GRUPPO MONDADORI

1H16 Results

Investor Presentation

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Oddone Pozzi, CFO

Segrate, July 28th 2016

GRUPPO MONDADORI

AGENDA

1 - 1H16 Highlights

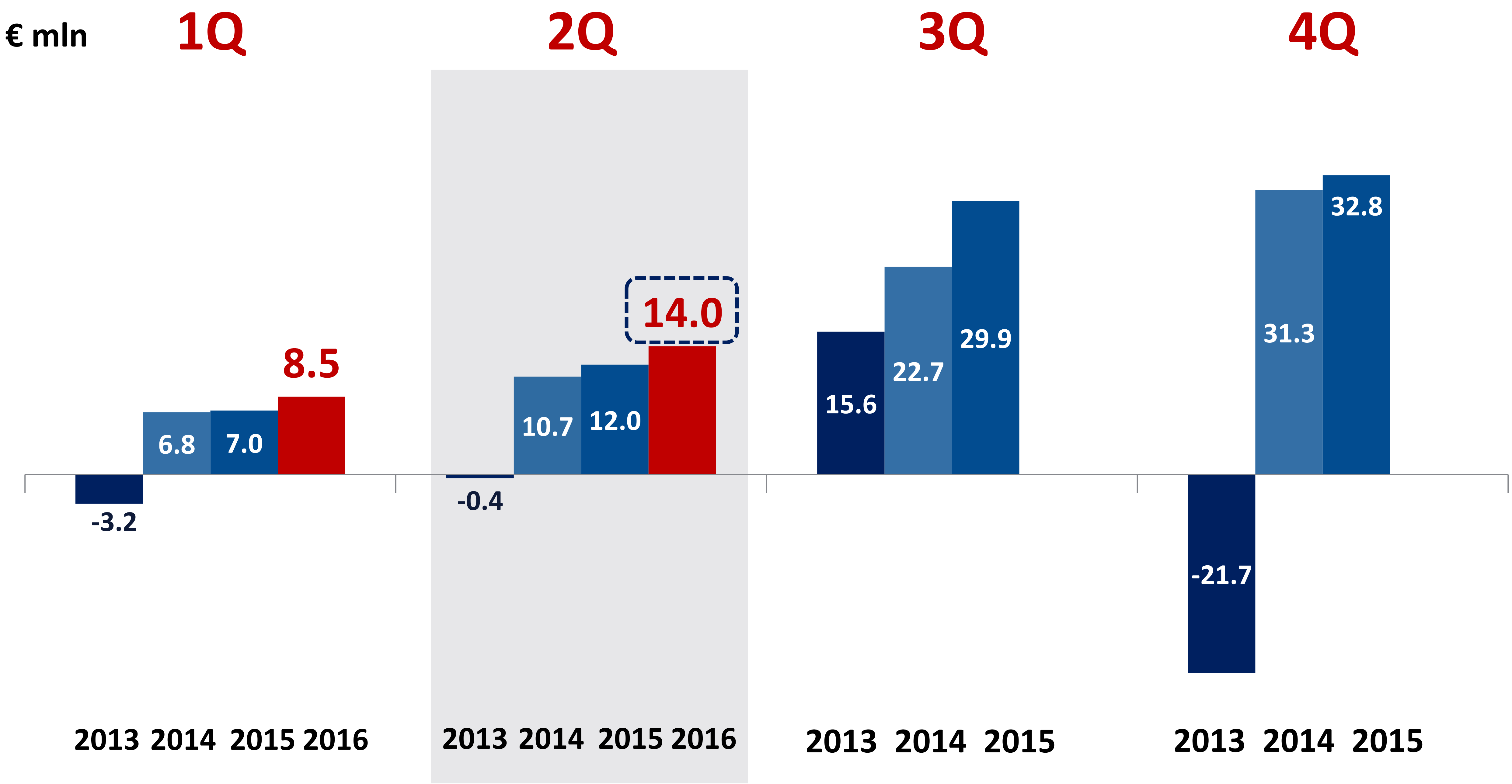
2 - 1H16 Results

3 - FY 2016 Outlook

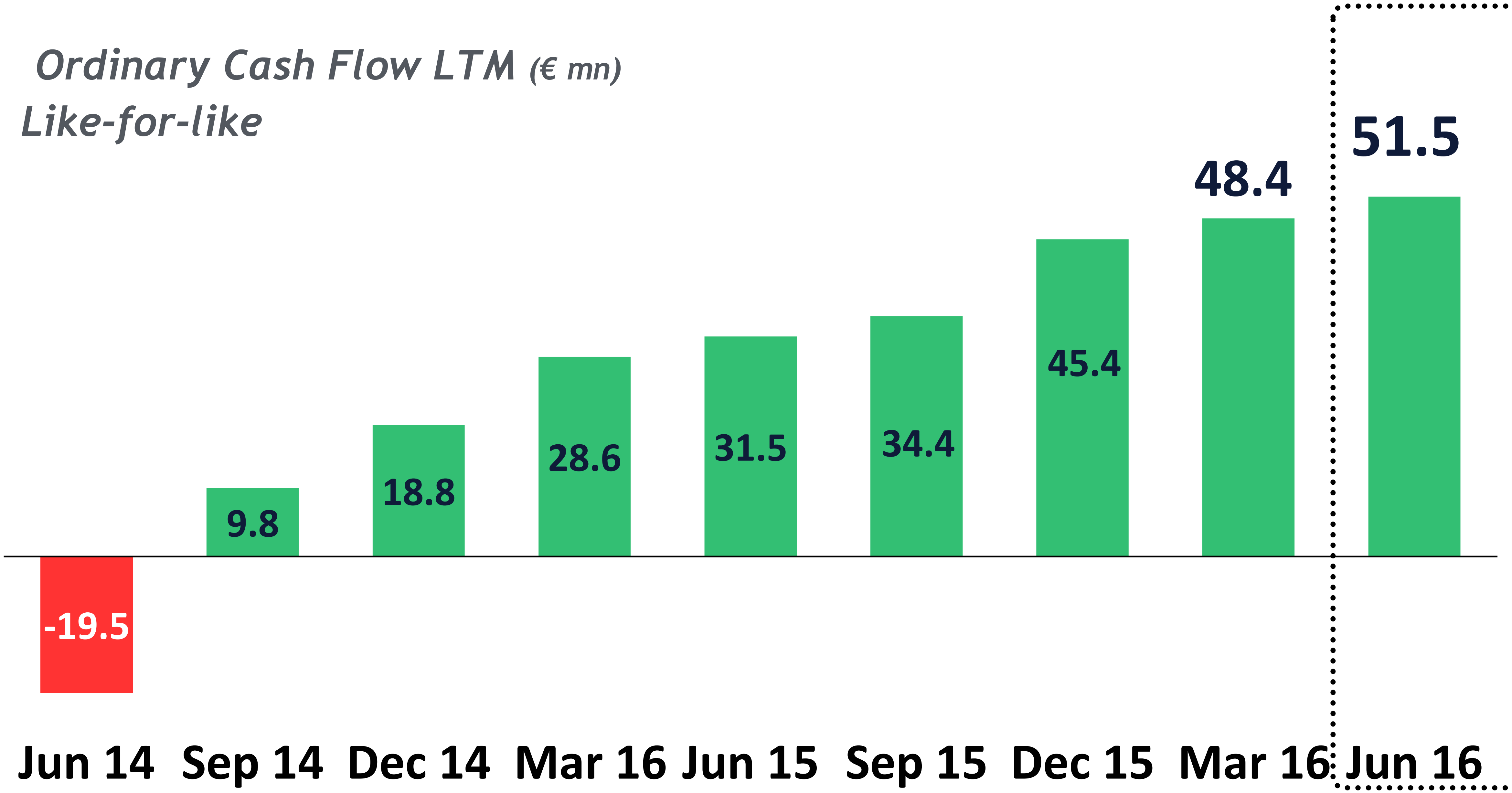
Transformational deals

Consolidated from April 1° 2016 (3M)	Consolidated from June 1° 2016 (1M)	Not consolidated
Rizzoli LIBRI	banzai MEDIA	Marsilio
Apr. 2016	Jun. 2016	Jul. 2016
Closing of Rizzoli Libri acquisition	Closing of the Vertical Content division	Closing of Marsilio Editori disposal
MONDADORI LIBRI	MONDADORI MAGAZINE	

1. EBITDA improvement in the last 10 quarters



2. Quarterly cash-generation increase confirmed



* **Cash Flow Ordinario:** Operating Cash Flow net of capex. taxes and financial charges

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1H16 – Financial results

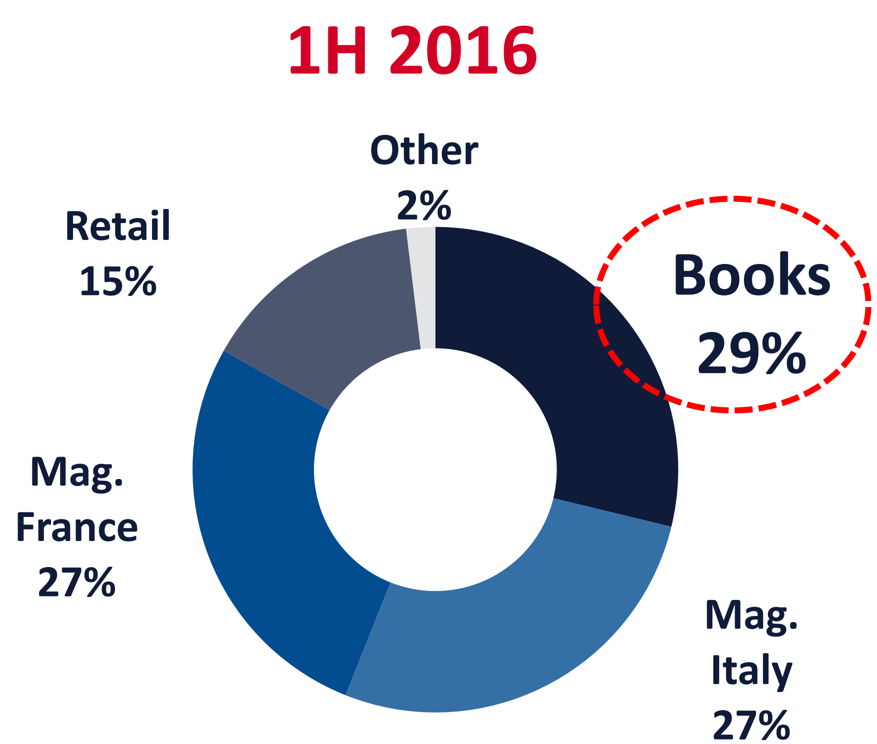
€ mn

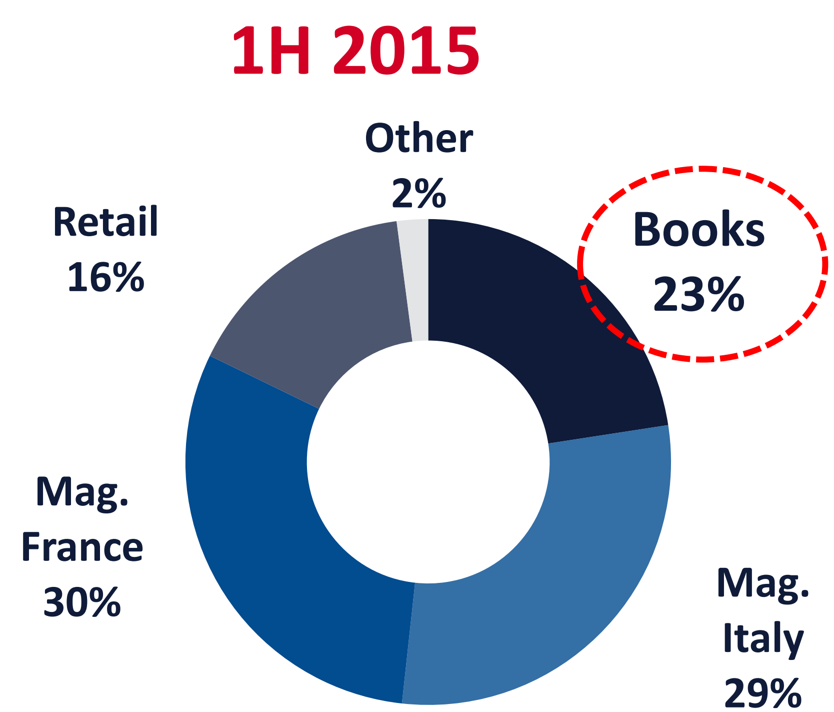
Like-for-like

	2016	2015	Like-for-like 1H16	Like-for-like 2Q16	1H16
Revenues	523.6	518.0	+1.1%	+0.0%	+8.6%
EBITDA adjusted	27.6	23.8	+15.9%	+16.2%	+11.9%
EBITDA	23.5	19.0	+24.0%	+25.1%	+18.7%
Net Profit	0.2	-12.2	**Marked improvement** compared to previous year	**2.0 milioni** (-7.5 mn nel 2Q 2015)	-3.8 million

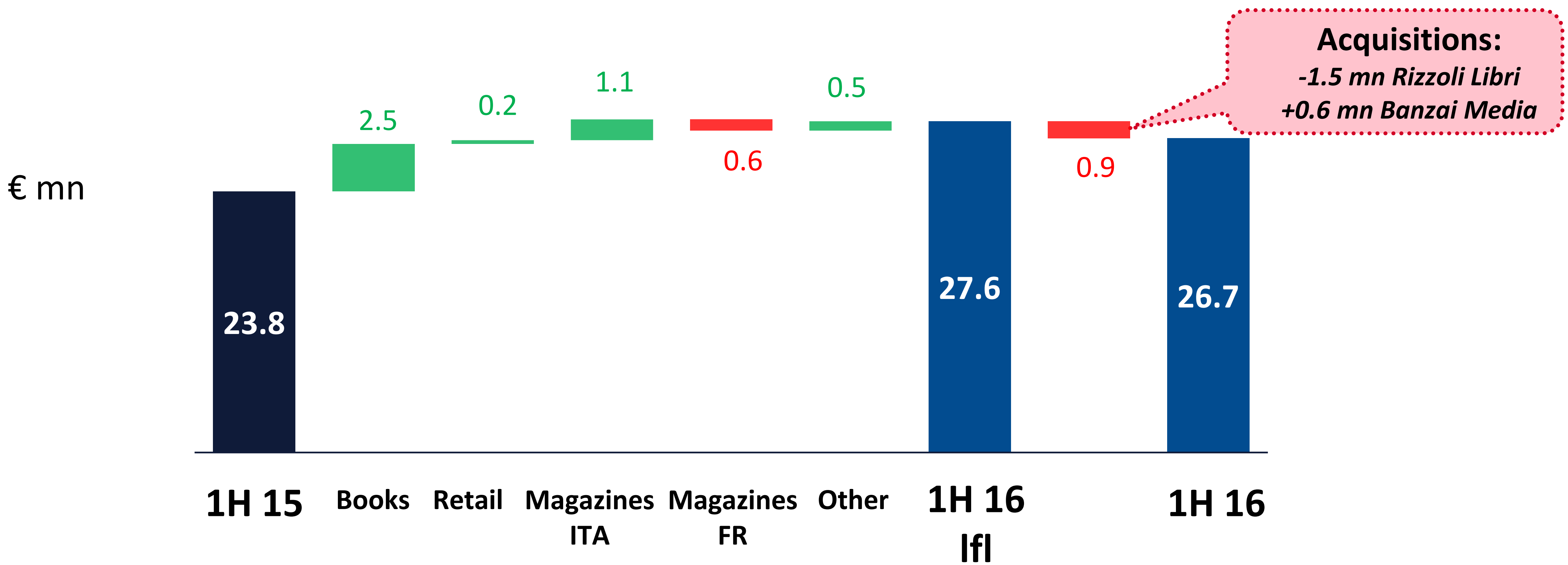
Revenues by Business Area – 1H16

€ mn	1H 2016	1H 2016 Like-for-like	1H 2015	*Var.%*	*Var.% lfl*
Books	170.1	133.5	123.4	*37.9%*	*8.2%*
Magazines Italy	161.1	158.2	159.4	*1.1%*	*(0.8%)*
Magazines France	160.3	160.3	166.6	*(3.8%)*	*(3.8%)*
Retail	88.2	87.2	85.9	*2.8%*	*1.6%*
Corporate & Shared Services	11.4	11.4	11.4	*(0.0%)*	*(0.0%)*
Intercompany	(28.6)	(27.0)	(28.6)	*0.2%*	*(5.6%)*
Total Revenues	**562.6**	**523.6**	**518.0**	***8.6%***	***1.1%***





EBITDA by Business Area – 1H16



Adjusted

€ mln	1H 2016	1H 2016 Like-for-like	1H 2015	*Var.%*	*Var.% lfl*
Books	9.5	11.0	8.5	11.6%	29.2%
Magazines Italy	10.6	9.9	8.8	20.4%	13.1%
Magazines France	15.5	15.5	16.1	(3.8%)	(3.8%)
Retail	(3.1)	(3.0)	(3.2)	4.2%	6.7%
Corporate & Shared Services	(5.8)	(5.8)	(6.3)	8.4%	8.4%
EBITDA adj.	**26.7**	**27.6**	**23.8**	***+11.9%***	***+15.9%***

EBITDA per Area di Business – 1H16

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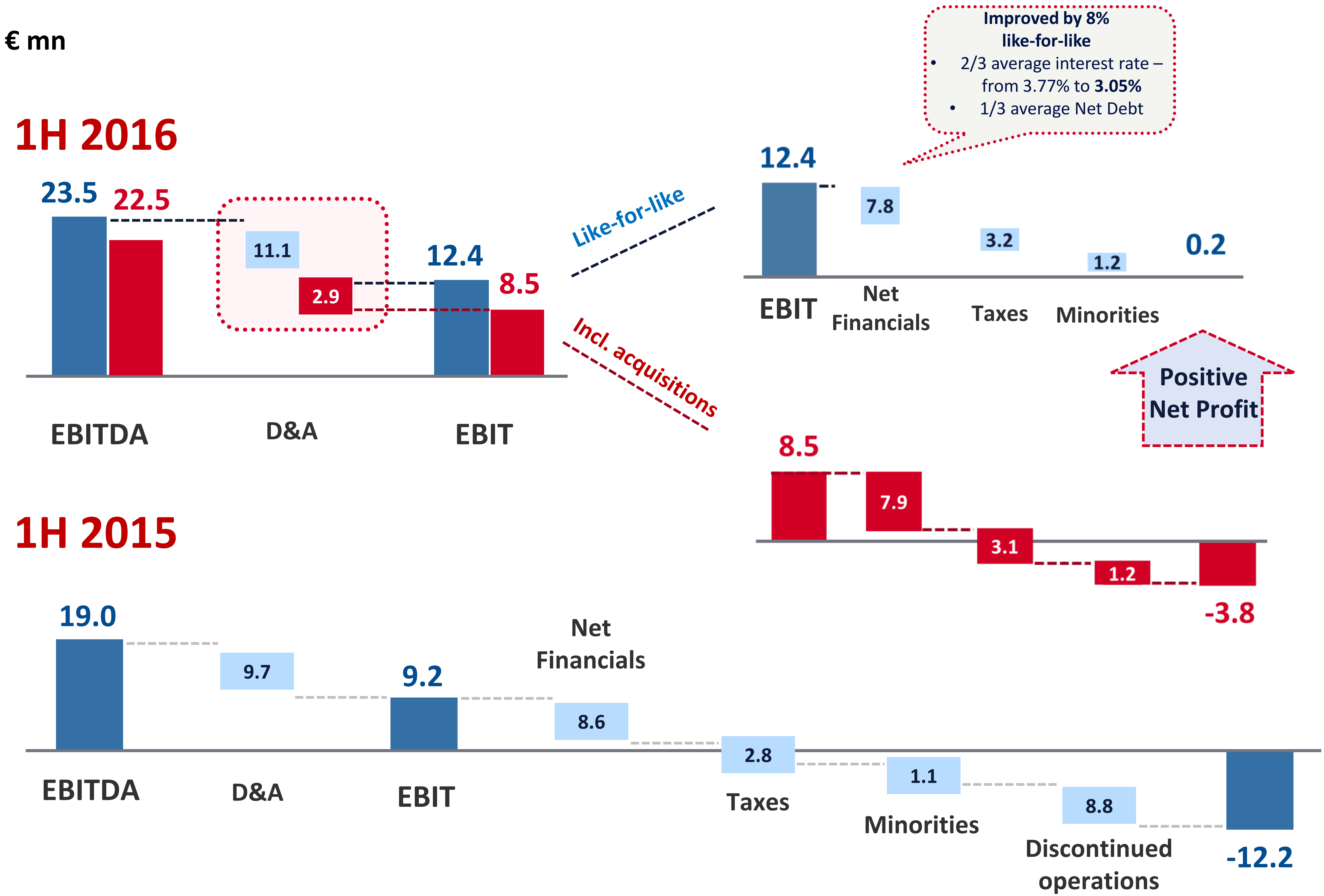
EBITDA reported

	1H 2016	1H 2015	*Var. %*
Mondadori	10.7	5.2	*104.0%*
Rizzoli	(1.5)		
Total Books	**9.1**	**5.2**	**74.2%**
Magazines Italy	9.4	8.0	*17.0%*
Banzai Media	0.6		
Total Magazines Italy	**10.0**	**8.0**	***25.0%***
Magazines France	**14.2**	**14.2**	***(1.6%)***
Retail	(3.0)	(2.8)	*(7.6%)*
Librerie Rizzoli	(0.1)		
Total Retail	**(3.1)**	**(2.8)**	***(10.5%)***
Corporate & Shared Services	(7.8)	(5.9)	*n.s.*
EBITDA like-for-like	**23.5**	**19.0**	***24.0%***
EBITDA	**22.5**	**19.0**	***18.7%***

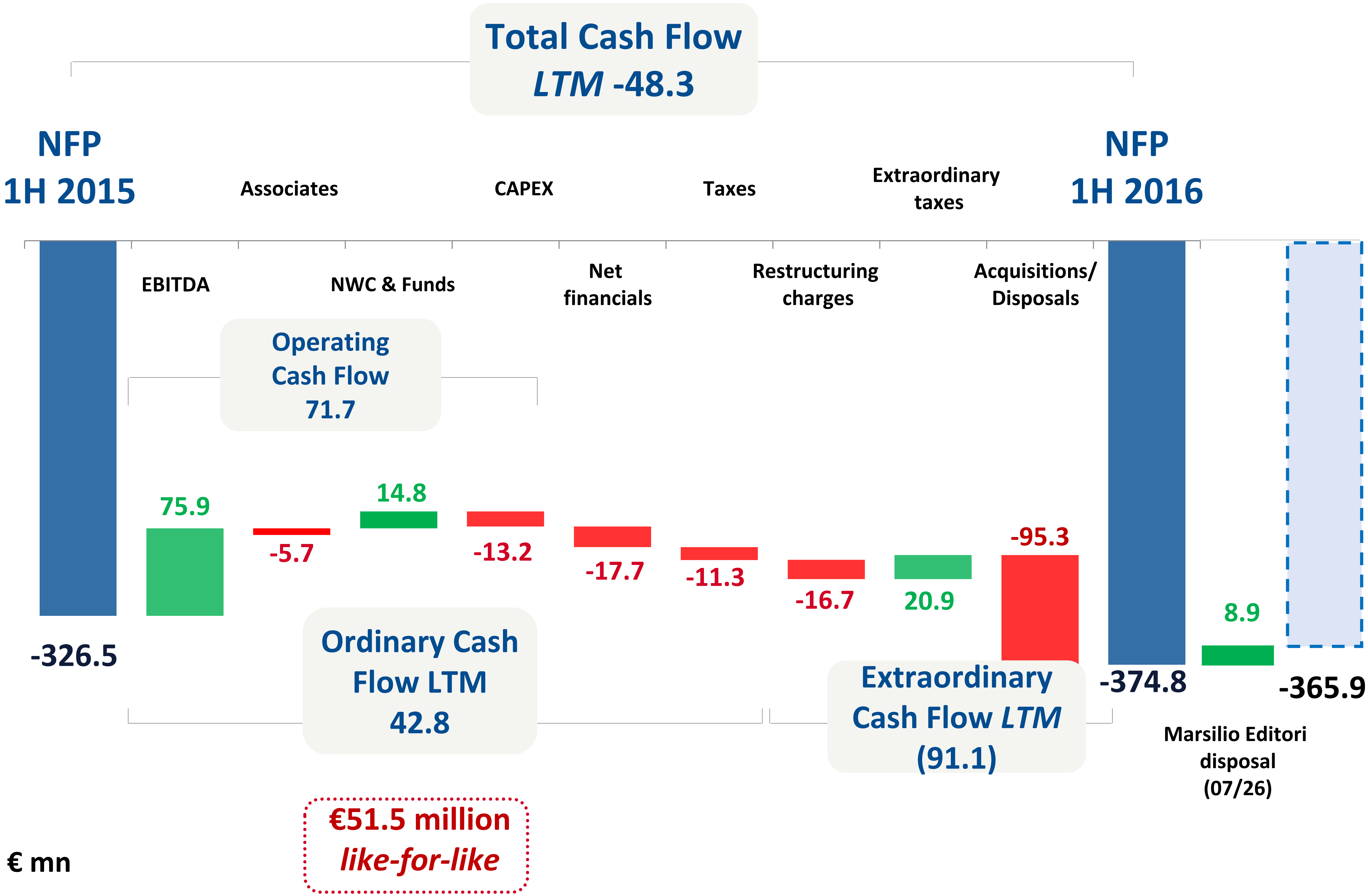
- **1H 2015:** capital gain for Il Giornale of €1.3 mln;
- **1H 2016:** transaction costs of €1.2 mln

Dall'EBITDA al Risultato Netto – 1H16

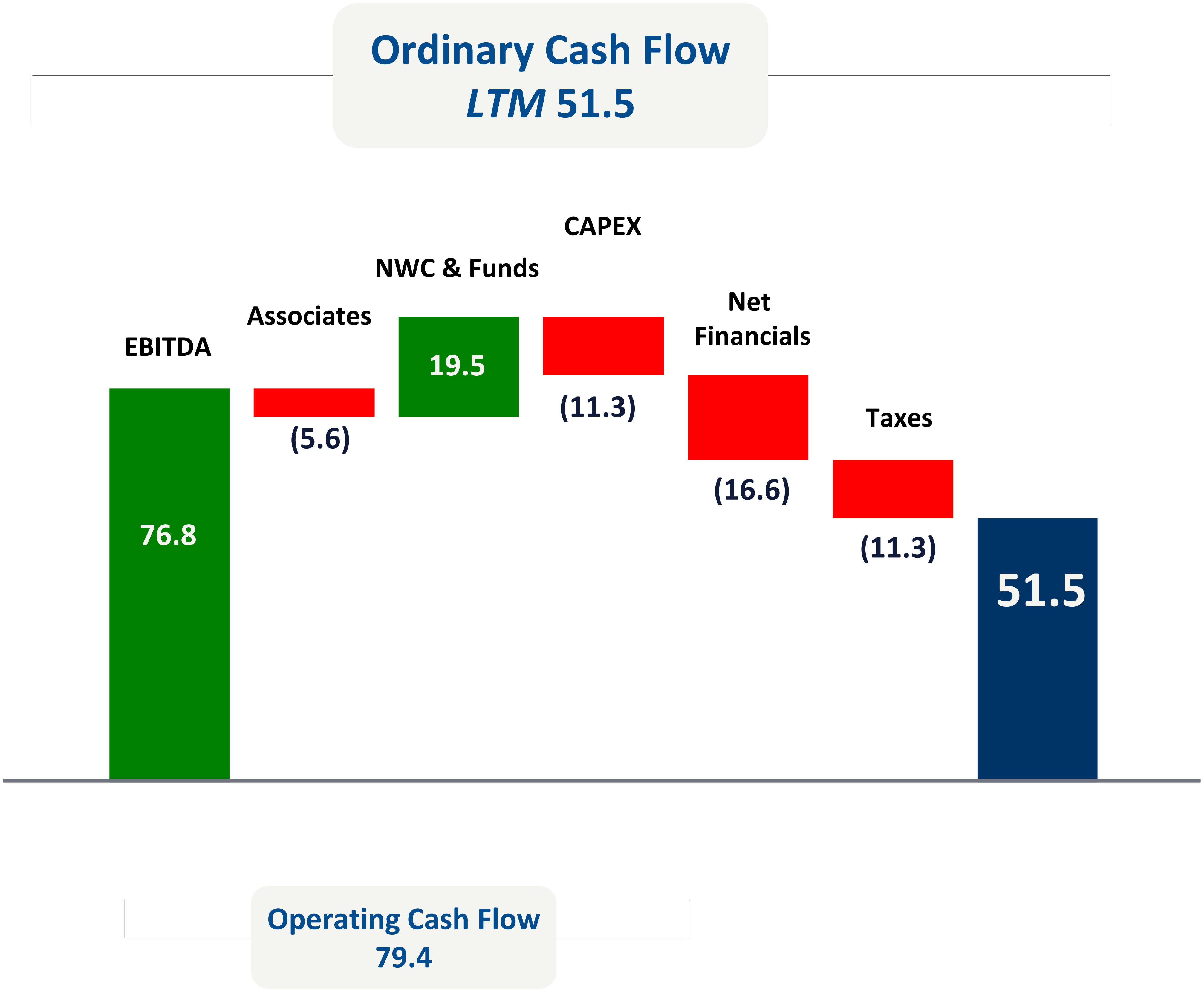
€ mn



Cash Flow – 1H16



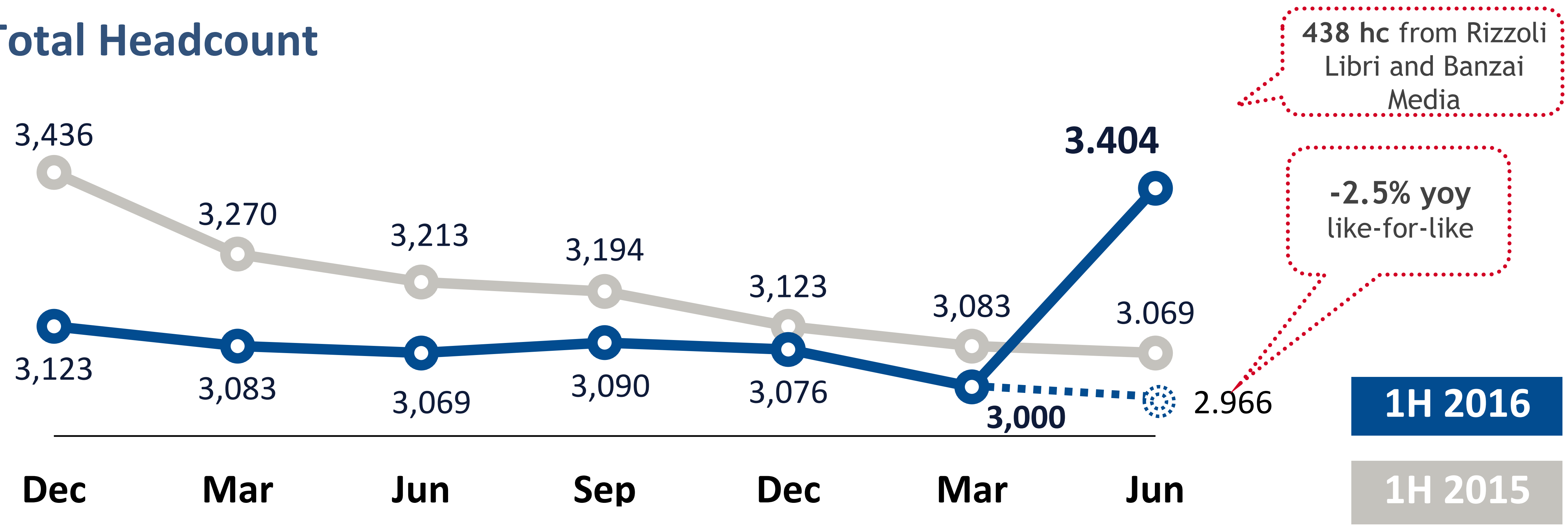
Cash Flow like-for-like – 1H16



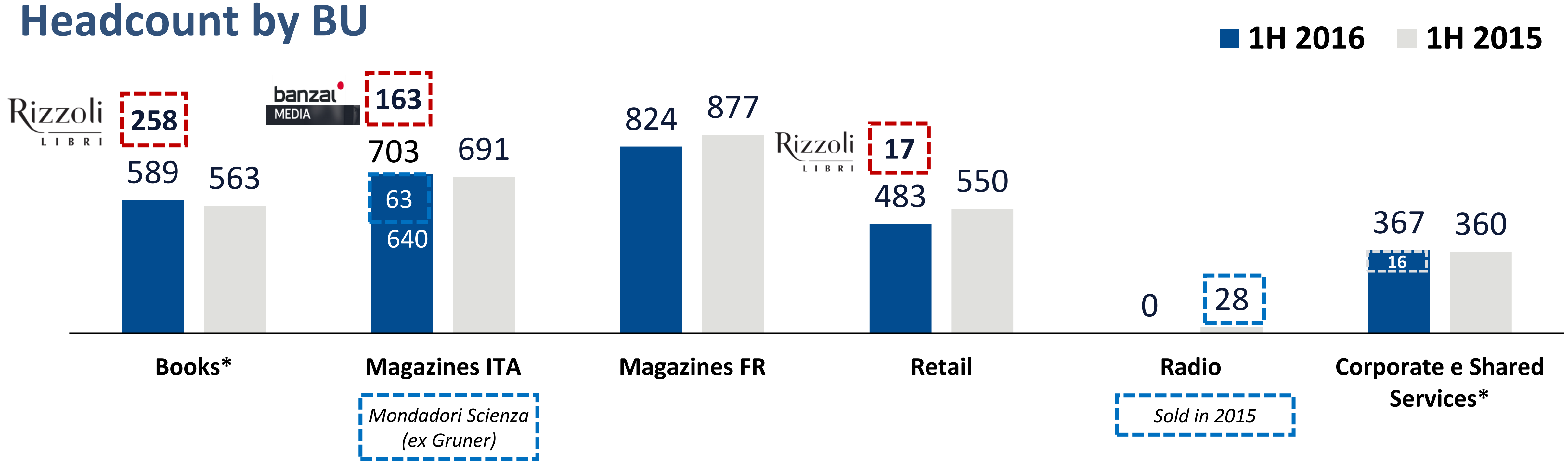
€ mn

Headcount – 1H16

Total Headcount



Headcount by BU



* 1H 2016: Books area includes the stabilization of 48 labour contracts at the end of 2015; Corporate & Shared Services includes the incorporation of employees from other areas (16)

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Completely in line with 2016 GUIDANCE

	On a like-for-like basis	*With M&A deals**
REVENUES	**Steady revenues**	**About + 14%**
EBITDA adjusted	**High-single digit** operating growth	Operating growth **~ +30%**
NFP	**Improved** compared to 2015 year-end	**Increased** compared to 2015 year-end
NFP/EBITDA reported	**< 2.5x**	**~ 3.5x**

* Excluding Marsilio Editori and Bompiani consolidation

Attachments

Consolidated P&L – 1H16

€ mln	1H 2016	Inc. %	1H 2016 lfl	Inc. %	1H 2015	Inc. %	*Var.% lfl*
Net Revenues	**562.6**	*100.0%*	**523.6**	*100.0%*	**518.0**	*100.0%*	***1.1%***
COGS	225.2	*40.0%*	199.9	*38.2%*	199.4	*38.5%*	*0.3%*
Variable costs	137.6	*24.5%*	130.5	*24.9%*	130.1	*25.1%*	*0.4%*
Fixed costs	58.2	*10.4%*	55.6	*10.6%*	57.4	*11.1%*	*-3.2%*
Personnel cost	114.7	*20.4%*	108.9	*20.8%*	108.3	*20.9%*	*0.6%*
Other expenses/(income)	0.0	*0.0%*	0.8	*0.2%*	-1.9	*-0.4%*	*n.s.*
Associates	-0.2	*0.0%*	-0.2	*0.0%*	-0.9	*-0.2%*	*n.s.*
EBITDA adjusted	***26.7***	***4.7%***	***27.6***	***5.3%***	***23.8***	***4.6%***	***15.9%***
Restructuring costs	-2.4		-2.3		-5.0		*-53.7%*
Positive /(negative) non recurring items	-1.8		-1.8		0.1		*n.s.*
EBITDA	**22.5**	***4.0%***	**23.5**	***4.5%***	**19.0**	***3.7%***	***24.0%***
D&A	14.0	*2.5%*	11.1	*2.1%*	9.7	*1.9%*	*13.8%*
EBIT	**8.5**	***1.5%***	**12.4**	***2.4%***	**9.2**	***1.8%***	***34.7%***
Net Financials	-7.9	*-1.4%*	-7.8	*-1.5%*	-8.5	*-1.7%*	*-8.4%*
Other income/(charges) from associates	0.0	*0.0%*	0.0	*0.0%*	-0.1		
Pre-Tax Result	**0.6**	***0.1%***	**4.6**	***0.9%***	**0.6**	***0.1%***	***n.s.***
Income taxes	3.1	*0.6%*	3.2	*0.6%*	2.8	*0.5%*	*15.2%*
Minorities	1.2	*0.2%*	1.2	*0.2%*	1.1	*0.2%*	*5.9%*
Result from continuing operations	**-3.8**	***-0.7%***	**0.2**	***0.0%***	**-3.4**	***-0.7%***	***n.s.***
Result from discontinued operations	0.0	*0.0%*	0.0	*0.0%*	-8.8	*-1.7%*	
Net Revenues	**-3.8**	***-0.7%***	**0.2**	***0.0%***	**-12.2**	***-2.4%***	***n.s.***

Consolidated P&L – 2Q16

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€ mln	2Q 2016	Inc.%	2Q 2016 lfl	Inc.%	2Q 2015	Inc.%	Var.%
Net Revenues	**307.8**	*100.0%*	**268.8**	*100.0%*	**268.8**	*100.0%*	***0.0%***
COGS	123.6	*40.2%*	98.4	*36.6%*	102.0	*37.9%*	*-3.5%*
Variable costs	76.3	*24.8%*	69.3	*25.8%*	69.2	*25.8%*	*0.2%*
Fixed costs	29.6	*9.6%*	26.9	*10.0%*	27.8	*10.4%*	*-3.2%*
Personnel cost	61.4	*19.9%*	55.6	*20.7%*	54.6	*20.3%*	*1.9%*
Other expenses/(income)	0.8	*0.3%*	1.7	*0.6%*	0.7	*0.3%*	*136.8%*
Associates	0.5	*0.2%*	0.5	*0.2%*	0.6	*0.2%*	*-11.2%*
EBITDA adjusted	***16.5***	***5.4%***	***17.5***	***6.5%***	***15.0***	***5.6%***	***16.2%***
Restructuring costs	-0.8		-0.7		-1.9		*-62.2%*
Positive /(negative) non recurring items	-1.8		-1.8		-1.1		*55.8%*
EBITDA	**14.0**	***4.5%***	**15.0**	***5.6%***	**12.0**	***4.4%***	***25.1%***
D&A	8.6	*2.8%*	5.6	*2.1%*	4.9	*1.8%*	*15.5%*
EBIT	**5.4**	***1.7%***	**9.3**	***3.5%***	**7.1**	***2.6%***	***31.7%***
Net Financials	-4.3	*-1.4%*	-4.2	*-1.6%*	-4.1	*-1.5%*	*2.7%*
Other income/(charges) from associates	0.0	*0.0%*	0.0	*0.0%*	0.0		
Pre-Tax Result	**1.1**	***0.3%***	**5.1**	***1.9%***	**3.0**	***1.1%***	***71.6%***
Income taxes	2.2	*0.7%*	2.3	*0.9%*	2.0	*0.7%*	*17.0%*
Minorities	0.8	*0.3%*	0.8	*0.3%*	0.7	*0.2%*	*21.5%*
Result from continuing operations	**-2.0**	***-0.6%***	**2.0**	***0.7%***	**0.3**	***0.1%***	***n.s.***
Result from discontinued operations	0.0	*0.0%*	0.0	*0.0%*	-7.8	*-2.9%*	
Net Revenues	**-2.0**	***-0.6%***	**2.0**	***0.7%***	**-7.5**	***-2.8%***	***n.s.***

Consolidated Balance Sheet – 1H16

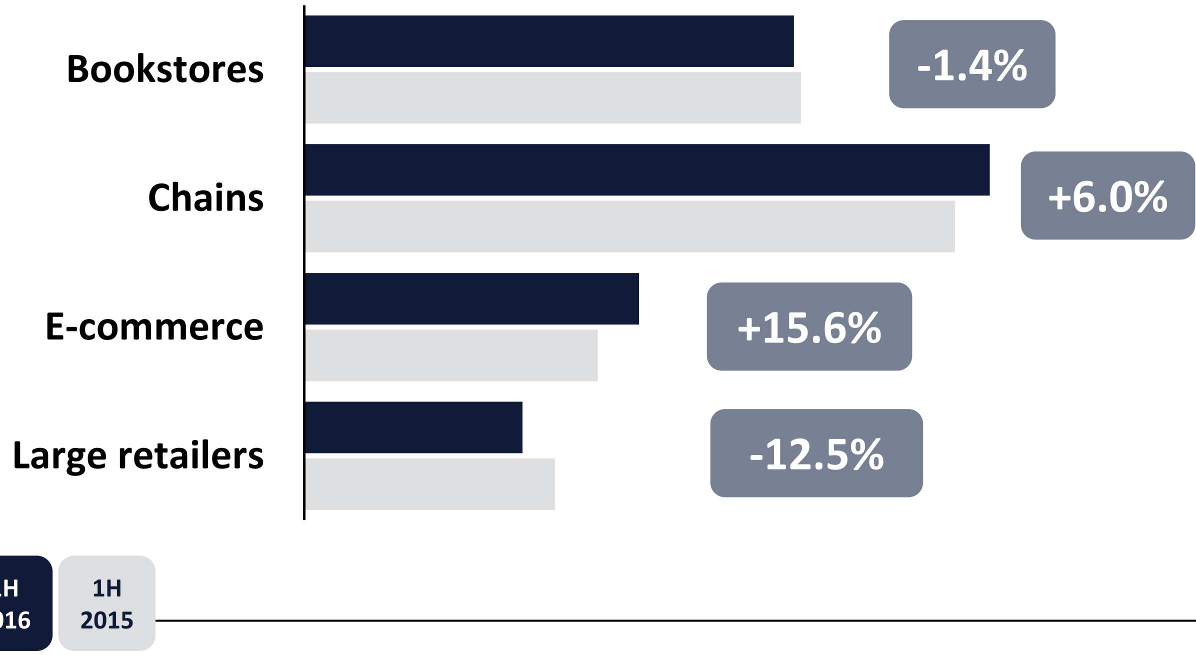
€ mln	30.06.2016	30.06.2015	31.12.2015
Trade receivables	313.6	260.1	242.1
Inventory	184.3	115.3	108.2
Trade payables	-435.5	-351.9	-349.6
Other assets/(liabilities)	18.1	11.2	-30.5
NWC	**80.5**	**34.6**	**-29.7**
Intangible asstes	604.3	551.1	552.3
Tangible assets	35.3	31.0	31.2
Investments	44.5	39.9	44.9
FIXED INVESTED CAPITAL	**684.2**	**622.1**	**628.5**
Provisions	-67.1	-53.4	-59.7
Indemnity severances	-50.7	-44.2	-44.1
Assets/(Liabilities) of discontinued operations	*19.1*	*45.8*	
NET INVESTED CAPITAL	**666.0**	**604.9**	**494.9**
SHAREHOLDERS' EQUITY	291.2	278.4	295.5
NFP	374.8	326.5	199.4
NET INVESTED CAPITAL	**666.0**	**604.9**	**494.9**

Net Financial Position – 1H16

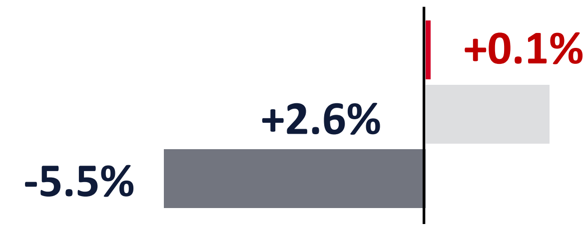
€ mln	1H 2016		1H 2015
	Like-for-like	**Total**	**Total**
Net Financial Position (start of the period)		***(199.4)***	***(291.8)***
EBITDA adjusted	27.6	26.7	23.8
Associates	(0.5)	(0.5)	1.4
NWC and Funds	(23.0)	(27.8)	(28.3)
CAPEX	(5.3)	(7.2)	(7.5)
Operating Cash Flow	(1.2)	(8.7)	(10.6)
Net financial charges	(6.8)	(7.9)	(7.8)
Taxes	(9.5)	(9.5)	(5.1)
Ordinary Cash Flow	**(17.5)**	**(26.1)**	**(23.5)**
Treasury & new shares placement		0.0	0.0
Cash-out for restructuring		(7.1)	(11.6)
VAT receivables cash-in		15.1	2.2
Acquisitions/Disposals		(157.3)	(1.8)
Extraordinary Cash Flow		(149.3)	(11.2)
Total Cash Flow		(175.4)	(34.7)
Net Financial Position (end of the period)		**(374.8)**	**(326.5)**

Books - Highlights 1H16

Trade Market – 1H 2016 +2.6%



Mondadori vs Trade Market



- The **market** confirmed the **growth trend** recorded in 2015
- **Mondadori** recorded a **positive performance**, though lower compared to the market due to the prosecution of the **selective publishing program** (reduction of new titles -9.5%)

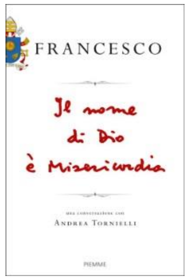
Trade Market Share – 1H 2016

MONDADORI 28.8%*

	1H 2016	1H 2015		1H 2016	1H 2015
MONDADORI LIBRI	22.9%	23.5%	Rizzoli LIBRI	5.9%	6.4%
GeMS	9.6%	10.2%	DeAGOSTINI LIBRI	2.1%	2.0%
GIUNTI	7.1%	6.8%	NEWTON COMPTON EDITORI	2,3%	2.5%
la Feltrinelli	4.6%	4.4%	Other	42,7%	40.5%

Top seller – 1H 2016

2 books in the Top 3

2 

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4 books in the Top 10

4 

9 

Source: GFK, June 2016 (value data, sell-out)

* Excluding Marsilio and Bompiani brands

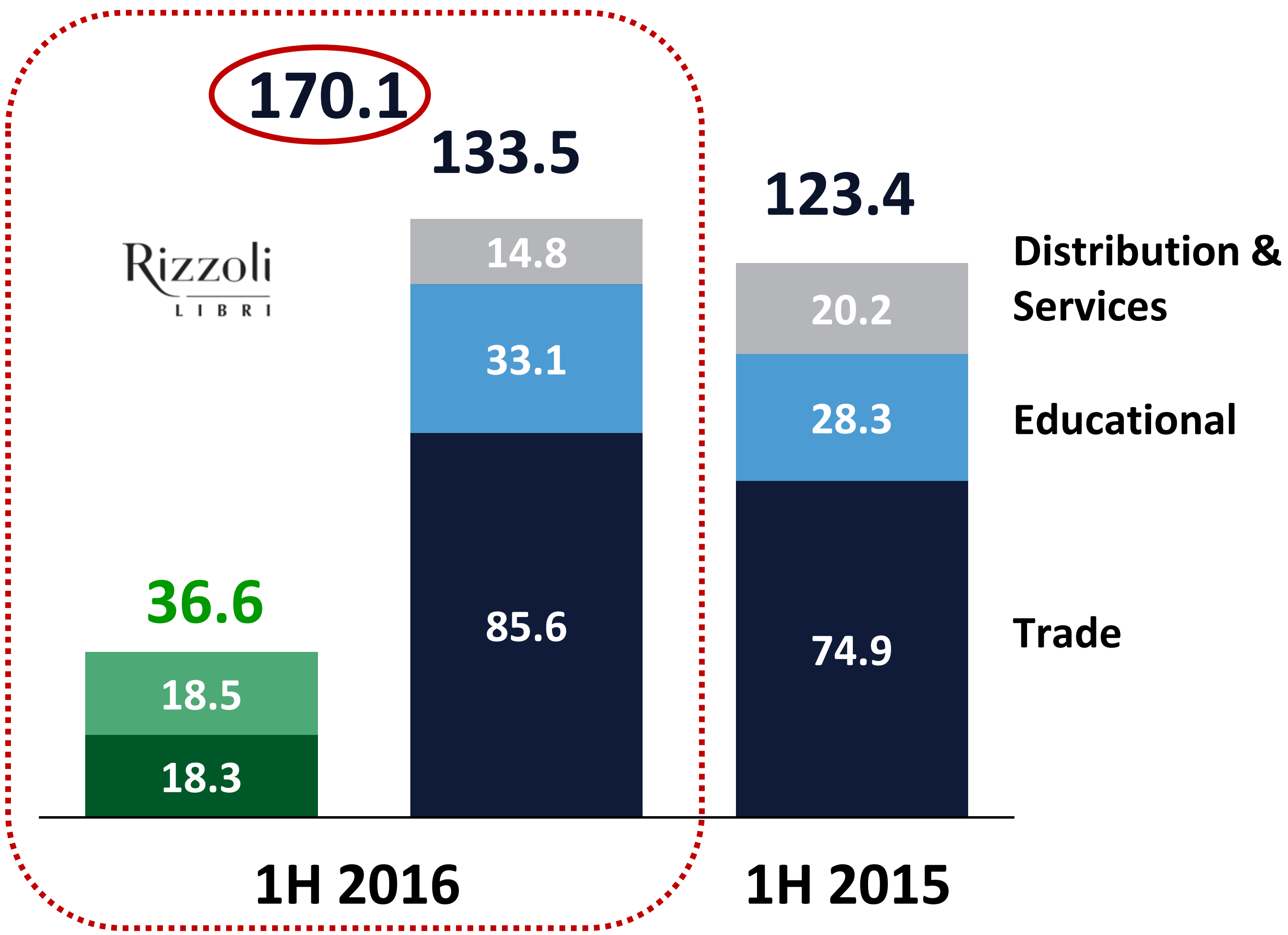
Books - Highlights 1H16

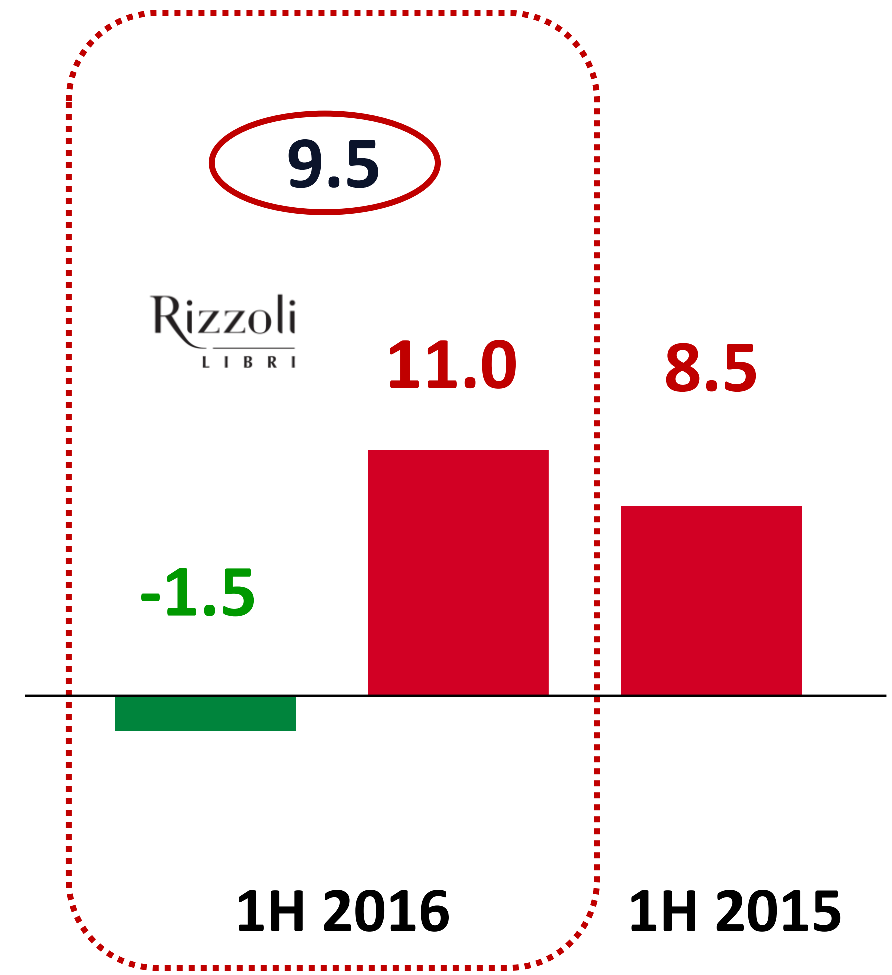
Revenues +37.9%

+8.2% lfl

EBITDA adj. +11.6%

+29.2% lfl



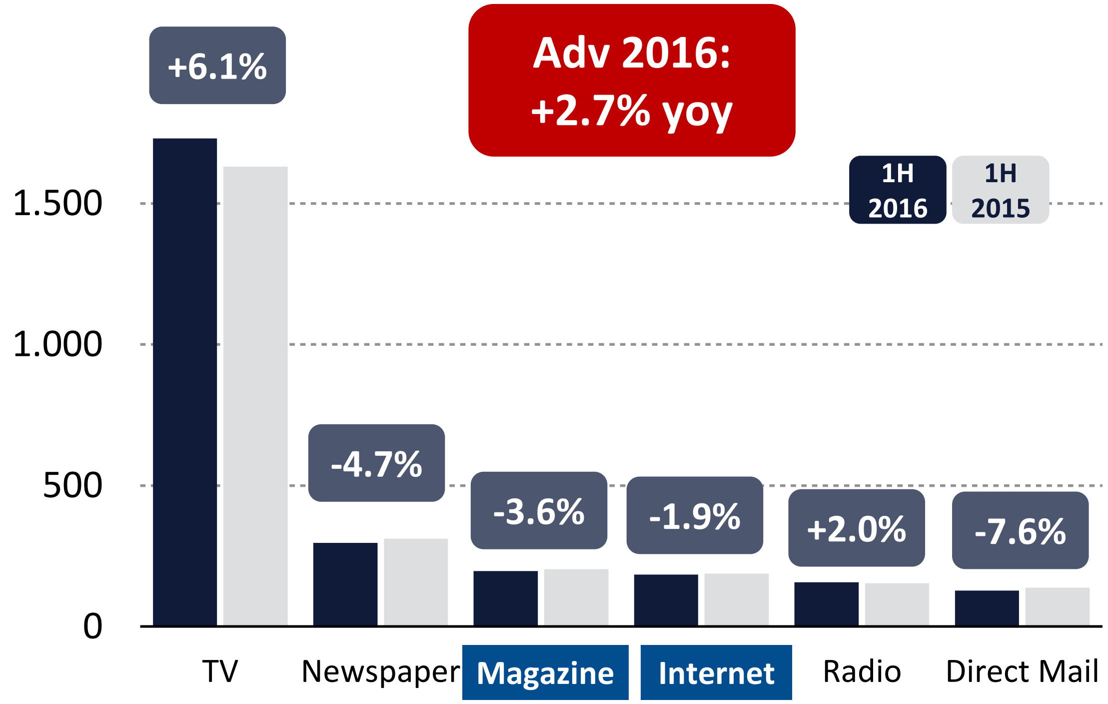


REVENUES	▸ **Trade AME**: **+14.3%** (*E-book*: +2.6%; 5.1% on Trade revenues) ▸ **Educational AME**: **+17.0%** due to advance supplies required by wholesalers in the Educational segment and the positive trend in museum & exhibition activities
EBITDA adj.	▸ **Significant increase of 29%** like-for-like as a result, in the **Trade** business, of revenue growth and of a more efficient business model; ▸ **Rizzoli Libri*** is affected by the seasonality of the Education segment

* Rizzoli Libri consolidated starting from 1° April 2016

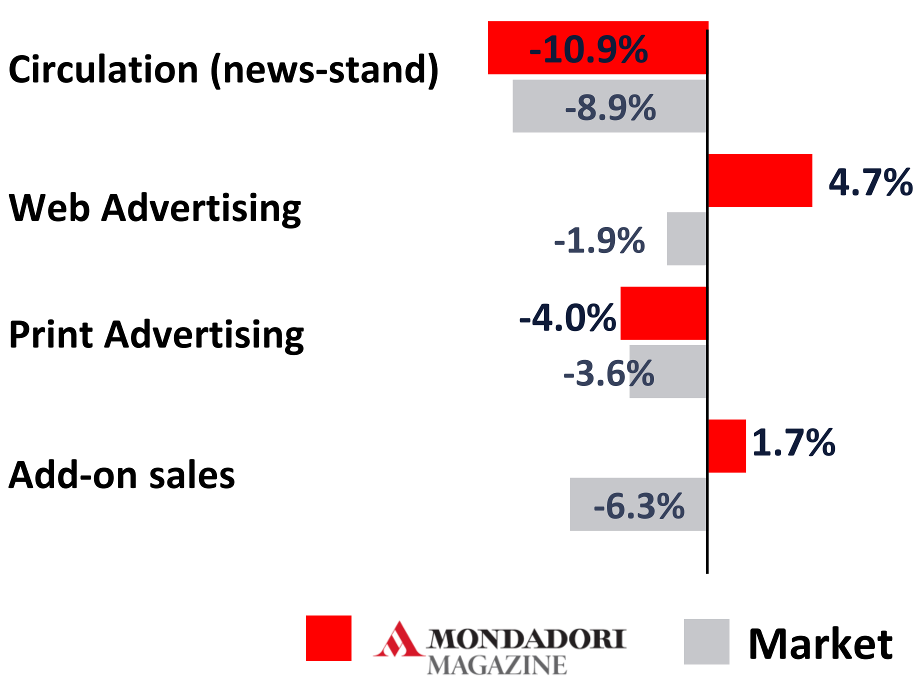
Magazines Italy - Highlights 1H16

Advertising Market – Jan/May 2016



Market share – circulation Jan/May 2016

	1H 2016	1H 2015
MONDADORI MAGAZINE	32.1%	32.8%
CAIRO EDITORE	19.2%	17.7%
Casa Editrice Universo	11.8%	11.4%
HEARST magazines	5.5%	5.8%
RCS	4.2%	4.6%
CONDÉ NAST	2.6%	2.9%
GVE Guido Veneziani editore	2.5%	3.6%
	2.3%	3.0%
Altro	17.2%	16.7%



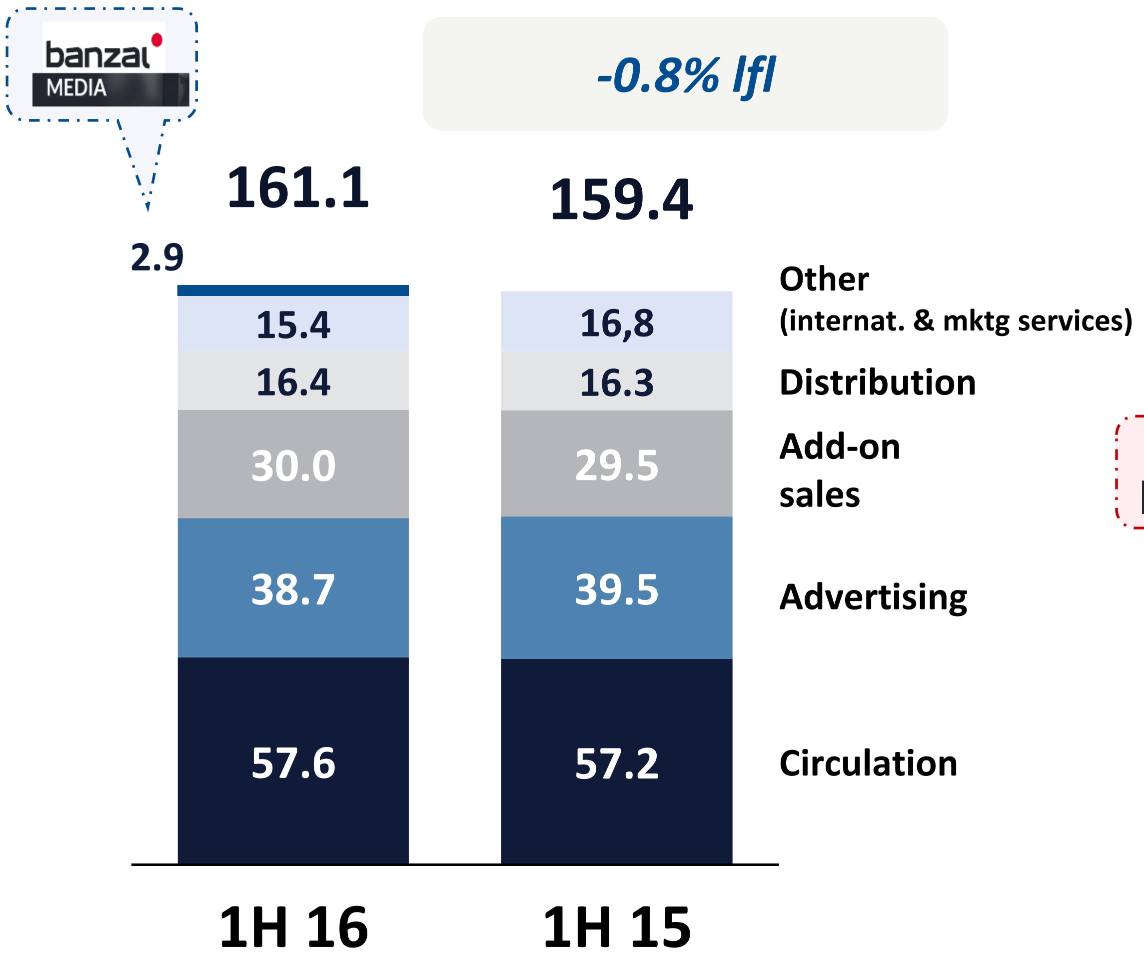
- **Advertising Collection** (print+web) of AME brand down by 2.7% (-5.0% same titles)
- For the first **3 magazines** (55% of total) digital advertising has represented **16%** of overall collection

Source: advertising (value data) – Nielsen (May 2016); circulation (news-stand+subs) - internal data Press-Di (May 2016)

Magazines Italy - Highlights 1H16

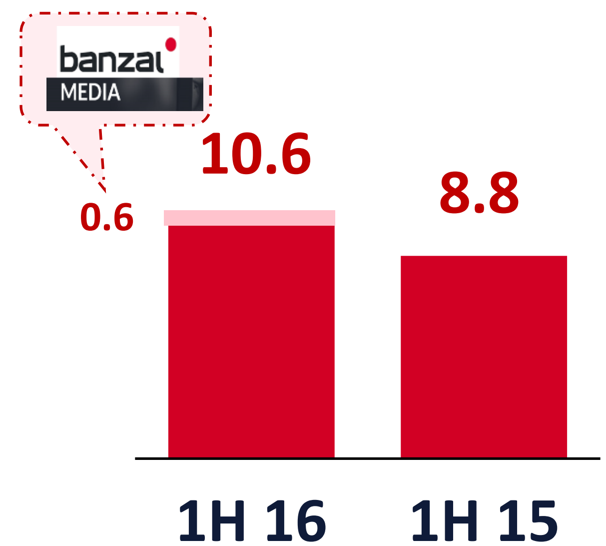
Revenues +1.1%

-0.8% lfl

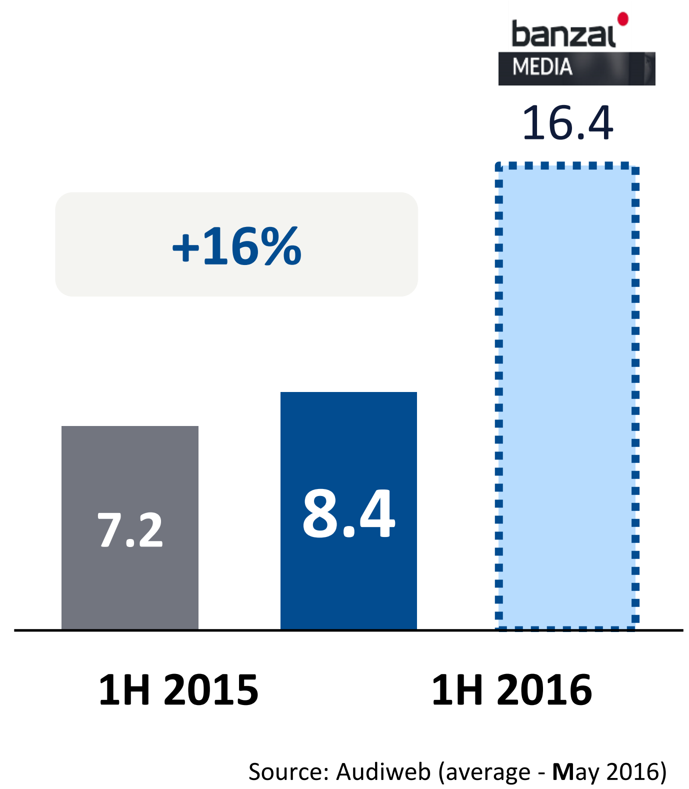


EBITDA adj. +20.4%

+13.1% lfl



Web Unique Visitors (mn)



REVENUES	Growth of **1.1%** (-0.8% excluding the consolidation of ***Banzai Media****): ▸ **circulation** up by **0.8%**, (-11.3% like-for-like due to news-stand channel drop) ▸ **advertising sales** -2.0%,; **in Italy, collection (print+web) -2.7%** ▸ **add-on sales** +1.7% due to the positive trend of home-video sales ▸ **distribution and sales to third parties stable** for the portfolio development of independent publishers
EBITDA	**EBITDA significantly up** (**+13%**) for the positive trend in revenues and the actions taken to: ▸ review of editorial structure and promotional activities ▸ reduction in industrial costs thanks to printing agreements renegotiation

* Banzai Media consolidated starting from 1° June 2016

Magazines France - Highlights 1H16

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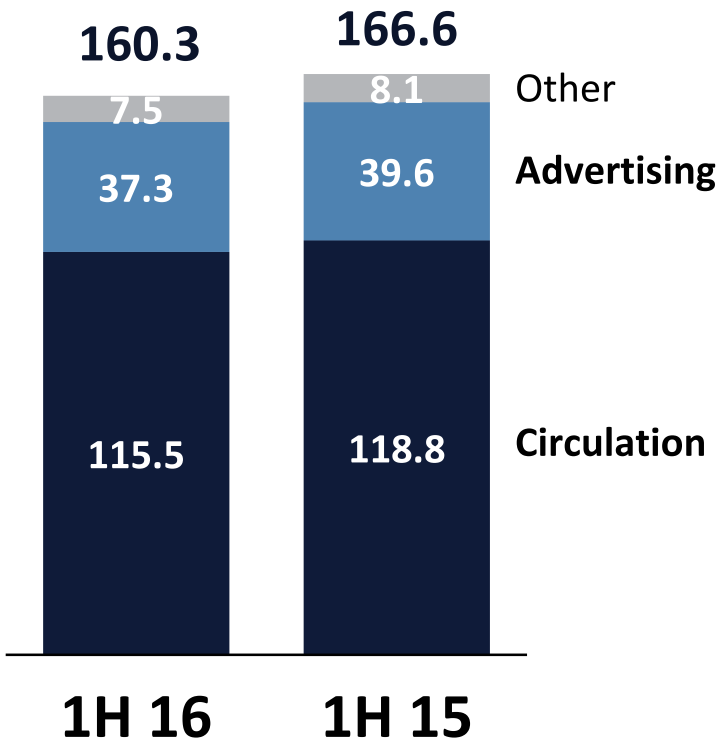
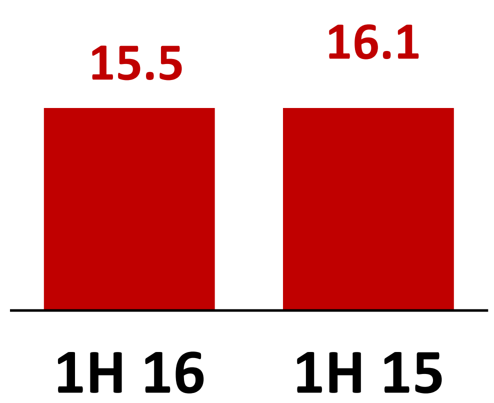
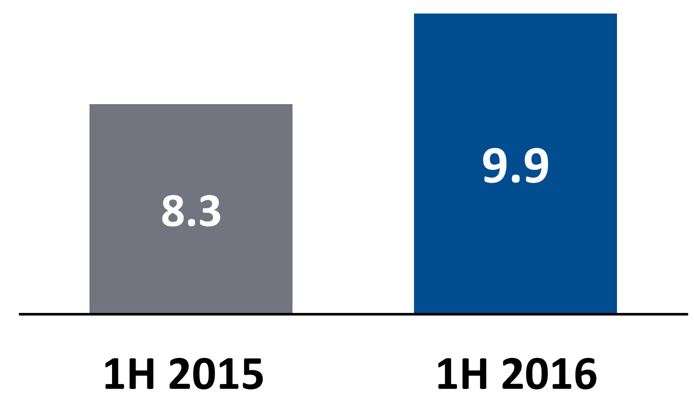
Performance – 1H 2016 (€m)

MONDADORI FRANCE





Web Unique Visitors (mn)



Source: Médiamétrie Netratings, May 2016

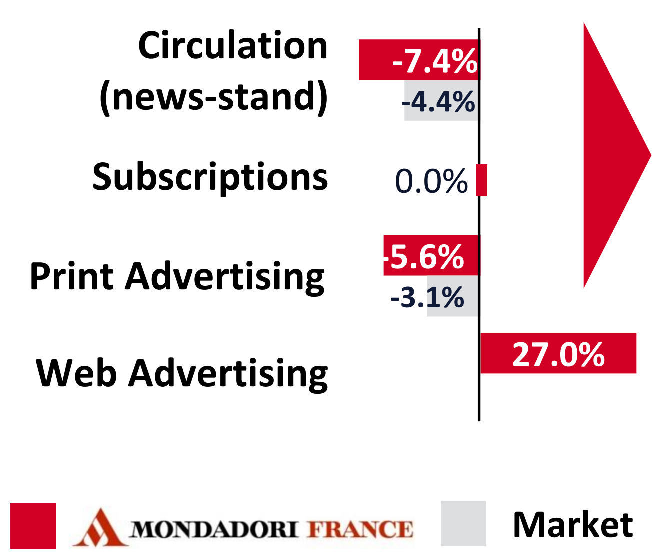
REV.

- **Circulation** (75% of total) down by 2.8% of which **newsstands** -6.3% and flat **subscriptions** (53% of circulation revenues)
- **Advertising sales** (print+web) down by 5.8% of which **digital** (18% of total adv) **has grown by over 27%%**

EBITDA adj.

- **EBITDA adjusted** down, mainly due to costs related to M&A activity (€0.6mn)
- **Positive EBITDA of digital business**

Mondadori vs Market



Advertising Market (volume)

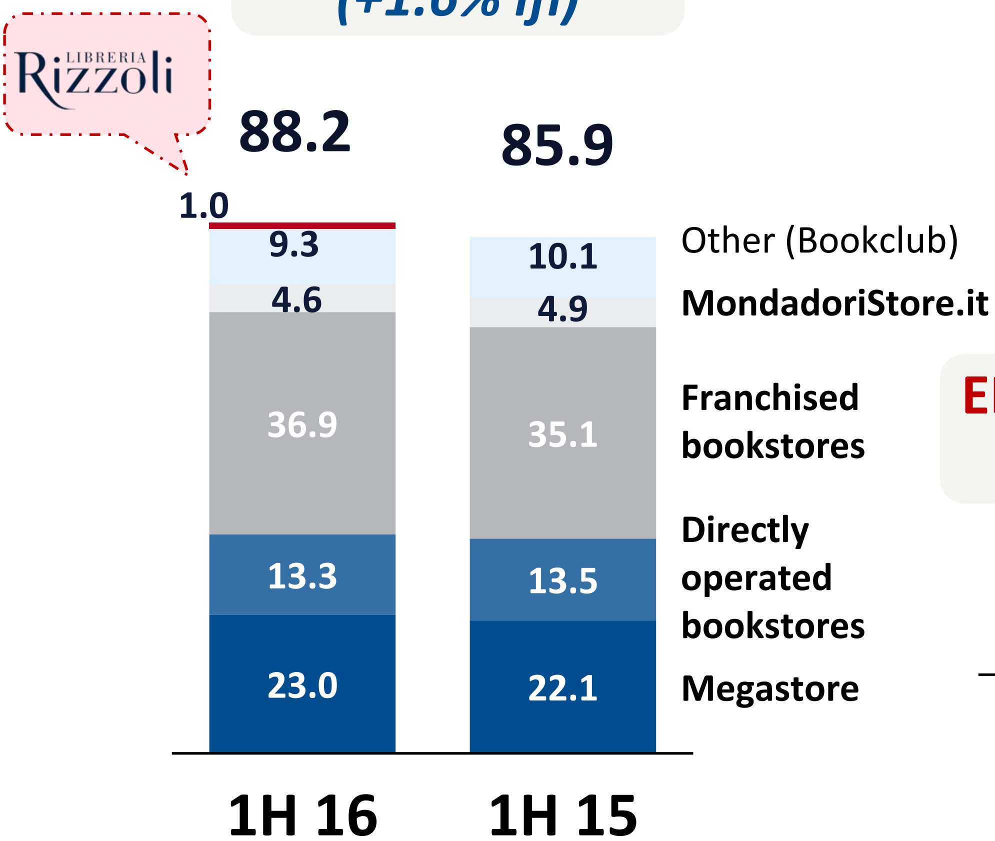
	1H16	1H15
MONDADORI FRANCE	10.3%	10.2%
Lagardère	11.5%	12.0%
	9.6%	9.0%
	6.1%	6.5%
LE FIGARO	5.6%	5.4%
Other	56.9%	56.9%

Source: Adv – Kantar Media (value data), Apr. 2016; circulation – internal data Presstalis, May 2016

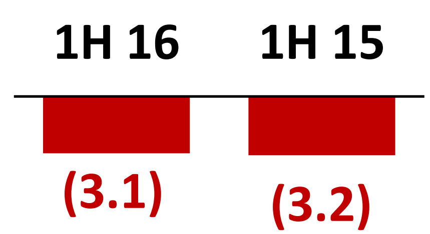
Retail - Highlights 1H16

GRUPPO

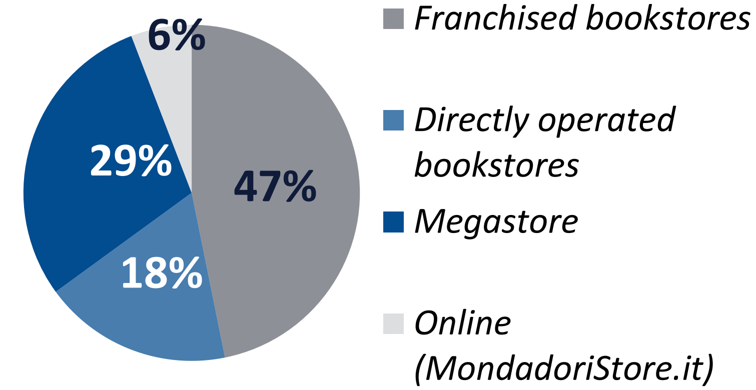
Revenues +2.8%
(+1.6% lfl)



EBITDA adj. +4.2%
(+6.7% lfl)



1H 2016 Revenues* by channel



- April – 10° Megastore in the Arese Shopping Center
- Includes Librerie Rizzoli

Franchised bookstores

	Jun 15	Dec 15	Jun 16
Franchising	308	316	314
Point	219	232	227
TOT PoS	**527**	**548**	**541**

Directly oper. bookstores

	Jun 15	Dec 15	Jun 16
Bookstore	20	20	21
Megastore	9	9	10
TOT PoS	**29**	**29**	**31**

* "Total Store" Revenues; not including Bookclub

RICAVI

Growth of **2.8% (+1.6% like-for-like)**, thanks to F**ranchised bookstores** and **Megastore** growth:

- **Directly oper. Bookstores –1.3%** (**+4.9%** same network)
- ***Bookstore* in *franchising* +5.2%** (**+2.8**% same network, Book **+5.2%**)
- ***Megastore* +3.8%** for new opening in Milan and Arese (-3.5% same network)

EBITDA adj.

Improvement thanks to:

- lower incidence of fixed costs thanks to constant network activities revision
- reduction of personnel costs also due to reorganization and corporate functions integration

1H 2016 vs Book Market = 77% of Total Revenues*

In Book segment at June 2016, **market share** of **15.8%** (from 15.5% in 1H15)

Source: GFK, June 2016 (value sell-out data)

GRUPPO MONDADORI

This document, in addition to the statements and conventional financial indicators required by IFRS, presents a number of reclassified statements and alternative performance indicators in order to better evaluate the operating and financial performance of the Group, the definition of which is explained in Annex 5 "Glossary of terms and alternative performance measures" of the related Press Release.

Forward-looking Statements

Statements contained in this document, particularly the ones regarding any Mondadori Group possible or assumed future performance, are or may be forward looking statements and in this respect they involve some risks and uncertainties.

Mondadori Group actual results and developments may differ materially from the ones expressed or implied by the above statements depending on a variety of factors.

Any reference to past performance of Mondadori Group shall not be taken as an indication of future performance.

This announcement does not constitute an offer to sell or the solicitation of an offer to buy the securities discussed herein.

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