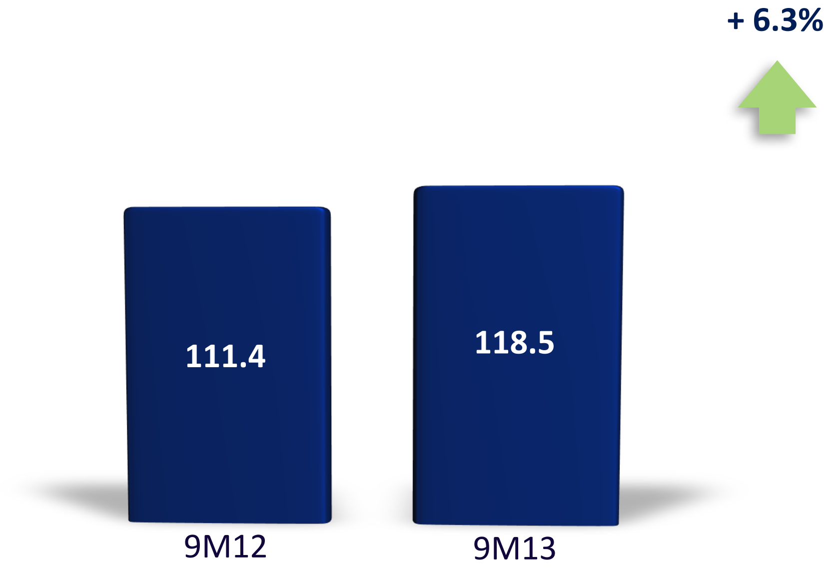


- Revenues: -7.6% of which
  - Circulation: -6.5%
  - Advertising: -11.1%
  - Online advertising: +19.8%
- Mondadori France is the second players for advertising collection with a 11.2% market share (Kantar Media August by volume)
- EBITDA (adjusted): -16.9% but 3Q13 showed an improvment vs 3Q12

International Magazines network: highlights

International Network

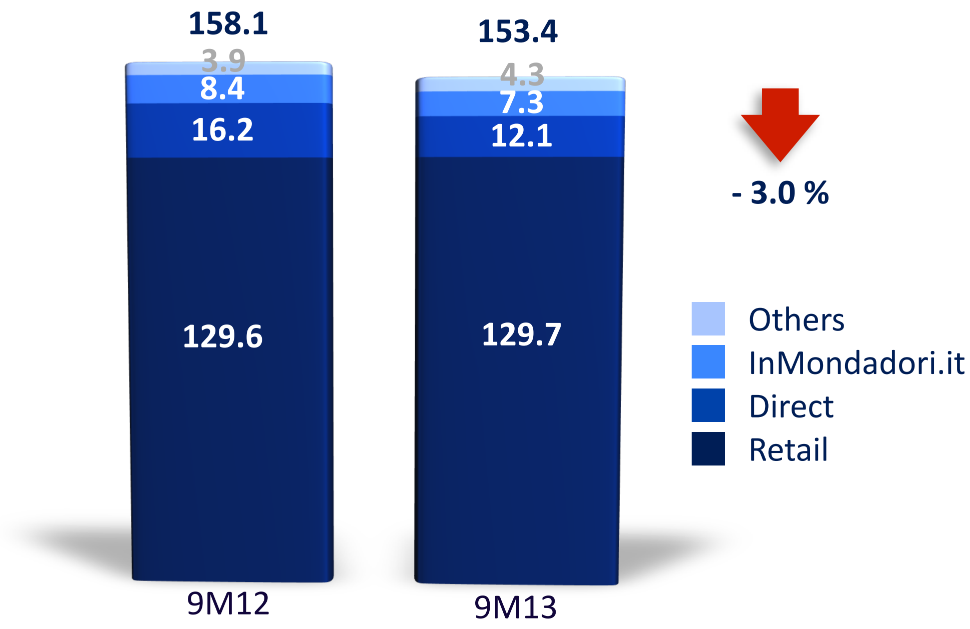
Total aggregated turnover (€ mio)



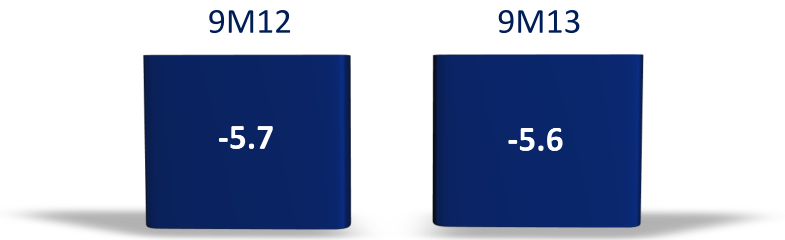
- The revenues of the Grazia Network continued to rise: +5% vs 9M12
- Joint Ventures: revenue growth recorded in China (+23%) and Russia (+9%), while Attica, in a difficult advertising market (-30% to September) saw a fall in revenues of -10.7%
- In November *Icon*, the male lifestyle supplement of Panorama was launched in Spain

Retail: financial highlights

Revenues (€ mio)



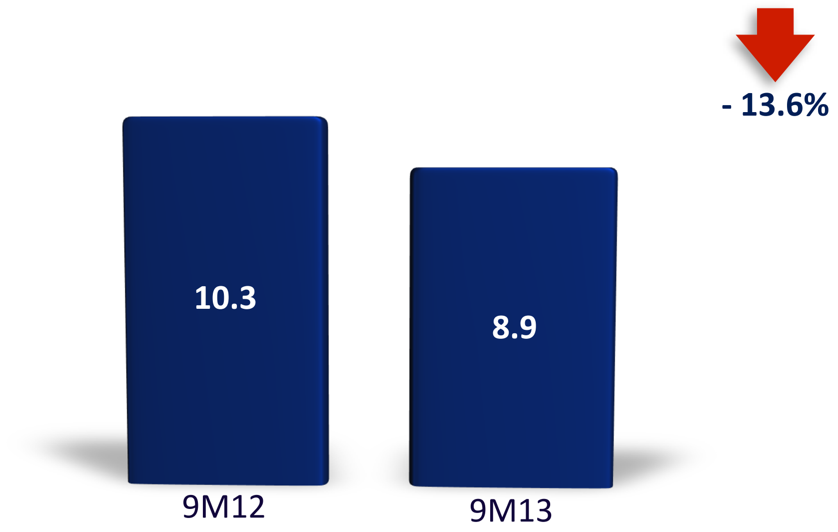
EBITDA adjusted (€ mio)



- The 3% fall in revenues was due to the ongoing recession that is having a severe effect on consumer spending in general and books in particular
- Activities were continued aimed at optimising the structure and improving profitability, including:
  - the rationalisation of sales outlets (32 closures)
  - a review of the logistics structure
  - diversification through a product mix expansion
- A new strategy is currently being under definition by the new President and new CEO aimed at relaunching the network and saving further costs

Radio: financial highlights

Revenues (€ mio)

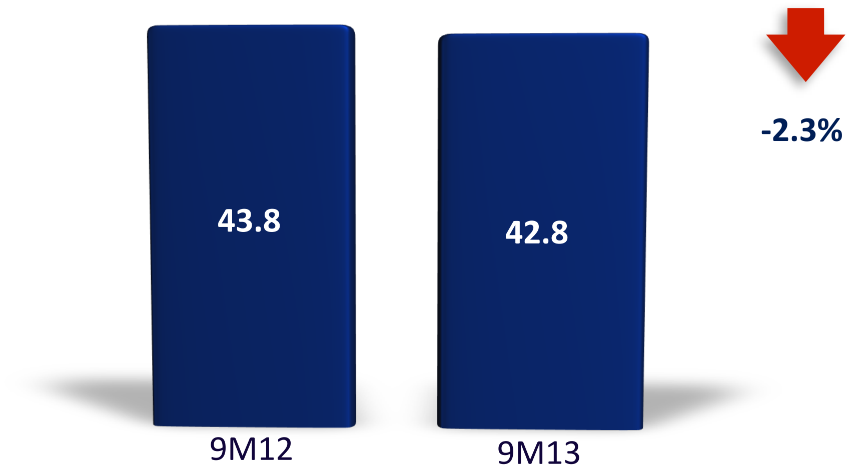


EBITDA (€ mio)

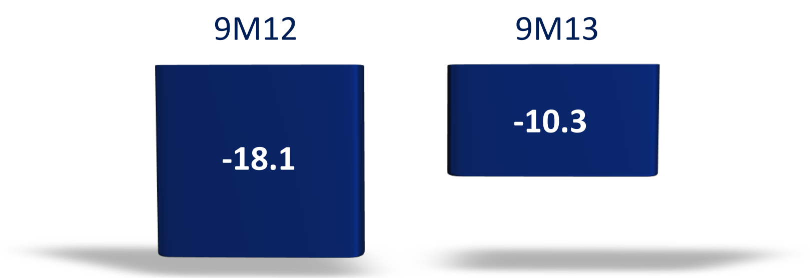
- Revenues (-13,6%) were impacted by the ongoing decline in advertising investments (-12.1% Nielsen September)
- The renewal of the musical format is under process with a newly appointed content manager
- Benefits expected from the expansion of the scope of advertising sales of Radio Italia, Subasio and RadioNorba (October), with an average daily audience of 9.3 million, with a leading position

Digital: financial highlights*

Revenues (€ mio)



EBITDA adjusted(€ mio)



- The fall in revenues is mainly due to:
  - Glaming (activity terminated)
  - reduction of Collectables
  - Lower sales of books online (*InMondadori.it* and Bookclubs)
- Rising ebook sales: revenues more than doubled in the period
- *Properties:*
  - Italy*:* advertising sales: +6,2% vs a market down by -2.6% (Nielsen September)
    - Unique users: +8% (total of over 17 million)
    - Total page views: +28% over 190 million
  - France:
    - advertising sales: +19.8%
    - Unique users: +20% (total over 5 million)
    - Activities continued to improve the properties and the development for all sites of compatible iPad and iPhone apps.

* All the data reported are already included in the different Group business units

2013 Outlook

- Measures taken by the Group to change the strategy, the organisation and the strong reduction in costs have affected all the businesses and will show additional benefits in the last part of the year for which an EBITDA result (before restructuring costs and extraordinary items) in line with the same period of last year is expected

- For FY13, in a market that is still not showing any sign of improvement, we still expect a reported EBITDA substantially lower than that of the previous year, also as a result of the marked contribution of non-recurring items and restructuring charges

Annex

1. Results breakdown 9M13
2. Books: market share evolution by value
3. Magazines Italy: market share
4. France: advertising market share evolution by value
5. Advertising market evolution: September data by value (Nielsen)

Results breakdown 9M13

Revenues

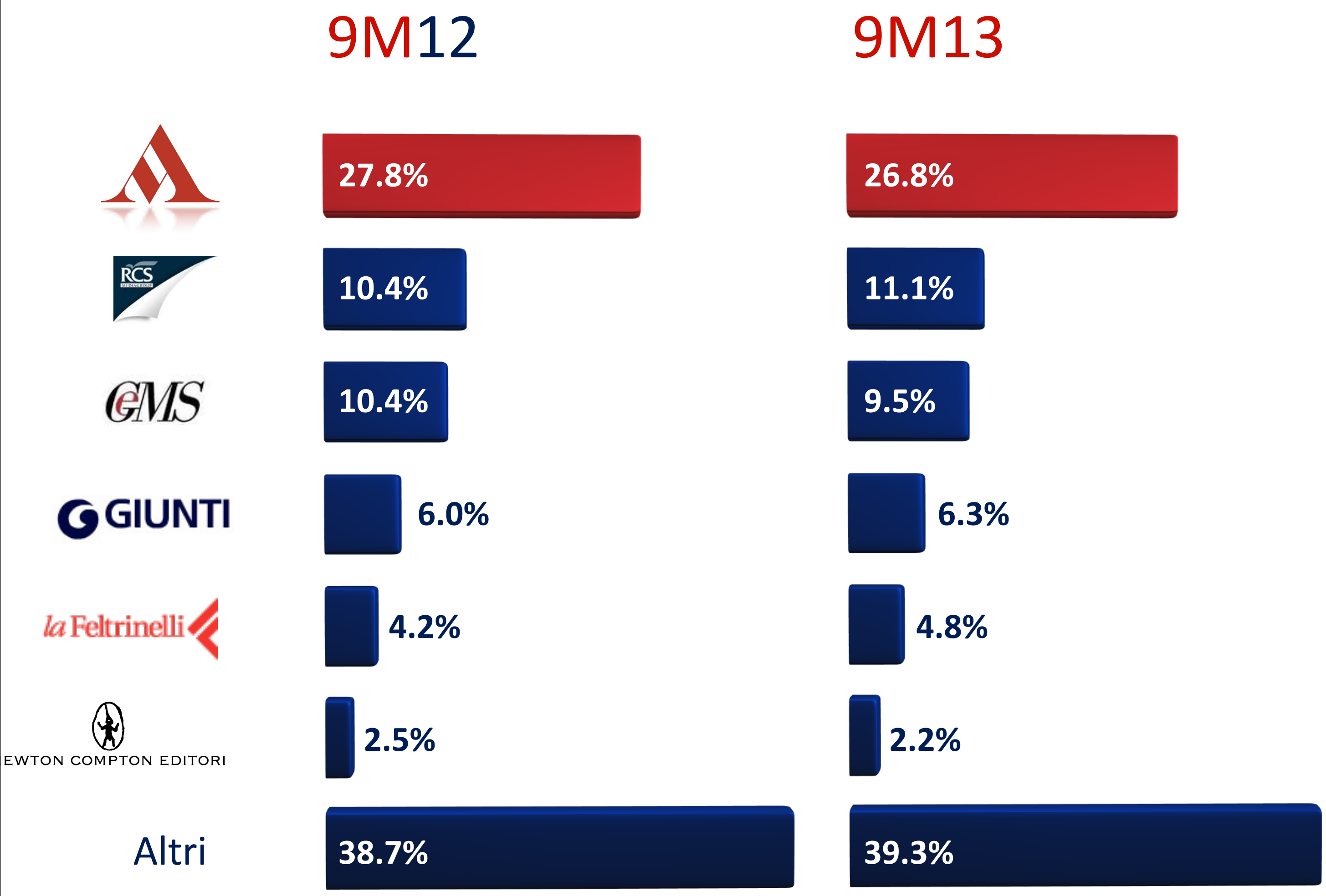
€ mio	9M12	9M13	Change
Books	261.6	234.2	-10.5%
Magazines Italy	295.1	253.1	-14.2%
Magazines France	284.5	262.9	-7.6%
Mondadori Adv.	129.1	105.1	-18.6%
Retail	158.1	153.4	-3.0%
Radio	10.3	8.9	-13.6%
Holding&Others	27.7	26.2	-5.4%
Gross revenues	1,166.4	1,043.8	-10.5%
Intercompany	-138.0	-112.6	-18.4%
Net revenues	**1,028.4**	**931.2**	**-9.5%**
of which digital	43.8	42.8	-2.3%

EBITDA

reported

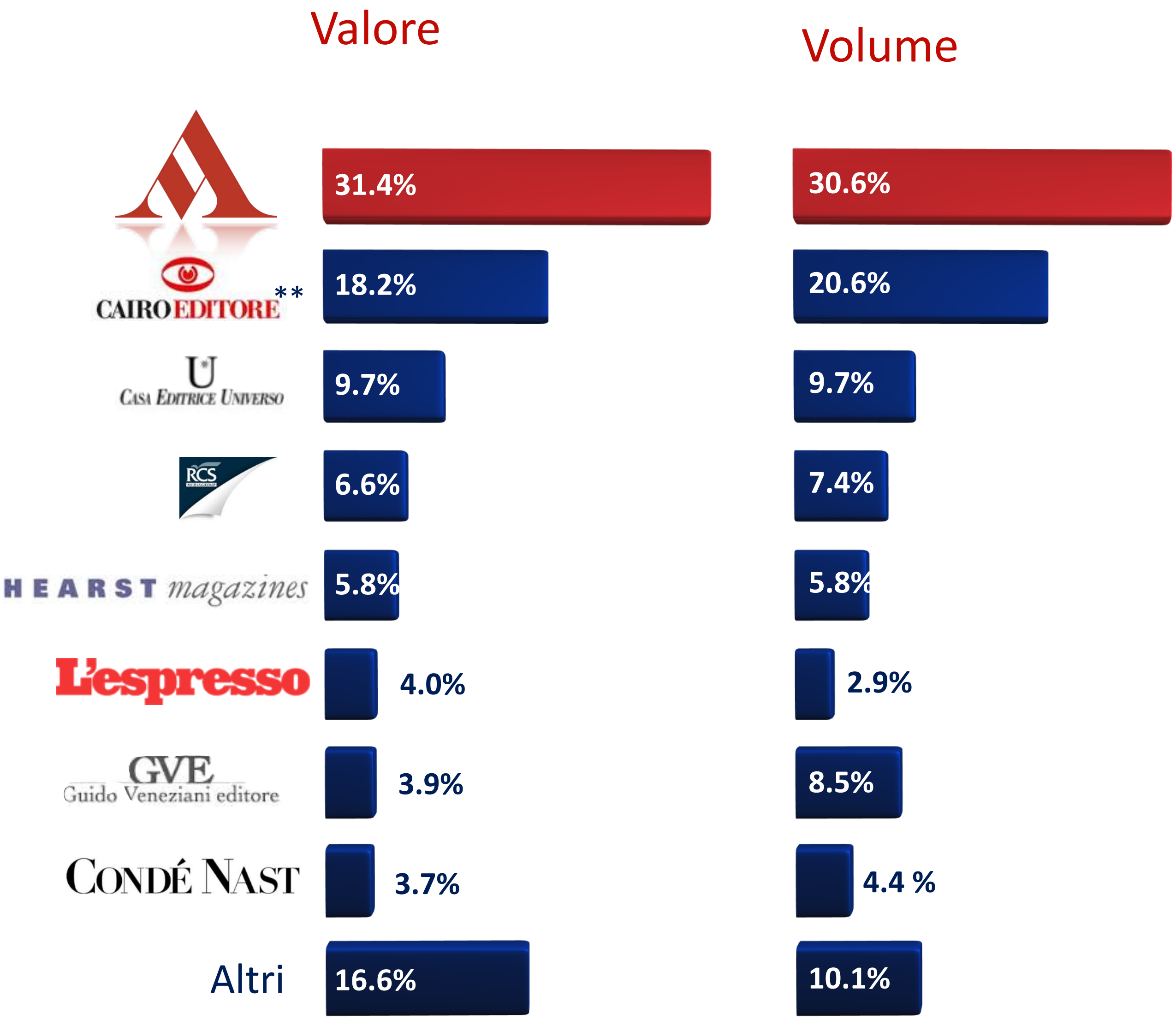
€ mio	9M12	9M13
Books	47.3	39.0
Magazines Italy	11.8	-9.7
Magazines France	27.0	21.8
Mondadori Adv.	-6.3	-9.1
Retail	-4.3	-6.8
Radio	-1.6	-3.1
Holding&Others	-10.6	-23.2
Total	**63.3**	**8.9**
of which Digital	-18.1	-10.3

Books: market share by value

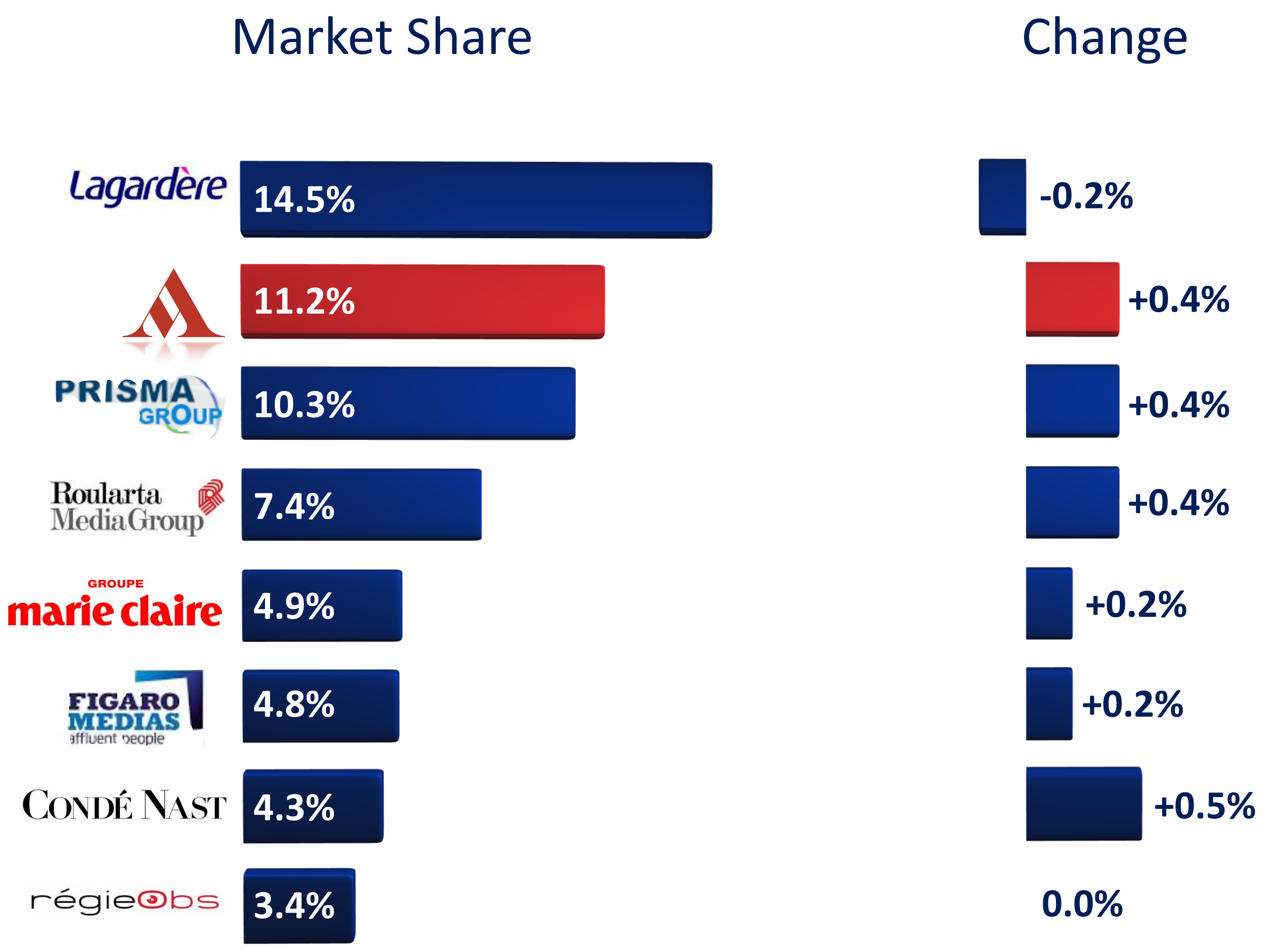


Source: Nielsen 9M13 (by value Bookstores)

Magazines Italy: market share

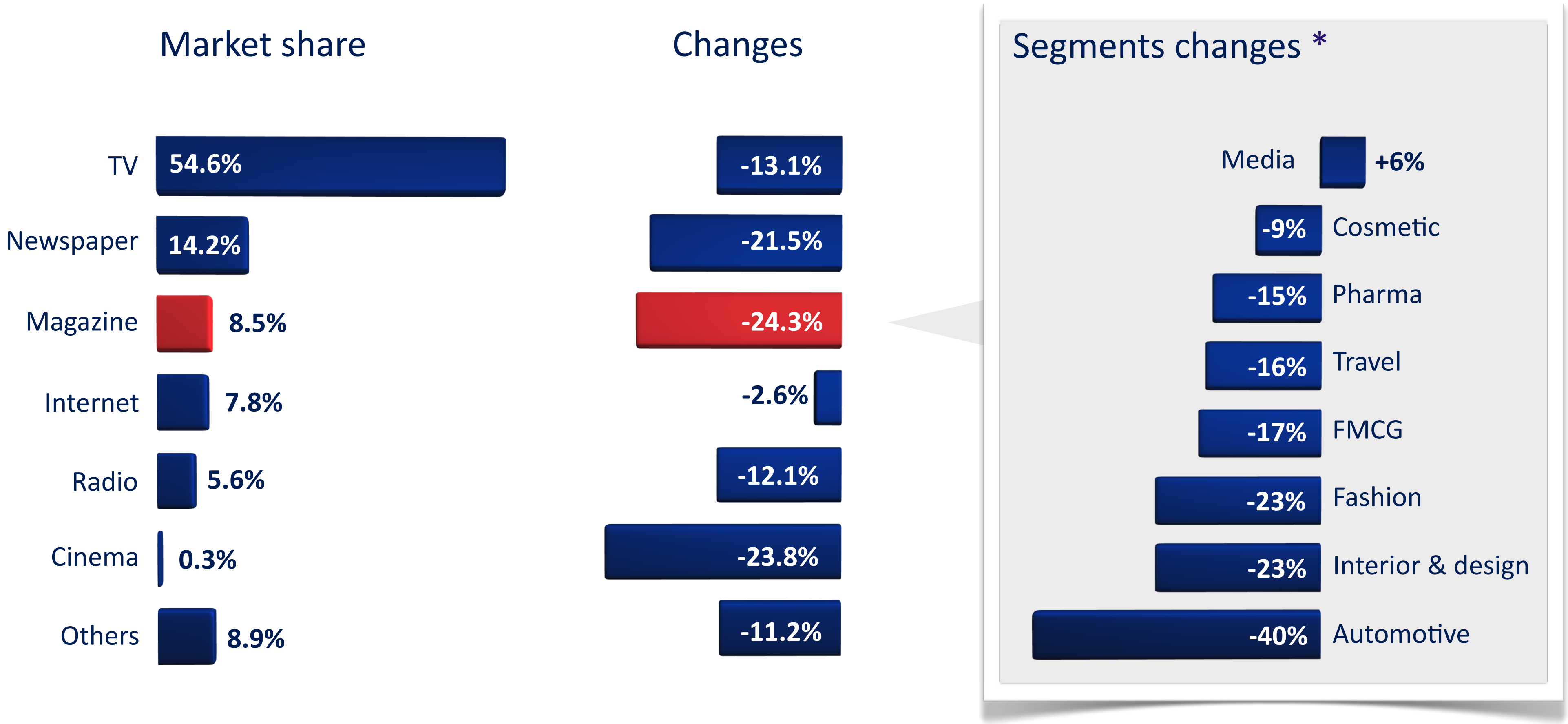


France: adv. market share evolution by volume



Source: Kantar Media (August '13)

Magazines Italy: advertising investiments evolution



-14.6% TOT (in 1Q13 -16.5%, in 1H13 -17.2)

Source: Nielsen September '13
* Interna estimates by volume