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 30 September 2015:[1]

• CONSOLIDATED NET REVENUES: EURO 817.1 MILLION, -4.1% AGAINST EURO 851.9 MILLION OF 30.09.2014

• CONSOLIDATED EBITDA: EURO 48.8 MILLION, UP 21.3% AGAINST EURO 40.2 MILLION OF 30.09.2014

• RESULT FROM CONTINUING OPERATIONS: POSITIVE FOR EURO 6.6 MILLION; UP BY OVER EURO 10 MILLION AGAINST A LOSS OF EURO 3.8 MILLION AT 30.09.2014

• NET FINANCIAL POSITION: EURO -243.6 MILLION; SIGNIFICANTLY UP AGAINST EURO -327.4 MILLION OF 30.09.2014, AS A RESULT OF 12-MONTH CASH GENERATION EQUAL TO EURO 83.8 MILLION

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EBITDA INCREASE ESTIMATES CONFIRMED FOR 2015; SIGNIFICANT IMPROVEMENT EXPECTED IN NET FINANCIAL POSITION AGAINST END OF 2014

Segrate, 05 November 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 30 September 2015 presented by the CEO Ernesto Mauri.

GROUP PERFORMANCE AT 30 SEPTEMBER 2015

In the first nine months of 2015 **consolidated net revenues** totalled **euro 817.1 million**, down 4.1% against euro 851.9 million in the corresponding period of 2014.[2]

Consolidated EBITDA was up 21.3% at **euro 48.8 million** against euro 40.2 million at 30 September 2014, also as a result of the positive contribution of non-recurring items (specifically the capital gain generated by the transfer of 50% of the interest held in the Harlequin Mondadori joint venture). EBITDA net of non-recurring items shows profitability up by nearly one percentage point: **EBITDA before non-recurring items was up 10%**, from euro 43.6 million in the first nine months of 2014 to **euro 48 million in 2015,**[3] with an incidence on revenues rising from 5.1% to 5.9%.

This performance is the result of a rigorous and focused management policy that holds research and the continuous improvement of editorial products as its key objective. In particular:

[1] *On 30 September 2015 the transfer of 80% of the share capital of Monradio S.r.l. to R.T.I. S.p.A. was completed for a price equal to euro 36.8 million. Pursuant to IFRS 5 ("Non-current assets held for sale") the Group's radio business was qualified as "discontinued operations" and as such it was entered in the tables at 30.09.2015.. As a result, in the income statement of the first nine months of 2015 and of 2014 included for comparison purposes, the results achieved in the radio business area in the period, along with the depreciation of operations made in order to bring their value in line with the fair value resulting from the offer, were classified under "Result from discontinued operations".*

[2] *The Magazines Italy area includes revenues generated from Gruner+Jahr/Mondadori consolidated since 1 July 2015 (euro 5.3 million) following the acquisition by Mondadori of 50% of the joint venture; net of this variation, at the Group level, the reduction in revenues would be equal to 4.7% in line with the performance recorded in the first half of 2015 (-4.8%).*

[3] *The consolidation of Gruner+Jahr/Mondadori as of 1 Juy 2015 contributed positively with euro 0.7 million.*

- reduced incidence of the cost of goods sold by over 2% (from 41% to 38.7% of revenues), resulting in a better performance in all business areas and, specifically, in the Books area due to a **more effective management of operating processes** and to a **targeted pricing policy**, and, in the Magazines Italy area, due to **effective publishing revision actions;**
- the rising incidence of variable costs on revenues from 19.9% to 21.7% is mainly attributable to the Magazines France area and is referred to increased mail tariffs for subscriptions;
- **the reduction in fixed costs** (-8.8% against the first nine months of 2014) exceeded the reduction in revenues and was obtained through a cost containment policy implemented in all corporate areas;
- employee headcount at the end of the period (3,090 people) was down by 3.3% against the same period in 2014 due to the **ongoing review of the organizational structures in Italy and in France** (the reduction on a like-for-like basis would be equal to -5.6%).

Quarter after quarter, these results confirm the greater efficiency achieved by the Group as a result of the industrial and organizational review implemented over the last two years and achieved despite the difficult market scenario.

Consolidated EBIT in the first nine months of 2015 amounted to **euro 30 million**, up approximately 25% against euro 24 million of 2014 as a result of the abovementioned increased EBITDA, despite increased amortization and impairment deriving from the devaluation of the interest held in the Greek Attica Publications subsidiary (in the Magazines Italy area) equal to euro 4 million.

Consolidated profit before taxes is positive for euro 16.1 million against euro 6.2 million at 30 September 2014; in the first nine months of 2015, financial costs amounted to euro 13.7 million, considerably down against euro 17.8 million of the same period of the previous year, as a result of reduced average net debt for the period and average total cost of debt. Taxes in the period totalled euro 7.7 million (euro 8 million in 2014).

Consolidated net result from continuing operations, after minority interest, was **positive for euro 6.6 million**, **up by over euro 10 million against a loss of euro 3.8 million registered at 30 September 2014**. The result from discontinued operations in the first nine months of 2015, negative for euro 9.4 million, includes the period net result of the Radio Business area (up from euro -3.8 million at 30 September 2014 to euro -3.1 million), as well as the depreciation of Monradio operations for euro 6.3 million. **The Group's net result** at 30 September 2015, after the result from discontinued operations, amounted to euro -2.8 million, **up euro 4.7 million** against the loss recorded in the previous year (euro -7.5 million), despite the inclusion of the depreciation of Monradio operations for euro 6.3 million.

The **Group's net financial position** at 30 September 2015 was equal to **euro -243.6 million**, considerably up against euro-327.4 million of 30 September 2014 as a result of the Group's **cash generation** over the last twelve months, **equal to euro 83.8 million**, deriving both from ordinary operations (euro 34.4 million) and extraordinary operations (euro 49.4 million).

At 30 September 2015, **cash flow from operations** in the last twelve months was positive for **euro 59.9 million**; ordinary cash flow (after the cash-out relative to financial charges and taxes for the period) was equal to euro 34.4 million**,** continuing the positive trend registered in the previous three quarters. **Cash flow from extraordinary operations** was positive for euro 49.4 million mainly as a result of the capital gain generated by the disposals completed in the period, amounting comprehensively to euro 56.4 million (of which euro 45.1 million include the transfer of 80% of Monradio and 50% of the Harlequin Mondadori joint venture).

BUSINESS AREAS

- **BOOKS**

In the first nine months of 2015 the Trade Books market posted a 2% overall reduction, though showing a progressive improvement quarter after quarter.
In this context, Mondadori Group confirmed its leadership position **with a 25% market share** (25.9% at 30.09.2014; source GFK).

In the period the Group had 5 titles in the 10 top best-selling books in the first nine months of 2015 (*Grey, La ragazza del treno, Cinquanta sfumature di grigio, La vigna di Angelica, Storia di una ladra di libri*) and *La ferocia* by Nicola Lagioia (Einaudi) won the Strega Prize for 2015.

In the first nine months of 2015, **revenues in the Books area** amounted to **euro 232.7 million**, down 2.6% against euro 238.9 million of the same period in 2014. In particular:

- Revenues from the Trade Books area registered a sharper decline than the market, also due to the performance of the large retail channel and the Paperback segment and, above all, due to a selective publishing policy aimed at increasing profitability;
- Educational Books posted growing revenues by 5.8% against the same period of 2014, mainly due to the management of museum concessions and the positive performance of school textbooks (+2%). In the period the Group confirmed its position as the third top player in the market of school textbooks.

Revenues from the download of e-books rose by 19% against the previous year, in line with the trend recorded in the first half of 2015, with a 7.3% share of digital sales on the total (5.3% at 30 September 2014).

EBITDA, net of non-recurring items and despite reduced revenues, remained essentially steady compared to the previous year, totalling **euro 35.5 million** as a result of a more effective management of operating processes deriving from the radical reorganization process and product revision implemented in the Trade Area, including actions aimed at reducing the number of titles and the average number of copies but still maintaining research and continuous improvement in the quality of the publishing programme.
Reported EBITDA for the area was equal to **euro 39.6 million**, up from euro 34.8 million recorded in the first nine months of 2014. It includes the capital gain equal to euro 7.6 million deriving from the transfer of the interest held in the Harlequin Mondadori joint venture (completed on 30 September 2015) and a higher incidence of restructuring costs compared to last year (euro 3.5 million in 2015 against 0.6 million in 2014).

- **MAGAZINES ITALY**

In Italy, despite the negative scenario recorded in the market in terms of both circulation (newsstand channel in August: -7.2%; internal source) and sales from advertising (source: Nielsen in August: -3.6%), Mondadori confirmed its position as market leader with a 32% market share in circulation (slightly up from 31.8% recorded in August 2014).

Overall revenues of the Magazines Italy area amounted to **euro 224 million**, down by 3% (-5% on a like-for-like basis, net of the acquisition of 50% of Gruner+Jahr/Mondadori completed on 1 July 2015) against euro 231 million at 30 September 2014. In particular:

- revenues from circulation decreased by 3% (-7.3% on a like-for-like basis), also due to the rigorous policy adopted in the selection of the most profitable promotional initiatives in subscription and newsstand channel;
- Revenues from advertising sales in the print+web segment of Mondadori brands in Italy dropped by 4% (-5% on a like-for-like basis); more specifically, advertising sales in the print media posted a 5.5% reduction on a like-for-like basis, while web advertising was up 0.3%, performing better than the reference market trend (-2.1% source: Nielsen, in August);
- Revenues from add-on products decreased by 6.8% (-8.1% on a like-for-like basis), showing a progressive recovery in the third quarter.

EBITDA of the Magazines Italy area, **net of non-recurring items**, posted a remarkable improvement, going from a loss of euro 0.4 million to a **positive value of euro 4.1 million**,[4] as a result of the effective review of the publishing and operating organization as well as of promotional activities. Despite the downward revenue trend determined by market conditions and by the implementation of targeted project selection policies the Group managed to maintain both its traditional publishing quality and its market leadership.
Reported EBITDA confirmed the growth trend, rising from euro 0.4 million to **euro 3.3 million** as a result of the above mentioned actions and of the progressive recovery of advertising sales, even if the previous year benefited from non-recurring items amounting to approximately euro 1 million, deriving from the contribution to Mediamond. The overall contribution of the international operations consolidated at equity was positive for euro 1.2 million, in line with the same period of the previous year.

Traffic data showed an overall audience rate equal to 6.7 million unique users; more specifically, the latest survey (August 2015) showed significant growth in the performance of Donnamoderna.com (+8%), Grazia.it (+13%) and Salepepe.it (+48%).

[4] *of which euro 0.7 mlllion generated from the consolidation of Gruner+Jahr/Mondadori*

- **MAGAZINES FRANCE**

In France, the magazines market showed a bearish trend both in terms of sales from advertising, down 8% (source: Kantar Media, data at July) and circulation, which fell by 3.9% at newsstands (internal source, data at August excluding the extraordinary edition of *Charlie Hebdo* in February).

In the first nine months of 2015, **revenues from Mondadori France** equalled **euro 246.8 million**, down 2.9% against euro 254.2 million of the same period in the previous year, mainly confirming the trend recorded in the first half of 2015.

Revenues from circulation (accounting for approximately 72% of the total) posted a 2.4% downturn against the previous year. In particular:

- the newsstand channel recorded a 6.2% reduction against the first nine months of 2014 (period including the publication of the "Hollande scoop" on Closer);
- the subscription channel instead posted a 0.2% increase.

These positive performances were made possible thanks to the constant attention paid to publishing quality and innovation.

Revenues from advertising sales were down 6.1% against the same period of the previous year, but performance differed between offline and online products: digital advertising was up (+24%) and now represents more than 14% of total advertising revenues, partially offsetting the drop in traditional print advertising (-9.8%). In this context Mondadori France confirmed its position as second top player in the magazine advertising market, with a market share of 11%.

EBITDA, net of non-recurring items, was equal to **euro 22.1 million**, down by 4.7% against the previous year, mainly as a result of increased mail tariffs and the extraordinary contribution, included in the same period of 2014, of the "Hollande scoop" published in January 2014 by the magazine Closer.
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 continued through 2015 with a view to further adjusting the organization to the changes and to sustaining profitability, while keeping its ability to make investments in quality and in the progressive digitalization of editorial activities.
Reported EBITDA, equal to euro 20 million, was down 10% against the first nine months of 2014 (euro 22.3 million), due to higher restructuring costs for approximately euro 1.1 million.

The total number of readers of Mondadori France magazines reached 8.1 million unique users, up approximately 28% against 2014, also as a result of the progressive digitalization of the editorial teams.

- **RETAIL**

In the first nine months of 2015, the **Retail area** posted **revenues of euro 131.6 million**, down by 9.2% against euro 144.9 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 (whose contribution in the first nine months of 2014 was equal to euro 10.4 million).
Books represent the predominant product category (accounting for 77.5% of the total) and outperform the market of reference on a like-for-like basis by approximately 1 percentage point. As for the distribution channels, the following is worth mentioning:

- direct bookstores: -4.3% (+1.8% on a like-for-like basis);
- franchised bookstores: slight downturn in the revenues of the book category and a more substantial drop in the non-book segment;
- megastores: dropping revenues as a result of the transfer of the flagship store of corso Vittorio Emanuele in Milan; on a like-for-like basis the performance of the book segment was positive (+7.8%) and consumer electronics products were back on a growing trend;
- in the online segment revenues were down comprehensively by 4.2% (-0.6% in the book segment).

EBITDA, net of non-recurring items, was equal to **euro -3.1 million**, **sharply up** against euro -5.4 million of the corresponding period in 2014.
Two main causes drove this result:

- the improved product margin, especially in the book category (thanks to actions aimed at network and format review and promotion containment activities) and in consumer electronics thanks to a more targeted and well-studied product assortment focused on accessories and services;
- the extended implementation of cost reduction measures, which resulted in a lower incidence of operating costs and overhead.

Reported EBITDA increased substantially in the period, by euro 3.2 million against the same period of the previous year (euro -6 million including restructuring costs for euro 0.6 million), totalling **euro -2.8 million**.

- **DIGITAL**

In the first nine months of 2015 total revenues from digital activities posted an 8.4% increase against 30 September 2014 (**euro 38.3 million** against euro 35.3 million).
The purely digital activities that cut across all business areas posted increased revenues by **11.1%** against the first nine months of 2014; revenues from digital marketing service activities were stable.
The incidence of digital activities on the Group's total revenues was equal to 4.7% against 4.1% recorded at 30 September 2014.

2015 FULL YEAR OUTLOOK

In the third quarter of 2015 the Group continued the non core assets disposal plan, which, increasing the availability of the consolidated financial resources, also contributed to supporting the future development of the Group and its competitive position consistently with the strategic guidelines announced. In line with the Group's focus on core business, the Group recently signed an agreement to acquire RCS Libri. This transaction will enable the Group to consolidate its presence in Italy in the Trade and Educational segments and in illustrated books at the international level.
Based on the Group's positive performance in these first nine months and on the ongoing optimization of operating processes and cost structure, as well as on the measures aimed at rationalizing the portfolio of activities and mitigating the downturn in revenues due to the performance of the market, it is reasonable to confirm the 2015 projections of a growing EBITDA at the Group level.
In the light of the aforementioned positive outlook, the recently completed disposals and the recovery of investments in the market, **the Group's net financial position is also expected to significantly improve against 2014 year end**.

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The documentation relating to the presentation of the results for the first nine months of 2015 to analysts is made available to the public on the authorized storage device 1info (www.1info.it) and on www.mondadori.it (Investor Relations section).

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The Executive Manager responsible for drafting 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.

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INTERIM REPORT ON OPERATIONS AT 30 SEPTEMBER 2015

This interim report at 30 September 2015 was approved by the Board of Directors and is made available starting from today's date at the Company's legal offices, on the authorized storage device 1info (www.1Info.it) and on www.mondadori.it (Investor Relations).

Annexes:
- Consolidated financial position (Annex 1)
- Consolidated income statement (Annex 2)
- Consolidated income statement - third quarter (Annex 3)
- Group Cash Flow (Annex 4)

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Annex 1

Consolidated financial situation

Consolidated balance sheet (euro/millions)	**30 September 2015**	**30 September 2014**	***Var.***	**31 December 2014**
Net trade receivables	255.8	280.9	*(25.1)*	263.1
Inventory	110.2	112.3	*(2.1)*	108.4
Trade payables	(359.5)	(372.7)	*13.2*	(343.3)
Other assets / (liabilities)	(2.0)	0.2	*(2.2)*	(14.8)
NWC	**4.5**	**20.7**	***(16.2)***	**13.4**
Intangible assets	556.6	568.3	*(11.7)*	553.7
Tangible assets	30.4	33.7	*(3.3)*	32.4
Investments	43.6	37.0	*6.6*	39.5
NET FIXED ASSETS	**630.6**	**639.0**	***(8.4)***	**625.6**
Provisions	(61.0)	(62.6)	*1.6*	(68.4)
Post-employment benefits	(45.5)	(45.1)	*(0.4)*	(46.3)
Discontinued assets / (liabilities)	0.0	55.7	*(55.7)*	56.6
NET INVESTED CAPITAL	**528.6**	**607.7**	***(79.1)***	**580.9**
Share capital	68.0	68.0	-	68.0
Minority shareholders' reserves and net equity	219.8	219.8	-	220.5
Net result	(2.8)	(7.5)	*4.7*	0.6
SHAREHOLDERS' EQUITY	**285.0**	**280.3**	***4.7***	**289.1**
NET FINANCIAL POSITION	**243.6**	**327.4**	***(83.8)***	**291.8**
TOTAL SHAREHOLDERS' EQUITY	**528.6**	**607.7**	***(79.1)***	**580.9**

Annex 2

Consolidated income statement

Consolidated income statement (euro/millions)	**30 September 2015**	***Inc. % on revenues***	**30 September 2014**	***Inc. % on revenues***	**Var. %**
Revenues from sales and services	**817.1**	***100.0%***	**851.9**	***100.0%***	**(4.1%)**
Cost of sold items	316.6	*38.7%*	349.6	*41.0%*	(9.4%)
Variable costs	177.0	*21.7%*	169.8	*19.9%*	4.3%
Fixed costs	114.8	*14.1%*	125.9	*14.8%*	(8.8%)
Cost of personnel	159.8	*19.6%*	164.3	*19.3%*	(2.8%)
Other cost / (income)	(0.7)	*(0.1%)*	(3.5)	*(0.4%)*	n.s.
Result - subsidiaries	(1.6)	*(0.2%)*	(2.2)	*(0.3%)*	24.7%
EBITDA net of non-recurring items	**48.0**	***5.9%***	**43.6**	***5.1%***	**10.0%**
Restructuring costs	(6.6)		(4.3)		51.6%
Positive/(negative) extraordinary items	7.4		0.9		n.s.
EBITDA	**48.8**	***6.0%***	**40.2**	***4.7%***	**21.3%**
Amortization and impairment	18.8	*2.3%*	16.2	*1.9%*	16.2%
EBIT	**30.0**	***3.7%***	**24.0**	***2.8%***	**24.7%**
Net financial revenues (costs)	(13.7)	*(1.7%)*	(17.8)	*(2.1%)*	(22.8%)
Revenues (costs) from other investments	(0.1)		-		n.s.
Profit before taxes for the period	**16.1**	***2.0%***	**6.2**	***0.7%***	**158.3%**
Income tax	7.7	*0.9%*	8.0	*0.9%*	(3.2%)
Minority shareholders' profit	1.8	*0.2%*	2.0	*0.2%*	(10.9%)
Result from continuing operations	**6.6**	***0.8%***	**(3.8)**	***(0.4%)***	**n.s.**
Result from discontinued operations	(9.4)	*(1.2%)*	(3.8)	*(0.4%)*	148.6%
Net result	**(2.8)**	***(0.3%)***	**(7.5)**	***(0.9%)***	**n.s.**

Annex 3

Consolidated income statement - third quarter

Consolidated income statement (euro/millions)	**Q3 2015**	***Inc. % on revenues***	**Q3 2014**	***Inc. % on revenues***	**Var. %**
Revenues from sales and services	**300.0**	***100.0%***	**308.6**	***100.0%***	**(2.8%)**
Cost of sold items	113.1	*37.7%*	121.2	*39.3%*	(6.7%)
Variable costs	70.1	*23.4%*	66.1	*21.4%*	6.1%
Fixed costs	37.8	*12.6%*	44.5	*14.4%*	(15.0%)
Cost of personnel	51.5	*17.2%*	50.8	*16.4%*	1.4%
Other cost / (income)	2.6	*0.9%*	(0.1)	*0.0%*	n.s.
Result - subsidiaries	(0.7)	*(0.2%)*	(0.6)	*(0.2%)*	(28.2%)
EBITDA net of non-recurring items	**24.2**	***8.1%***	**25.5**	***8.3%***	**(5.4%)**
Restructuring costs	(1.6)		(1.4)		15.5%
Positive/(negative) extraordinary items	7.3		(1.5)		n.s.
EBITDA	**29.9**	***10.0%***	**22.7**	***7.4%***	**31.6%**
Amortization and impairment	9.1	*3.0%*	5.6	*1.8%*	61.4%
EBIT	**20.8**	***6.9%***	**17.0**	***5.5%***	**21.7%**
Net financial revenues (costs)	(5.2)	*(1.7%)*	(5.5)	*(1.8%)*	(5.7%)
Revenues (costs) from other investments	-		-		**-**
Profit before taxes for the period	**15.6**	***5.2%***	**11.5**	***3.7%***	**34.8%**
Income tax	4.9	*1.6%*	5.9	*1.9%*	(16.4%)
Minority shareholders' profit	0.7	*0.2%*	0.8	*0.3%*	(18.4%)
Result from continuing operations	**10.0**	***3.3%***	**4.8**	***1.6%***	**106.4%**
Result from discontinued operations	(0.6)	*(0.2%)*	(1.3)	*(0.4%)*	n.s.
Net result	**9.4**	***3.1%***	**3.5**	***1.1%***	**168.9%**

Annex 4

Group Cash Flow

Group Cash Flow (euro/millions)	**30 September 2015**	**30 September 2014**	**LTM**
NFP beginning of period	**(291.8)**	**(363.2)**	**(327.4)**
EBITDA before non-recurring items	48.0	43.6	70.0
Incidence of shareholdings/dividends	(2.4)	(1.1)	(4.5)
NWC+provision variation	(11.8)	(21.6)	8.4
CAPEX	(9.5)	(6.2)	(13.9)
Cash flow from operations	**24.2**	**14.7**	**59.9**
Financial costs	(13.7)	(16.5)	(18.9)
Taxes	(3.2)	(3.6)	(6.6)
Cash flow from the Radio business	-	(2.9)	-
Cash flow from ordinary operations	**7.3**	**(8.3)**	**34.4**
Capital increase / (Dividend payout)	-	31.2	-
Restructuring costs	(14.4)	(16.7)	(17.9)
Extraordinary tax amounts / previous years	8.4	15.2	8.4
Asset acquisition	3.5	(2.9)	2.5
Asset disposal	43.4	17.3	56.4
Cash flow from extraordinary operations	**40.9**	**44.1**	**49.4**
Total Cash Flow	**48.2**	**35.8**	**83.8**
NFP beginning of period	**(243.6)**	**(327.4)**	**(243.6)**