MONDADORI

Press Release

Disclosure pursuant to Consob Resolution No. 11971 of 14 May 1999 and subsequent amendments

The Board of Directors approved the interim report at 31.03.2015

- **CONSOLIDATED NET REVENUES AT EURO 251.7 MILLION: -6.2% AGAINST EURO 268.3 MILLION OF 31.03.2014**

- **EBITDA BEFORE NON RECURRING ITEMS AT EURO 7.5 MILLION UP 48.8% AGAINST EURO 5 MILLION OF 31.03.2014**

- **CONSOLIDATED EBITDA AT EURO 5.9 MILLION: +4.7% AGAINST EURO 5.6 MILLION OF 31.03.2014**

- **CONSOLIDATED NET RESULT NEGATIVE FOR EURO 4.7 MILLION UP AGAINST THE LOSS OF EURO 6.4 MILLION OF 31.03.2014**

- **NET FINANCIAL POSITION AT EURO -319.2 MILLION REMARKABLY UP AGAINST 31.03.2014 (EURO -396.5 MILLION) DUE TO THE SIGNIFICANT CASH GENERATION REGISTERED IN THE LAST TWELVE MONTHS (EURO -291.8 MILLION AT 31.12.2014)**

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CONFIRMED PROJECTED SHARP INCREASE IN EBITDA FOR 2015;
ESTIMATED UPTURN IN NET FINANCIAL POSITION

Segrate, 12 May 2015 - The Board of Directors of Arnoldo Mondadori Editore S.p.A., held on today's date and chaired by Marina Berlusconi, examined and approved the interim report at 31 March 2015 presented by the CEO Ernesto Mauri.

GROUP PERFORMANCE AT 31 MARCH 2015

In the first quarter of 2015 **net consolidated revenues** amounted to **euro 251.7 million**, down 6.2% against euro 268.3 million of the same period in 2014.

Consolidated EBITDA totalled **euro 5.9 million,** up 4.7% against euro 5.6 million of 31 March 2014. The recovery in profitability is even more significant net of non-recurring items (reflecting a negative impact on the result of the quarter for approximately euro 1.5 million mainly due to restructuring costs); **EBITDA before non-recurring items** registered **growth by over 48%,** increasing from euro 5 million of the first quarter of 2014 to **euro 7.5 million** of the first quarter of 2015, with a percentage incidence on revenues rising from 1.9% to 3%.

This performance is the result of the implementation of a rigorous policy targeting the reduction of the main cost items:

- reduced cost incidence on sold items obtained in the majority of the business areas: specifically in the Books Area due to a more effective management of operating processes, and in the Retail Area;
- the reduction in fixed costs is essentially consistent with the reduction in revenues and was obtained through the implementation of a cost containment policy on third party services and rents;
- the number of employees at 31 March 2015 (3,083 employees) was reduced by 187 people (-5.7%) against the first quarter of the previous year, due to the ongoing re-organization of the company structures; cost of personnel dropped consequently by 6.7%.

The result obtained confirms, with a remarkable acceleration, the Group’s improved efficiency resulting from the actions undertaken in the last two years, aimed at re-defining the industrial structure and organization.

In the first quarter of 2015 **consolidated EBIT** amounted to **euro 0.7** million, **up** against euro 0.1 million posted in the same period of the previous year, as a result of increased EBITDA and reduced amortization and depreciation (from euro 5.5 million to euro 5.2 million).

Consolidated profit before taxes is negative for euro 3.8 million against euro -5.9 million at 31 March 2014; in the first quarter of 2015, **financial costs** amounted to comprehensively euro 4.4 million, **considerably down** against euro 6 million of the same period of the previous year, as a result of reduced average net debt for the period and average total cost.

Consolidated net result, after minority interest, is **negative for euro 4.7 million**, **up** against a loss of euro 6.4 million registered at 31 March 2014.

The Group's net financial position at 31 March 2015, equal to **euro -319.2 million**, increased **substantially** against **euro -396.5 million** of 31 March 2014 as a result of the significant Group's cash generation in the last twelve months and it includes the effects of the seasonal fluctuations typical of the business (euro -291.8 million at 31 December 2014).

At 31 March 2015, **cash flow from operations** in the last twelve months is **positive for euro 56.6 million** (euro 47.2 million at 31 December 2014); **cash flow** deriving from **operations** (after outlays relative to financial costs and taxes for the period) is **equal to euro 28.6 million**, continuing the **rising trend** registered in the two previous quarters (euro 18.8 million at 31 December 2014 and euro 9.8 million at 30 September 2014).
Cash flow from extraordinary operations is **positive for euro 48.7 million** (euro 52.6 million in 2014) despite outlays for restructuring costs (euro 18 million) and is mainly attributed to the Company’s capital increase transaction (June 2014) and the capital gain deriving from the transfer of an asset in the retail area (December 2014).

BUSINESS AREAS

- ***BOOKS***

In the first quarter of 2015 the trade Books market in Italy posted a 2.9% reduction (GFK at March): in this context the Mondadori Group confirmed its leadership with a 24.9% market share, essentially maintaining the share in line with the previous year. In the period the Group has 4 titles in the ranking of the 10 bestselling books.

In the first quarter of 2015 **revenues in the Books Area** amounted to **euro 55.8 million**, down 1.8% against euro 56.8 million of the same period in 2014.
Revenues from e-books grew by 23% against 31 March 2014.

EBITDA of the Area dropped from euro 1.3 million in the first quarter of 2014 to euro 0.3 million as a result of a greater incidence of restructuring costs (euro 2.3 million in 2015 against euro 0.2 million in 2014), mainly concentrated in the first part of the year; **net of non-recurring items**, despite dropping revenues, **EBITDA increased** by **87.8%**, **up from euro 1.4 to euro 2.7 million**, as a result of a more effective management of operating processes deriving from the radical revision of the Trade Area. Concurrently, the actions aimed at reducing fixed costs and cost of personnel have continued.

- ***MAGAZINES ITALY***

As for magazines Mondadori confirms its leadership with a 31.8% market share.
In the first quarter of 2015 overall revenues of the Magazines Italy Area - which, following the transfer of advertising sales activities to Mediamond, also includes the activities of the Advertising Area - amounted to **euro 74.6 million**, down 11.9% against euro 84.7 million of the first quarter of 2014 (-11.2% on a like-for-like basis).

Revenues from circulation - down 11.3% (-9.8% on a like-for-like basis) - was influenced by the rigorous policy implemented for the selection of the most profitable initiatives, a different scheduling of add-on sale activities and, also, by the performance of the markets of reference.

Revenues from advertising sales in the printed media dropped by 5.7% (-5.1% on a like-for-like basis) against a market dropping by 6.2% (source Nielsen, data at February); advertising sales in web sites (-5.1%) showed a performance essentially in line with the trend registered in the market of reference (-5.3%: source Nielsen; data at February).

Revenues from international activities posted a performance essentially in line with the previous year (+0.2%).
In the period *Grazia* Turkey was launched, which increased to 24 the number of the international editions of the magazine. After one year of publication, the first international edition of *Il mio Papa* was launched last March in Germany (with circulation also in the German area of Switzerland, Austria and Liechtenstein). As of today's date agreements for a total of 10 international editions of the magazines have been stipulated.

EBITDA of the Area dropped from euro 6.9 million to euro 6.3 million, down 9.2% due to advertising sales, whose margin was reduced by euro -1.5 million against euro -0.6 million of the first quarter of the previous year in which non-recurring items, amounting to approximately euro 1 million, reflected the effect of the transfer transaction to Mediamond; **net of non-recurring items**, EBITDA of the Area **increased by 9.5%** as a result of the important re-organization implemented in the editorial and operating structures, despite the significant revenue reduction determined by market conditions and the implementation of rigorous policies for the selection of projects.

- ***MAGAZINES FRANCE***

In France, the magazines market showed a dropping trend for advertising sales (-7.7%; source Kantar Media, data at February) and circulation (newsstand channel -6.5% at March; internal source). In this context revenues of **Mondadori France** amounted to **euro 79.9 million**, down by 2.2% against euro 81.7 million of the first quarter of 2014.
The reduction in revenues, reflecting market performance, was mitigated by the positive performance of subscriptions (+0.4%) and increased advertising sales in the digital area (+26%).

Reported EBITDA, equal to euro 4.8 million, was down by 7.2% (euro -0.4 million) against the first quarter of 2014.
Mondadori France continued the process for the rationalization of structures and the implementation of the policy targeting editorial cost containment. These actions are expected to be maintained throughout 2015 with a view to further adjusting the organization to the changes occurred in the market, limiting also the impact of the increased mail tariffs associated with the management of subscriptions and a few investments in promotions.
Net of non-recurring items, EBITDA **is down by euro 1.1 million** against the first quarter of the previous year, the period benefiting from the "*Hollande scoop*" by the *Closer* magazine.

- ***RETAIL***

In the first three months of 2015, the Retail Area posted revenues of **euro 44 million**, down by 6.8% against euro 47.2 million of the same period of the previous year, also as a result of the transfer completed in 2014 of the flagship store located in corso Vittorio Emanuele in Milan.

The breakdown of store revenues shows the predominance of books (77% of the total) with a better performance than the reference market by approximately 1 percentage point.
The revenues of the channels showed the positive performance of direct bookstores (+4%), a slight reduction in the franchising segment (-3.2%), a steady performance of Megastores net of the transfer of the flagship store of corso Vittorio Emanuele in Milan, and an increase in online sales (+12%), while the performance of the Bookclubs continued to reflect the expected structural downturn (-13.5%)

In the period Mondadori Retail posted **EBITDA,** net of non-recurring items, equal to euro -1.9 million, **sharply up (+44.1%)** against euro -3.4 million of the corresponding period in 2014.
This increase, compared to the first three months of 2014, cut across the majority of the sales channels.
Reported EBITDA improved remarkably against the same period of the previous year, when it included restructuring costs for euro 0.3 million.

- ***RADIO***

In the first three months of 2015, **R101**, though posting reduced advertising sales compared to 2014 (gross advertising sales equal to -4.8%), reached total revenues for **euro 2.9 million**, up 9.5% against euro 2.6 million of the first quarter of 2014, including revenues relative to the television channel that started operations in June of last year.

EBITDA, **net of non-recurring items**, negative for euro 1.3 million (euro 1.2 million in the first quarter of 2014), reflected higher costs of promotion of the television channel, compensated by the cost reduction actions implemented in the technical and artistic area.
EBITDA including non-recurring items increased from euro -1.2 million of the first quarter of 2014 to euro -1.1 million of the first quarter of 2015, benefiting from the positive contribution deriving from the transfer of a transmission system for euro 0.2 million.

- ***DIGITAL***

In the quarter total revenues from digital activities were up 9.3% against 31 March 2014 (**euro 12.6 million** against euro 11.5 million at 31 March 2014). The incidence of digital activities on the Group's total revenues **grew to 5%** against 4.3% of the first quarter of last year.

Digital marketing services, including the integration of traditional direct marketing services offered by Cemit with those promoted by Kiver, posted revenues of euro 3.1 million, down from euro 3.4 million of 2014 as a result of delayed orders relative to Cemit traditional activities and only partially compensated by the launch of digital and multimedia products.
Purely digital activities cutting across all business areas posted **increased revenues by 16%** against the first quarter of 2014.

OUTLOOK FULL YEAR 2015

Based on the Group's performance in the first months of 2015 and the **optimization actions** targeted to operating processes and cost structure of all business areas, as well as the measures aimed at **mitigating the downturn in revenues** resulting from market performance, it is reasonable to confirm the 2015 estimate of a **sustained growth in Group's operating EBITDA** as already indicated in the presentation of the financial statements at 31 December 2014. In parallel, activities focused on a rigorous evaluation of the possible disposal of the Group's non-core assets are continued.
Consistently with the description above and notwithstanding the higher investments and eventual changes in the Digital area, the **net financial position is also expected to improve** towards 2014 year end.

This interim report at 31 March 2015 is made available at the Company's legal offices, on the authorized storage device (www.1Info.it) and on www.mondadori.it (Investor Relations section).
The minutes of the ordinary Shareholders' Meeting held on 23 April 2015 is also made available at the Company's legal offices, on the authorized storage device (www.1Info.it), and on www.mondadori.it (Governance section).
The documentation relating to the presentation of the results for *the interim report at 31 March 2015*, will be made available through the authorised storage mechanism 1Info (www.1info.it) and in the Investor Relations section of the company's website www.mondadori.it.

The Executive Manager responsible for the drafting of the corporate accounting documentation - Oddone Pozzi – hereby declares, pursuant to Art. 154 bis, par. 2, of the Finance Consolidation Act, that the accounting documentation contained in this press release corresponds to the Company's accounting entries, books and results.

Annexes:
1. Consolidated balance sheet
2. Consolidated income statement

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Annex 1

Consolidated balance sheet

Assets	(Euro/million) 31 March 2015	(Euro/million) 31 December 2014
Intangible assets	**600.8**	**601.6**
Property investments	**3.1**	**3.1**
Land and buildings	7.7	7.9
Plant and equipment	12.8	8.9
Other tangible assets	12.0	17.2
Property, plant and equipment	**32.5**	**34.0**
Investments booked at equity	39.6	39.2
Other investments	0.4	0.4
Total investments	**40.0**	**39.6**
Non-current financial assets	**0.3**	**0.3**
Pre-paid tax assets	**79.8**	**78.9**
Other non-current assets	**1.7**	**1.9**
Total non-current assets	**758.2**	**759.4**
Tax receivables	**50.7**	**50.0**
Other current assets	**94.1**	**87.7**
Inventory	**116.7**	**108.4**
Trade receivables	**254.1**	**268.7**
Other current financial assets	**11.7**	**11.9**
Cash and cash equivalents	**7.8**	**13.0**
Total current assets	**535.1**	**539.7**
Assets held for sale or transferred	**-**	**-**
Total assets	**1,293.3**	**1,299.1**

Consolidated balance sheet

Liabilities	(Euro/million) 31 March 2015	(Euro/million) 31 December 2014
Shareholders’ equity	**68.0**	**68.0**
Share premium reserve	**12.0**	**12.0**
Other reserves and results carried forward	**177.6**	**176.7**
Profit (loss) for the period	**(4.7)**	**0.6**
Group’s Shareholders’ equity	**252.9**	**257.3**
Minority shareholders’ equity and reserves	**32.3**	**31.8**
Total Shareholders' equity	**285.2**	**289.1**
Provisions	**59.2**	**69.1**
Post-employment benefits	**46.0**	**46.7**
Non-current financial liabilities	**266.7**	**266.3**
Deferred tax liabilities	**82.1**	**81.7**
Other non-current liabilities	**-**	**-**
Total non-current liabilities	**454.0**	**463.8**
Income tax payables	**1.3**	**0.1**
Other current liabilities	**207.7**	**204.3**
Trade payables	**272.8**	**291.1**
Payables due to banks and other financial liabilities	**72.3**	**50.7**
Total current liabilities	**554.1**	**546.2**
Liabilities held for sale or transferred	**-**	**-**
Total liabilities	**1,293.3**	**1,299.1**

Annex 2
Consolidated income statement

Consolidated income statement					
(Euro/million)					
	Q1 2015	***% on revenues***	**Q1 2014**	***% on revenues***	**Var.%**
Revenues from sales and services	**251.7**		**268.3**		**(6.2%)**
Cost of sold items	99.7	*39.6%*	112.8	*42.0%*	(11.7%)
Variable costs	49.8	*19.8%*	51.8	*19.3%*	(3.8%)
Fixed costs	41.5	*16.5%*	44.9	*16.7%*	(7.4%)
Cost of personnel	54.2	*21.5%*	58.1	*21.7%*	(6.7%)
Other costs / (revenues)	(2.5)	*(1.0%)*	(5.4)	*(2.0%)*	(53.4%)
Result - subsidiaries	(1.5)	*(0.6%)*	(1.2)	*(0.4%)*	(30.2%)
EBITDA net of non-recurring items	**7.5**		**5.0**		**48.8%**
% EBITDA on revenues	***3.0%***		***1.9%***		
Restructuring costs	(3.0)	*(1.2%)*	(1.8)	*(0.7%)*	67.8%
(Positive)/negative extraordinary items	1.5	*0.6%*	2.4	*0.9%*	(39.2%)
EBITDA	**5.9**		**5.6**		**4.7%**
% EBITDA on revenues	***2.3%***		***2.1%***		
Amortization and impairment loss	5.2	*2.0%*	5.5	*2.1%*	(7.2%)
EBIT	**0.7**		**0.1**		n.s.
% EBIT on revenues	***0.3%***		***0.0%***		
Net financial revenues (costs)	(4.4)	*(1.8%)*	(6.0)	*(2.2%)*	(25.0%)
Revenues (costs) from other investments	(0.1)		-		n.s.
Profit before taxes for the period	**(3.8)**		**(5.9)**		**34.6%**
% on revenues	***(1.5%)***		***(2.2%)***		
Income tax	0.4	*0.2%*	0.1	*0.1%*	n.s.
Minority shareholders' profit	0.5	*0.2%*	0.4	*0.2%*	n.s.
Net result	**(4.7)**		**(6.4)**		**27.2%**
% on revenues	***(1.9%)***		***(2.4%)***		