Mondadori Group FY15 Results

Investor Presentation

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Milan, March 17th 2016

GRUPPO MONDADORI

AGENDA

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Focus on core business

In 2015 Mondadori Group continued to successfully focus on the portfolio **strategic rationalization** and on the **core businesses of Books and Magazines**, also through **M&A activities**

G+J MONDADORI

RCS Libri

July 2015

Stake increased up to 100%

MONDADORI MAGAZINE

Sept. 2015

80% of Monradio disposal

JV Harlequin Mondadori disposal

Oct. 2015

Agreement for the acquisition of RCS Libri

MONDADORI LIBRI

Dec. 2015

Disposal of a real estate asset in Rome

Non-core assets disposal

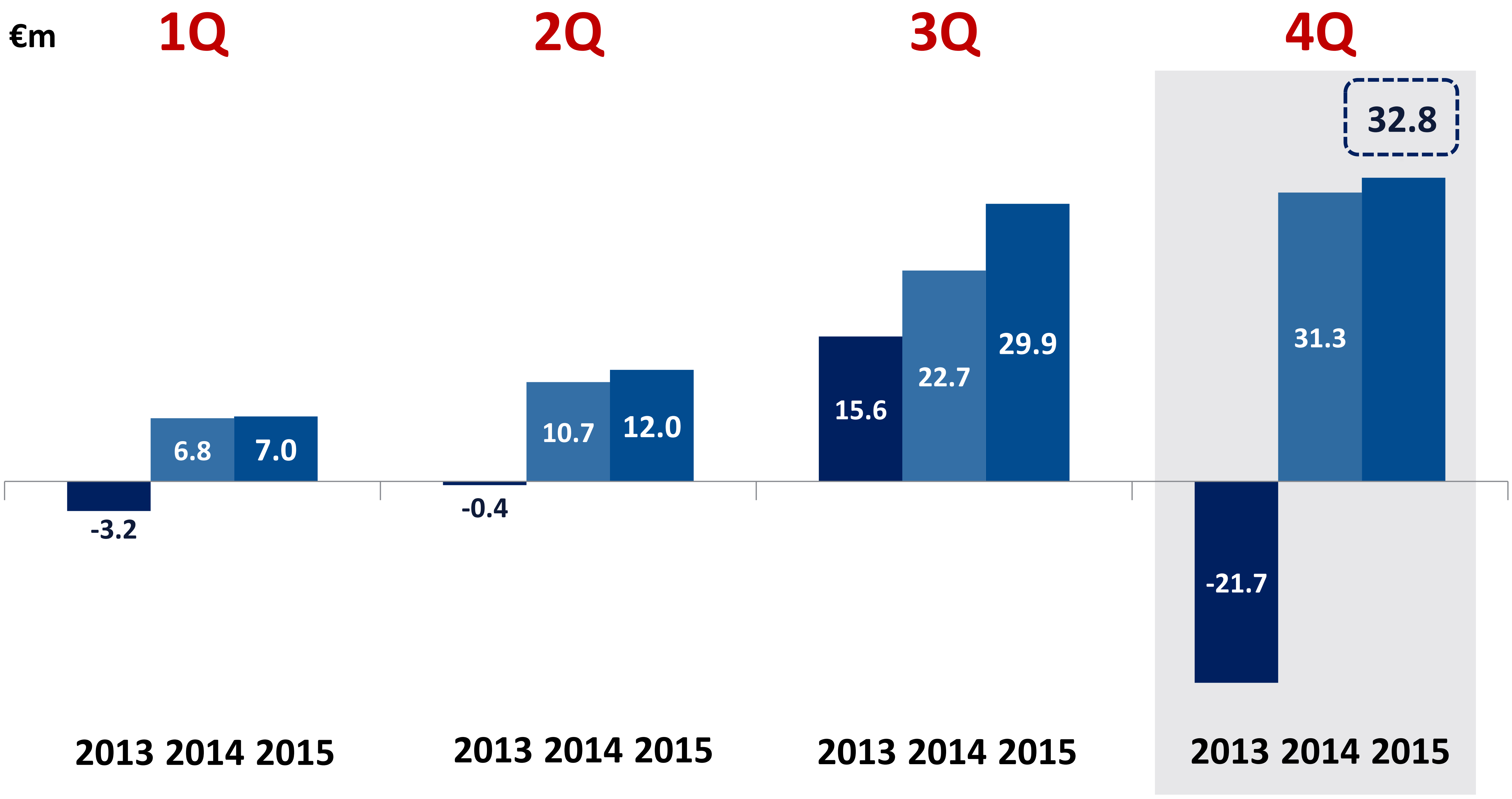
Strengthen the competitive position in **core business**

Results in line with the guidance

	TARGETS	RESULTS
EBITDA	Relevant growth vs 2014	+14.0% (+7.5% before non-recurring)
NFP	Significant improvement towards 2014 year-end	-€92.4 mn vs 2014
NFP/EBITDA	< 3.50x	2.45x

FY15 Highlights

1. EBITDA improvement in the last 8 quarters



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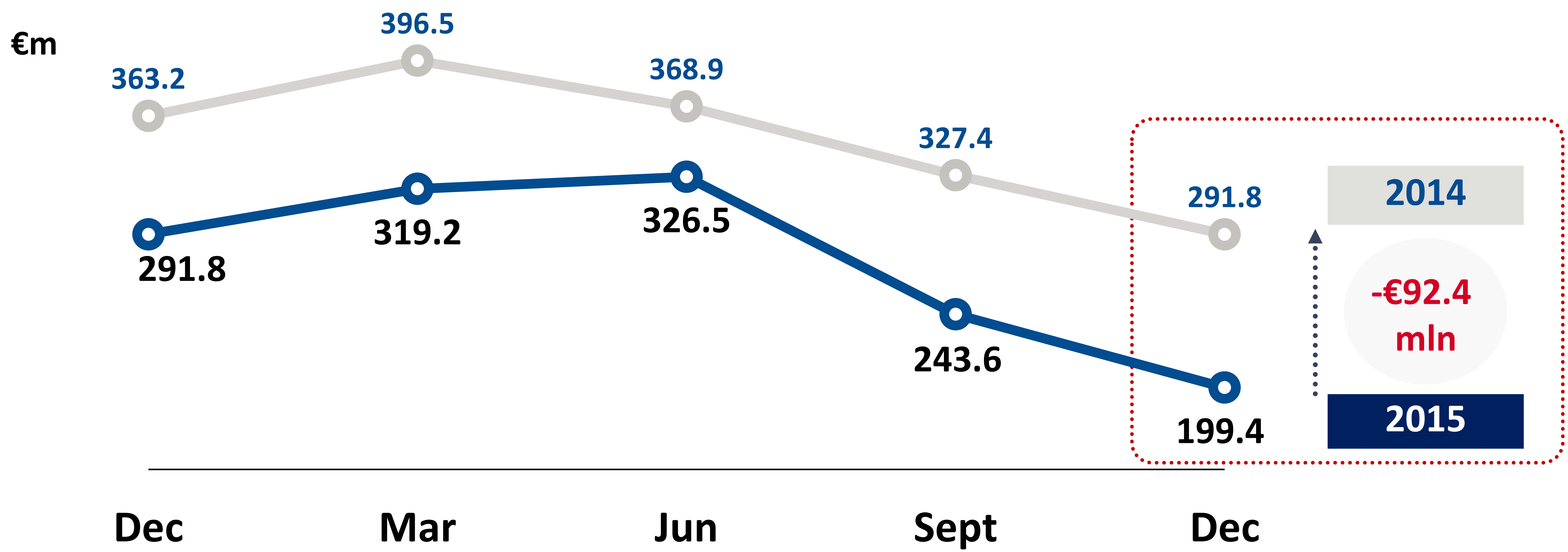
2. Group Net Financial Position improvement



Enough headroom for investing in the core business development and in the Group's digitization process

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1 - FY15 Highlights

2 - FY15 Results

3 - Business Areas

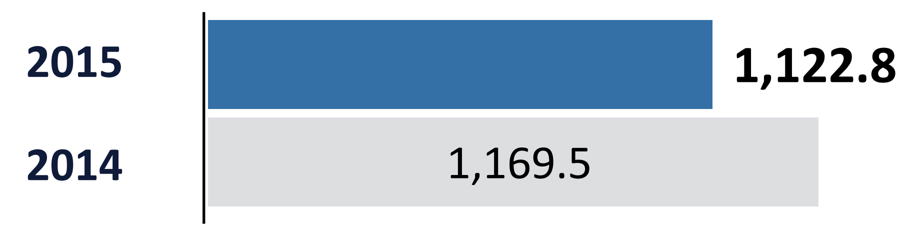
4 - FY 2016 Outlook

Financial Results - FY15

€m

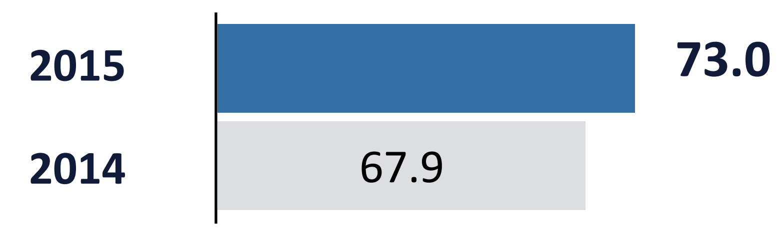
Revenues

-4.0%
(-4,7% on a like-for-like basis)



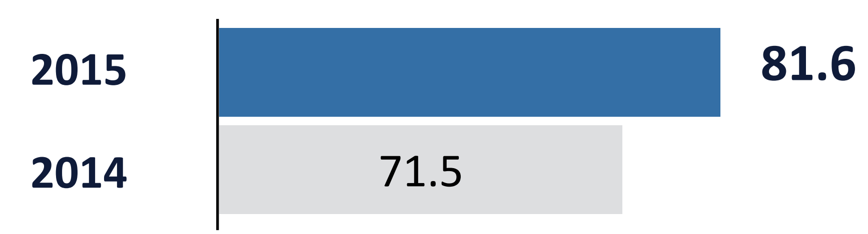
EBITDA b.n.r.

+7.5%



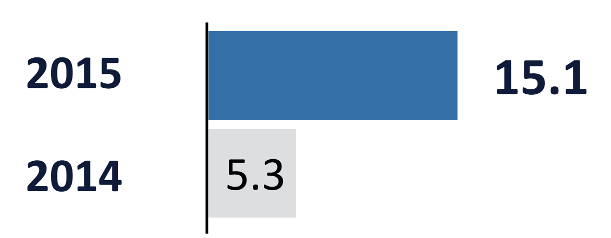
EBITDA

+14.0%
including capital gains on disposals:
- Real Estate in Rome
- 50% JV Harlequin/Mondadori



Net Profit

Net income from continuing operations tripled compared to the previous year



Revenues by Business Area - FY15

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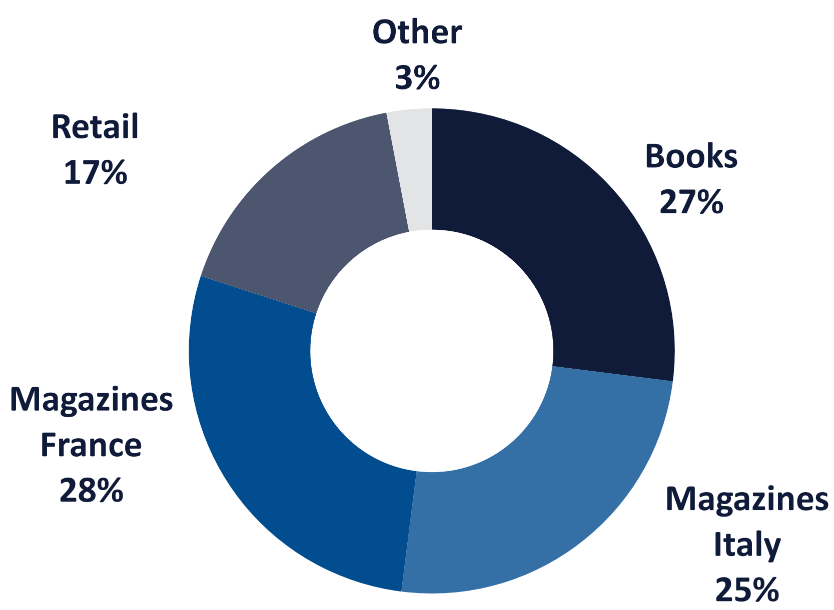
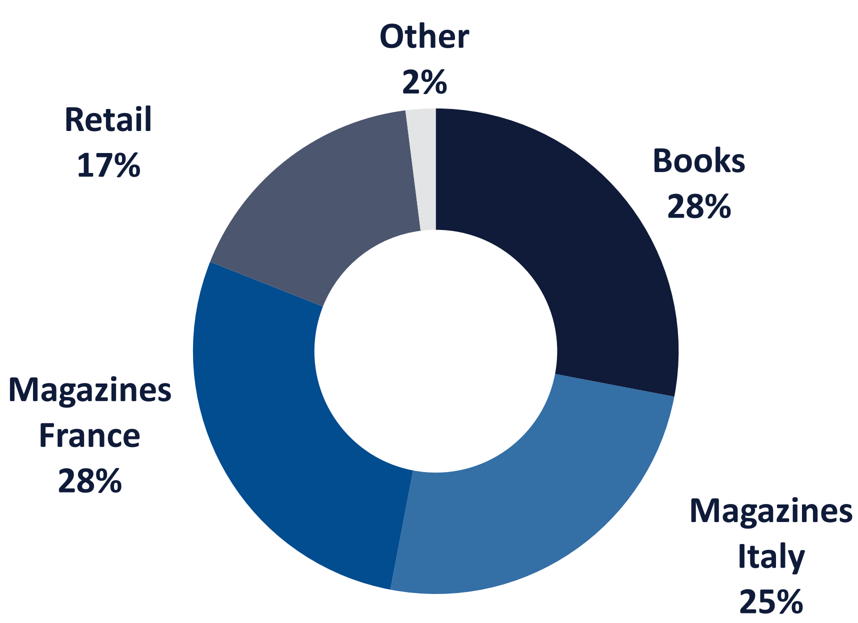
€m	FY 2015	FY 2014	Var.%
Books	320.8	340.1	*(5.7%)*
Magazines Italy	296.3	302.7	*(2.1%)*
Magazines France	334.6	340.9	*(1.9%)*
Retail	196.0	211.2	*(7.2%)*
Other Business, Corporate & Digital Innovation	35.8	29.0	*23.2%*
Intercompany	(60.6)	(54.4)	*11.5%*
Net Revenues	**1,122.8**	**1,169.5**	***(4.0%)***

*On a like-for-like basis**
-4.7%

FY 2015



FY 2014



* Excluding the consolidation of *Gruner + Jahr / Mondadori* from July 1st 2015

EBITDA by Business Area - FY15

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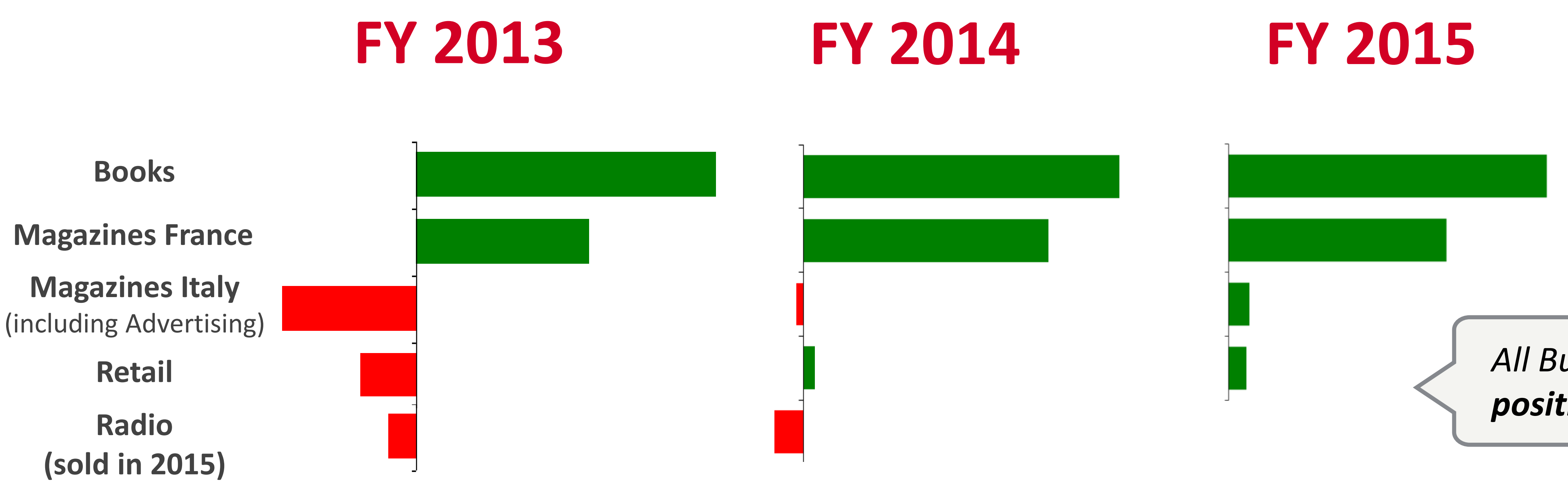
€m	FY 2015	FY 2014	Margine % 2015	Margine % 2014	Var.
Books	42.7	46.0	*13.3%*	*13.5%*	*-3.3*
Magazines Italy	5.8	-0.7	*2.0%*	*-0.2%*	*6.5*
Magazines France	36.0	35.8	*10.8%*	*10.5%*	*0.3*
Retail	2.2	0.2	*1.1%*	*0.1%*	*2.1*
Other Business, Corporate & Digital Innovation	-13.7	-13.3	*n.s.*	*n.s.*	*-0.4*
EBITDA ante non recurring	**73.0**	**67.9**	***6.5%***	***5.8%***	***5.1***



All Businesses with ***positive EBITDA***

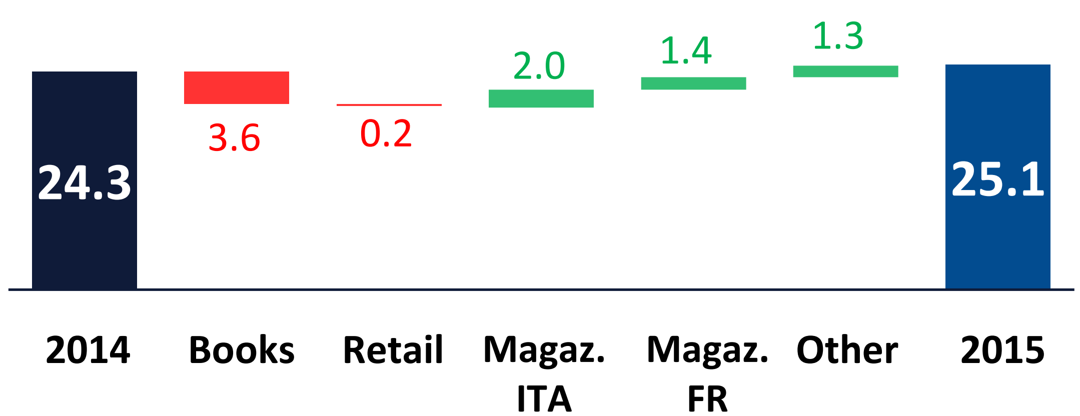
EBITDA generation - FY15

EBITDA before non recuring items

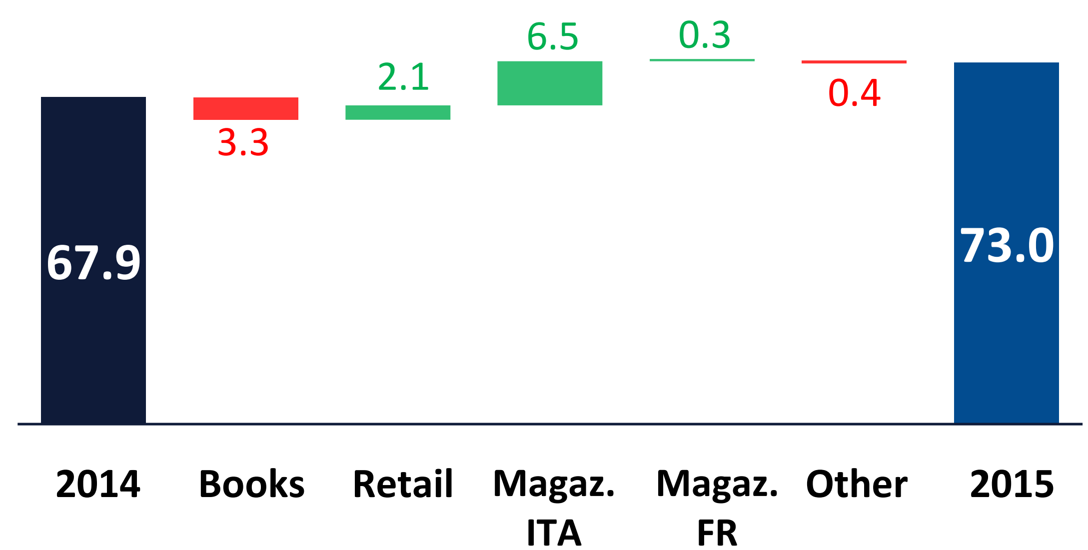
By Area

€m

4Q

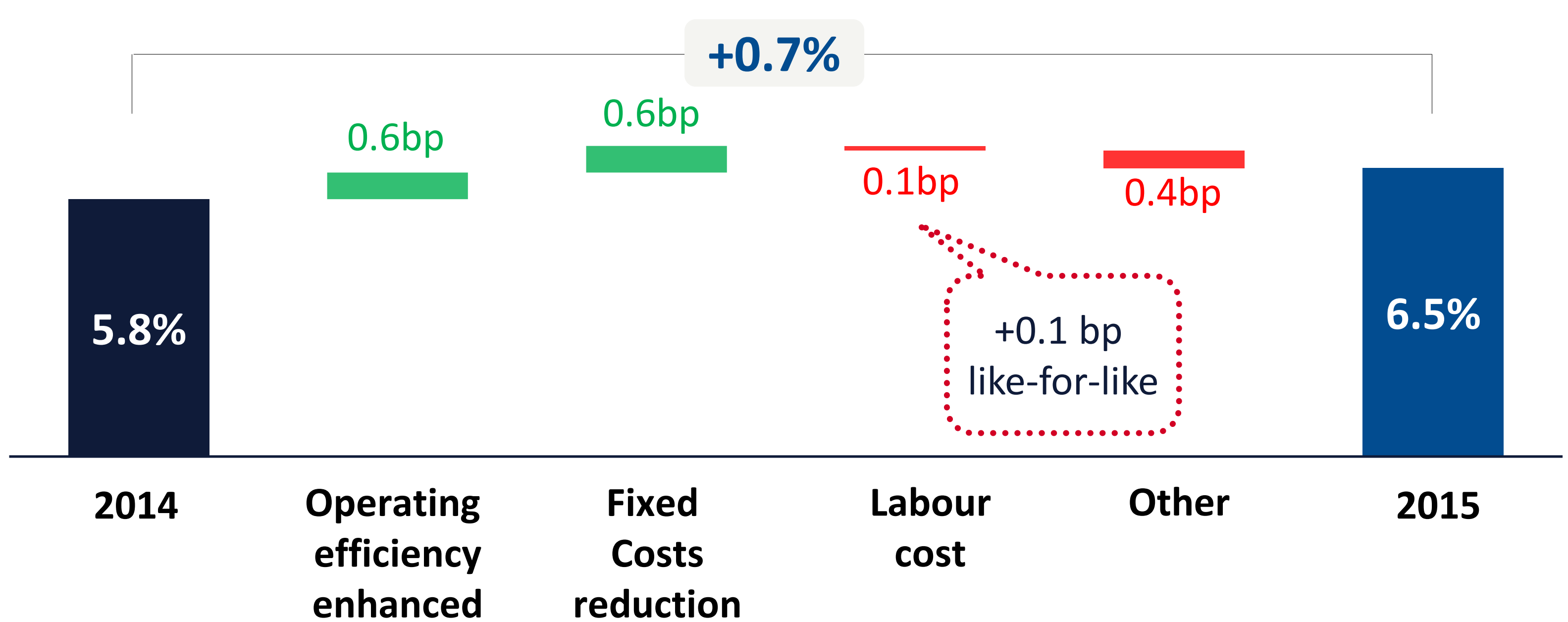


Full Year



By Driver

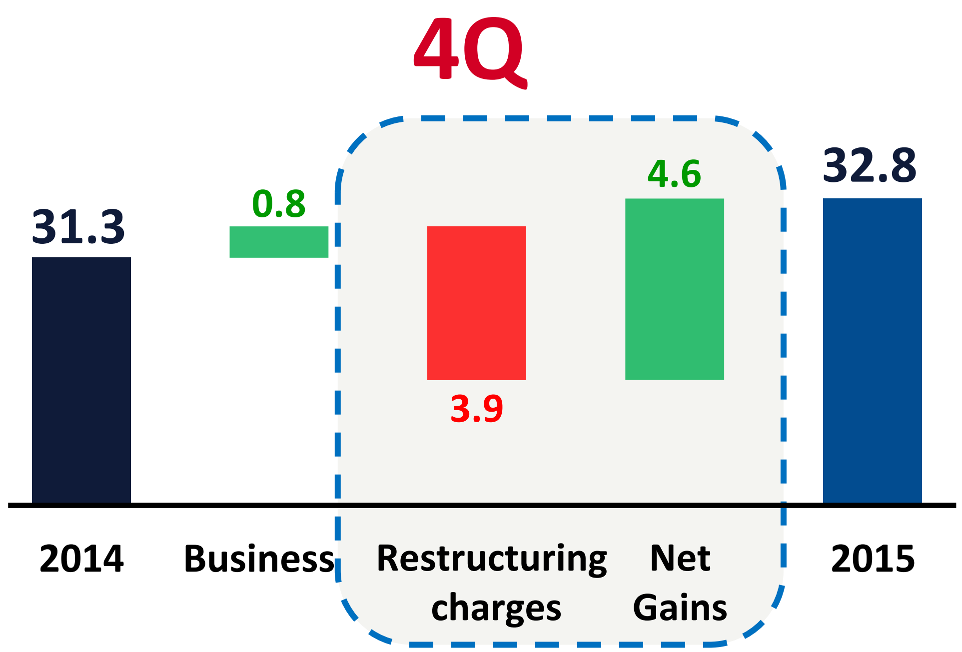
Full Year

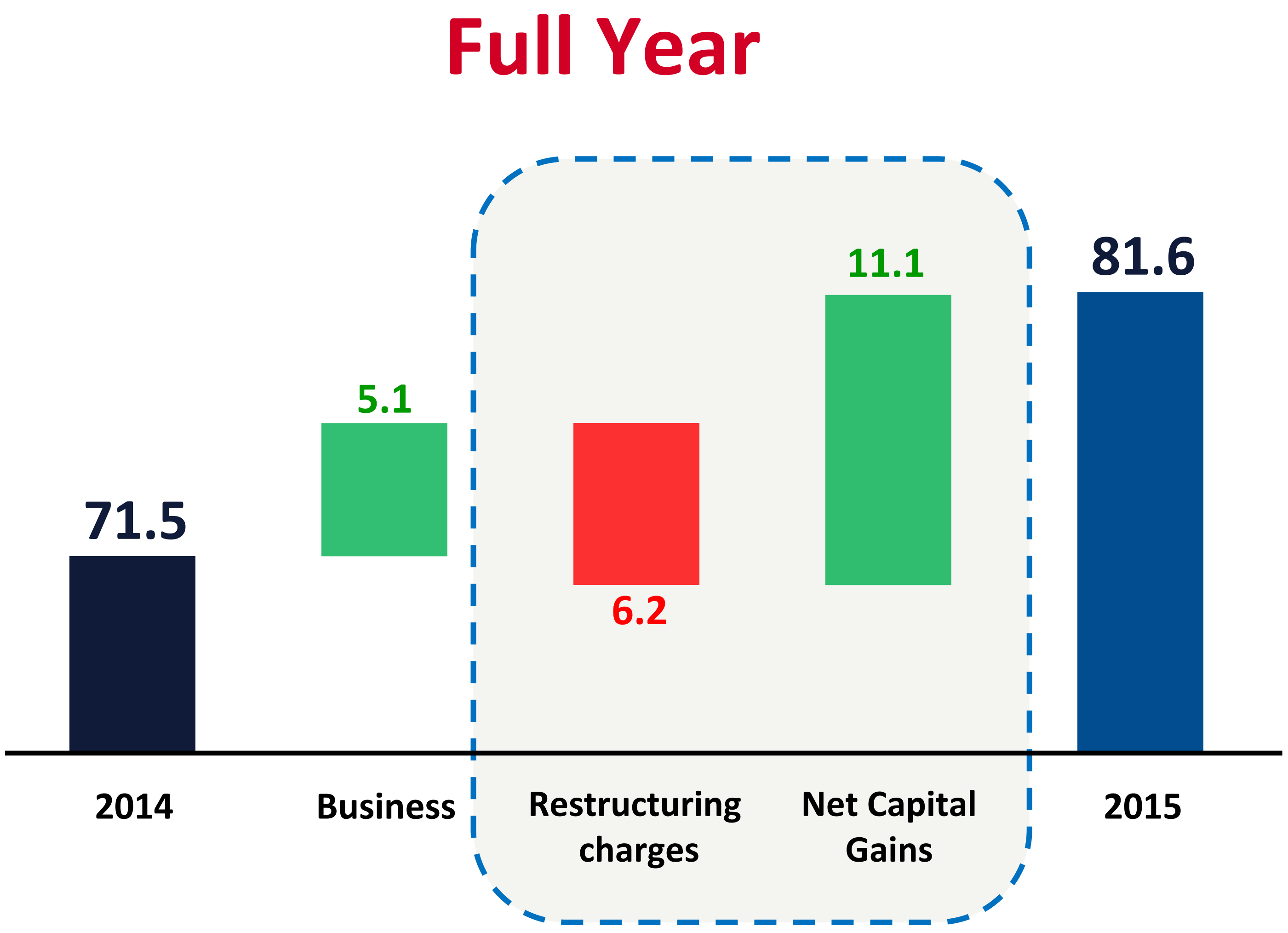


EBITDA generation - FY15

€m

Reported EBITDA





From EBITDA to Net result - FY15

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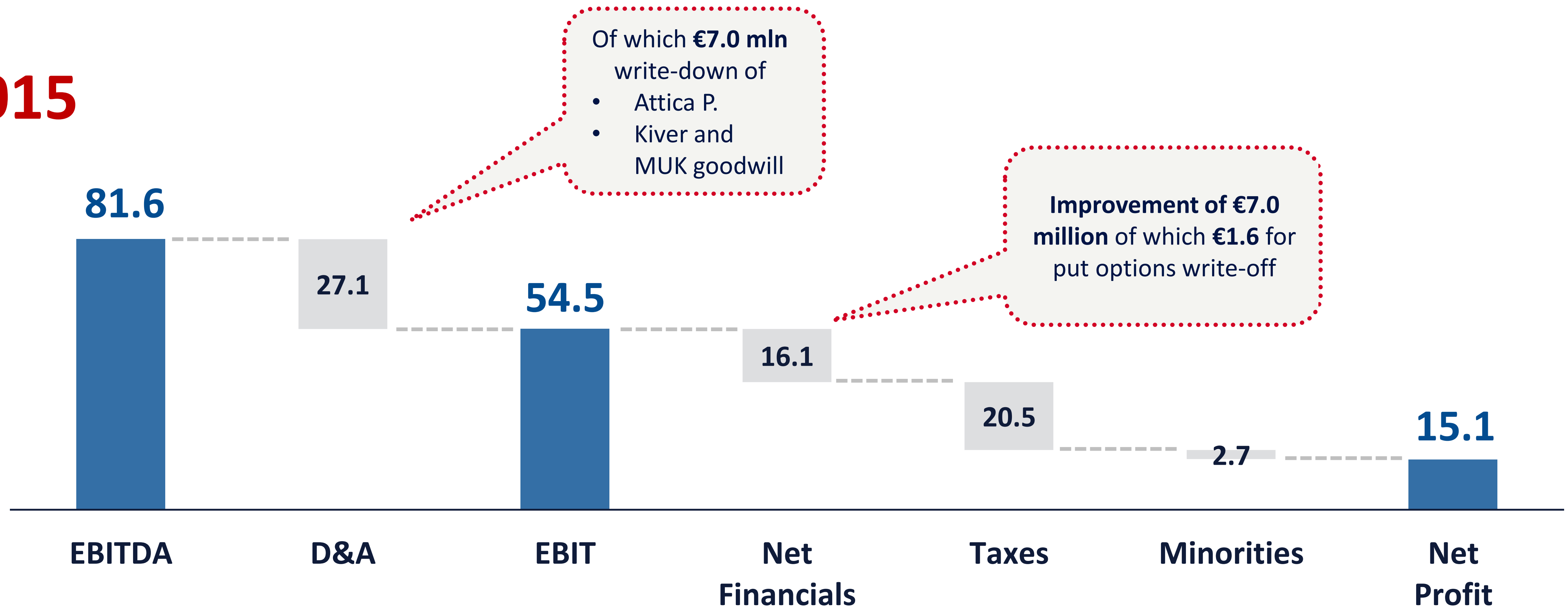
FY 2015

€m

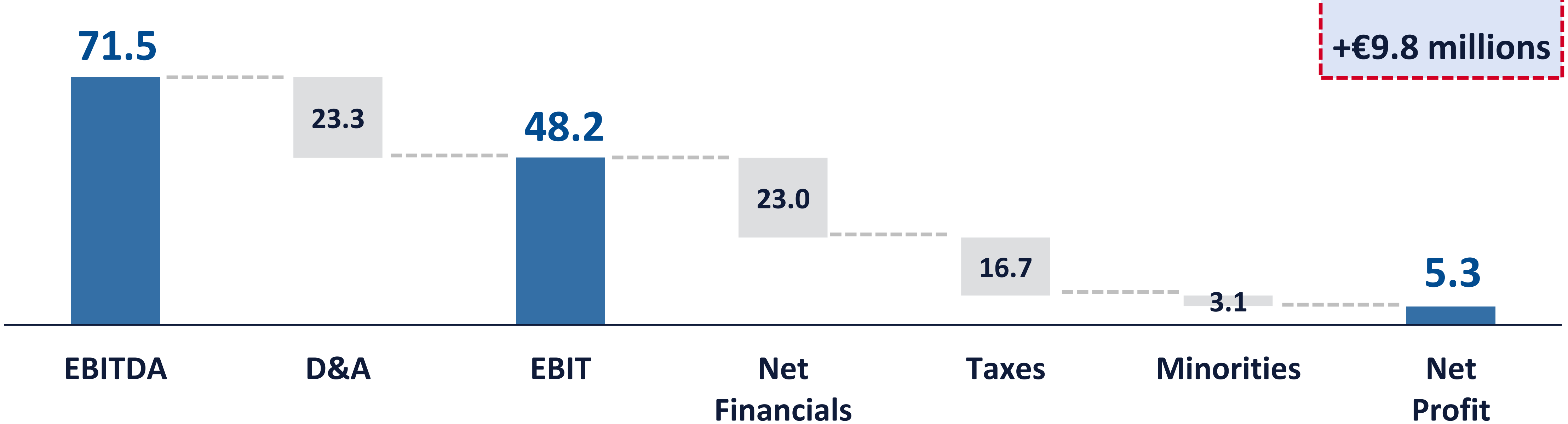


Continuing operations

+€9.8 millions

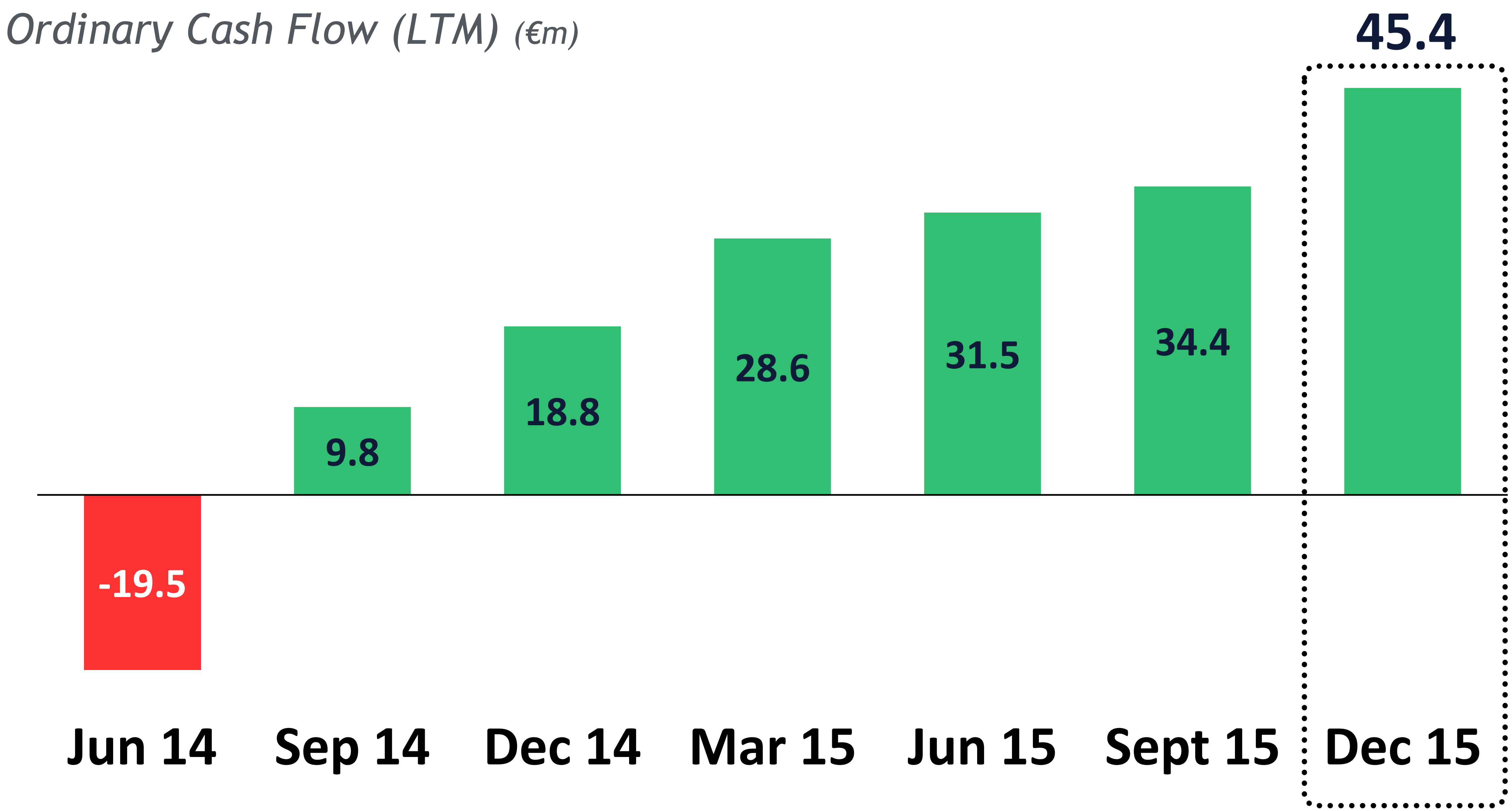
FY 2014

€m

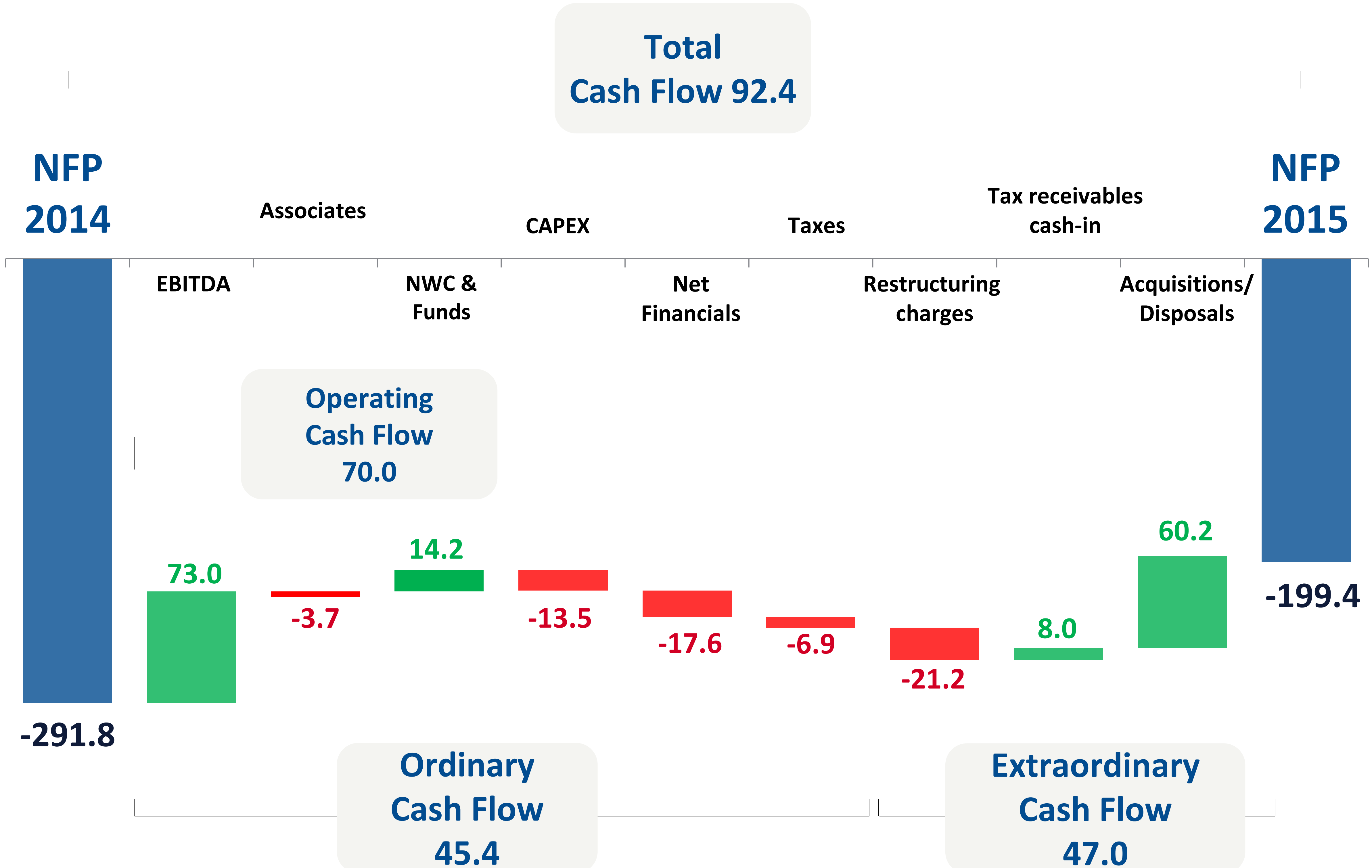


Ordinary Cash Flow - FY15

Quarterly cash-generation increase confirmed



Cash Flow - FY15



€m

Net Working Capital - FY15

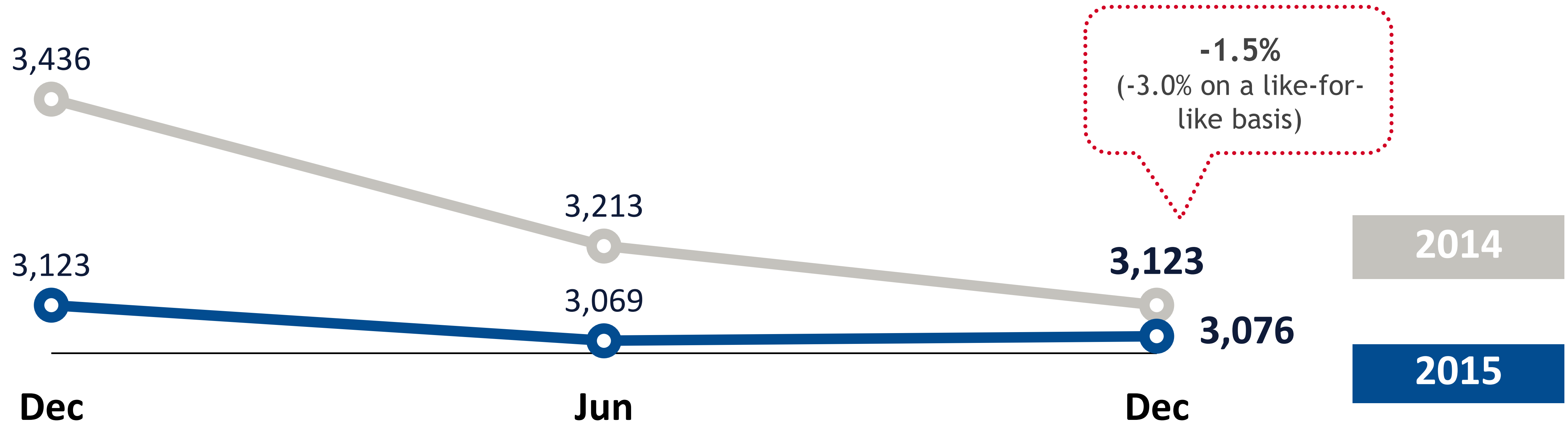
€m	FY 2015	FY 2014*	15/14
Inventory	108.2	108.4	*-0.1%*
Trade Receivables	242.1	259.3	*-6.6%*
Trade Payables	(349.6)	(343.3)	*+1.8%*
Commercial Working Capital	**0.8**	**24.3**	***-23.5***
% on consolidated revenues	***0.1%***	***2.1%***	
Other Assets/ Liabilities (including Tax Assets)	(30.5)	(14.9)	*n.s.*
Net Working Capital	**(29.7)**	**9.4**	***-39.1***
% on consolidated revenues	***(2.6%)***	***0.8%***	

- **DSO** (Days sales outstanding): 74.6 (-1.3)
- **DPO** (Days payables outstanding): 114.8 (+1.6)

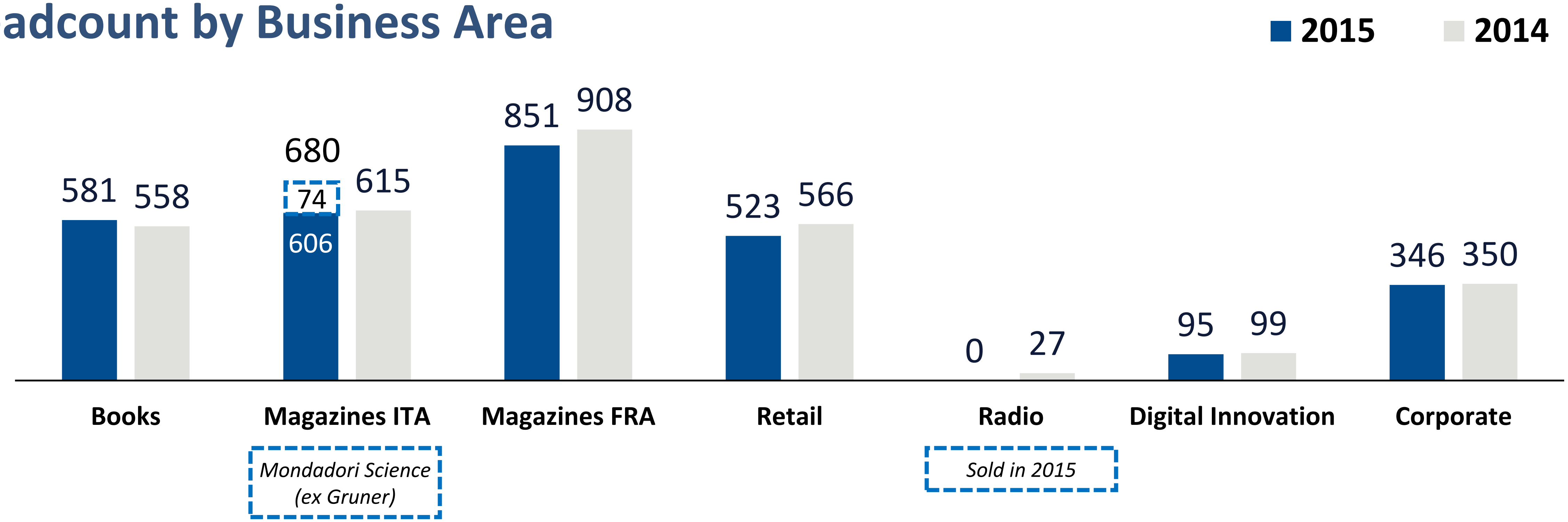
** Balance Sheet 2014 restated due to the 80% of Monradio disposal*

Headcount Evolution at year-end - FY15

Total Headcount



Headcount by Business Area



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Books - Highlights FY15

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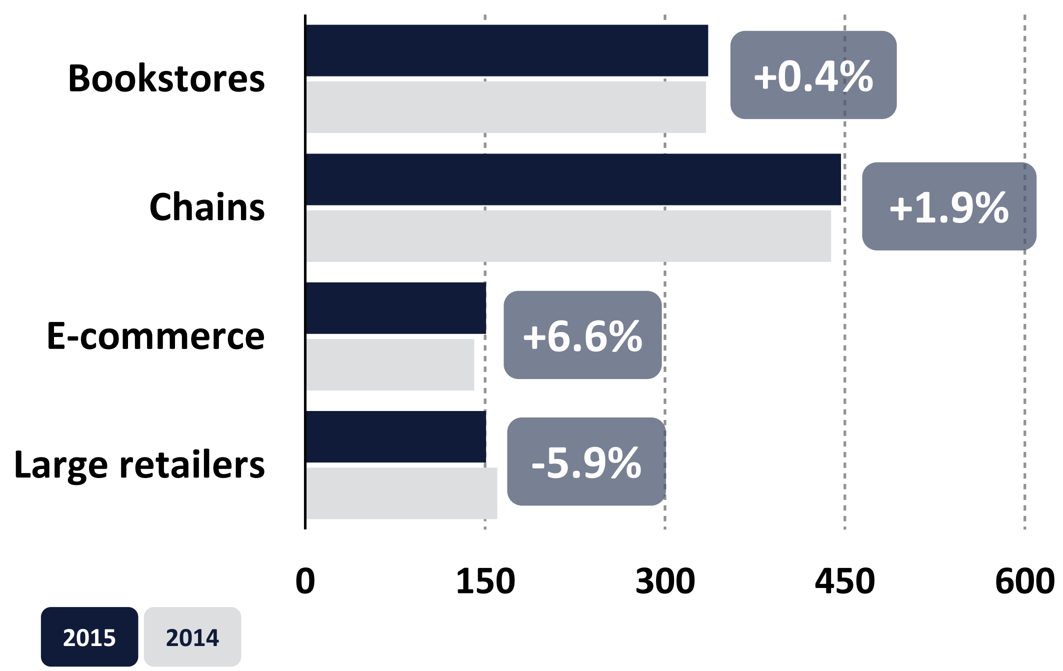
Trade Market 2015



Market Share 2015

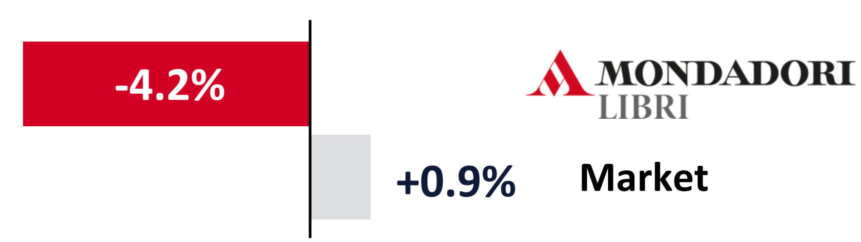
	2015	2014
MONDADORI LIBRI	24.0%	25.3%
RCS	10.3%	10.1%
GeMS	10.7%	10.5%
GIUNTI	7.1%	7.3%
Other	38.8%	37.8%
la Feltrinelli	4.6%	4.2%
DeAGOSTINI LIBRI	2.2%	2.3%
NEWTON COMPTON EDITORI	2.4%	2.5%

Top seller and literary awards 2015

3 books in the Top 5

5 books in the Top 10

Mondadori vs Market



- The **market**, after 5 years of decline, recorded an increase
- **Mondadori** has underperformed due to a **selective publishing program** aimed at reducing future unsold levels and realized through the reduction of new titles (-16% at 1,932)

Source: GFK, December 2015, 53 weeks (**sell-out, value data**)

Books - Highlights FY15

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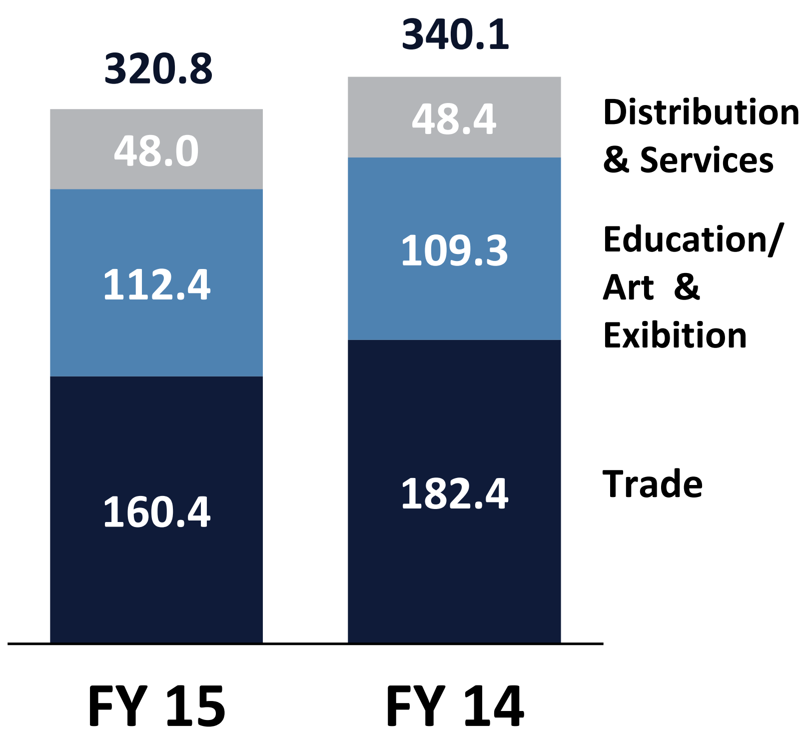
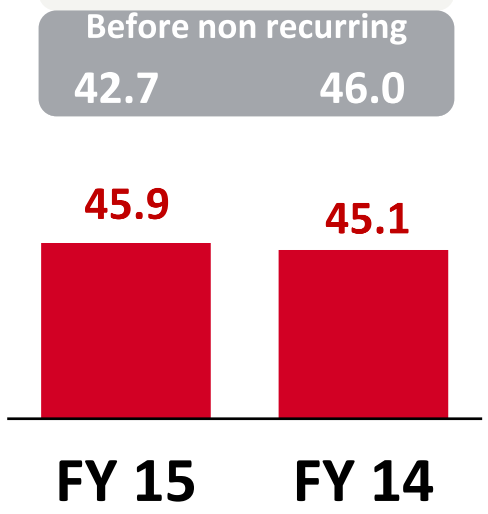
2015 Performance (€m)

Revenues -5.7%



EBITDA +1.9%



- ***E-book***
  - **Revenues: +15%** vs 2014 (6.2% on Trade)
  - Num. **titles**: 10,200 (complete digitalization)
  - ***Download:*** 2.2 million in 2015
- **Education:**
  - Mondadori Education third largest player in the market
  - **Market share at 12.5%** (vs 13.0% in 2014)

REVENUES

- **Trade**: decrease greater than the market, due to the selective publishing policy implemented, aimed at improving operating efficiency
- **Educational**: revenue growth (+ 2.8%) thanks to the positive trend in museum & exhibition activities and Art Publishing (+ 17.5%), also related to EXPO, which more than offset the decline in the school segment (-4.3%) due to a lower textbooks adoption

EBITDA

Before non recurring, **stable EBITDA margin (13.3%)** thanks to **Educational Business** which has grown by over 9% with marginality confirmed over 20%

Magazines - Highlights FY15

- **Market leader** with a **31.2%** circulation share (value data), in line with the previous year
- 28 magazines:
  - *- 11 weekly magazines*
  - *- 17 monthly/bi-monthly magazines*
- Consolidated **leadership** in the segments: **TV, Women&Fashion, News, Entertainment, Design** and **Cooking**

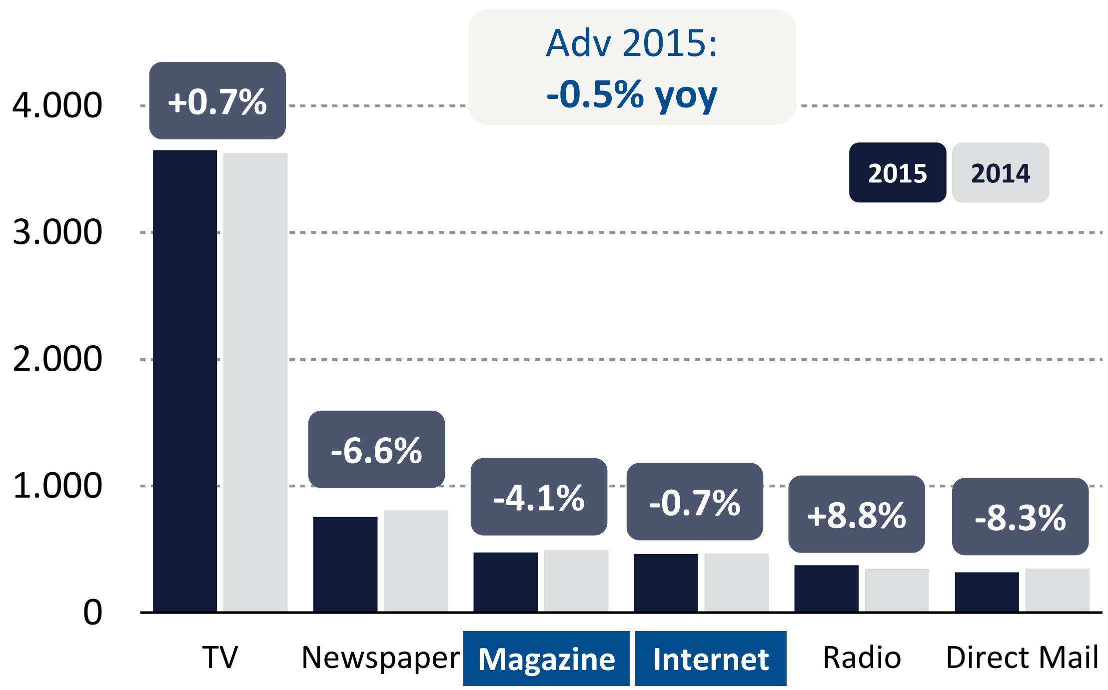
- Publisher of **international** standing with **44 magazines** published in **33 countries** through:
  - - direct operations
  - - licensing
  - - joint ventures
- **10th anniversary** of ***Grazia International Network*** (more than 10 million copies sold on a monthly basis, 17 million readers, 16 million unique visitors/month)

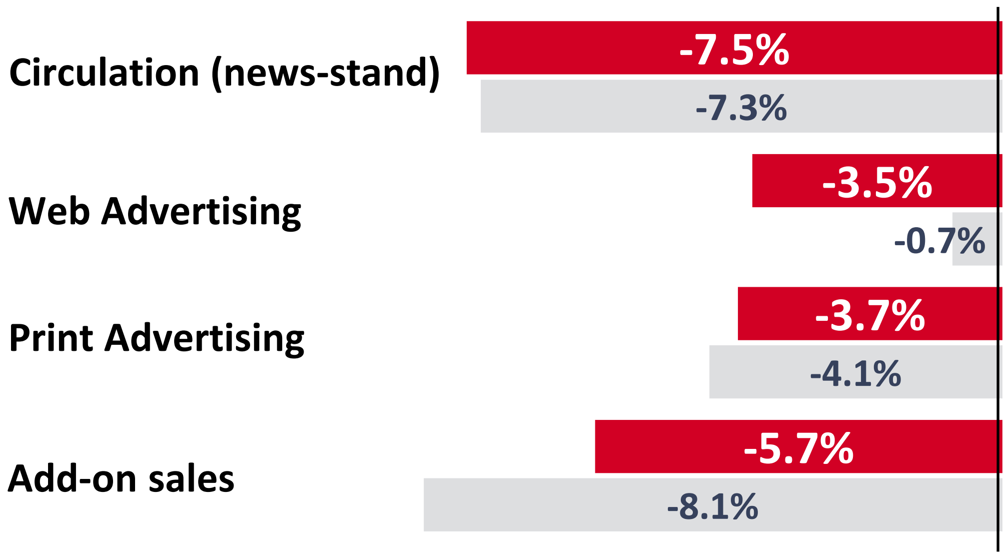
Editions	
GRAZIA	24
IL MIO PAPA	9
INTERNI	4
casaviva	3
flair	2
ICON	2

- **31 magazines**, of which 7 weekly magazines and 22 monthly/bi-monthly or quarterly magazines
- **Third publisher** in circulation and **second one** in the **advertising market**

Magazines Italy - Highlights FY15

2015 Advertising Market





2015 Circulation market share

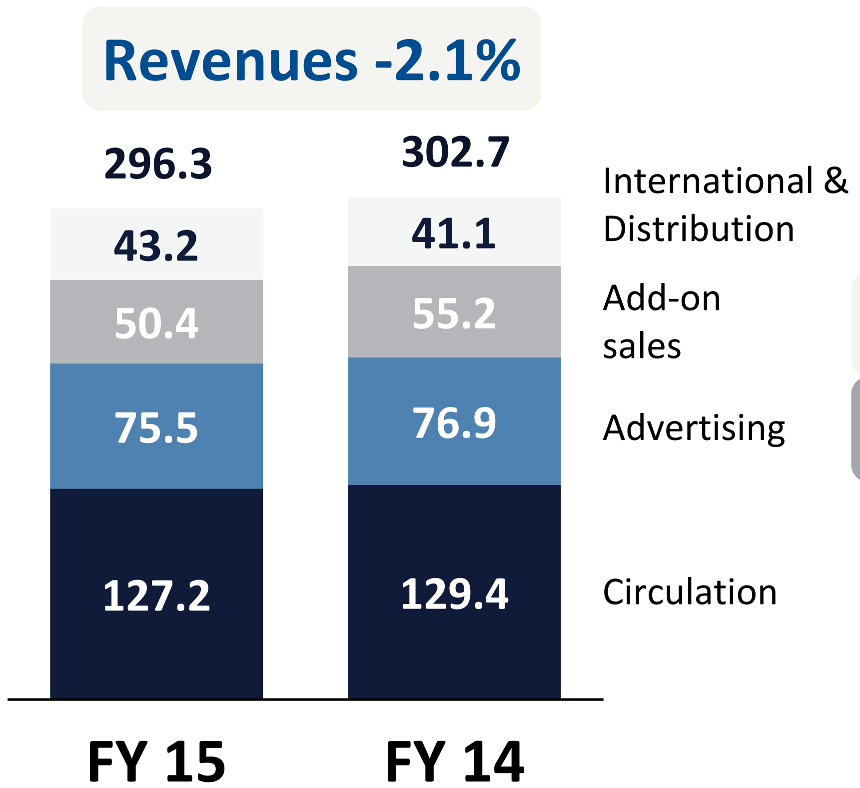
Publisher	2015	2014
MONDADORI MAGAZINE	31.2%	31.3%
CAIRO EDITORE	20.3%	19.1%
Casa Editrice Universo	10.8%	10.2%
HEARST magazines	5.7%	6.0%
RCS	5.0%	4.8%
Other	15.9%	16.2%
CONDÉ NAST	3.3%	3.7%
GVE Guido Veneziani editore	3.2%	3.7%
[logo]	3.0%	3.2%
PRS MEDIAGROUP	1.7%	1.9%

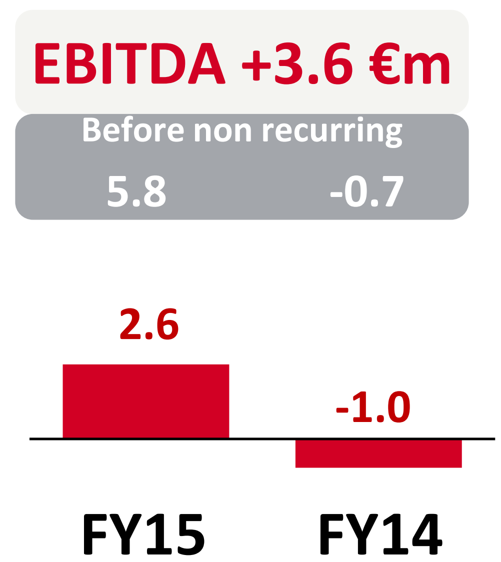
- **Advertising Collection** of AME brands down by **-3.7%** (like-for-like)
- For the first **3 magazines** (56% of total) digital advertising has represented **17%** of overall collection (for **Donna Moderna**, **web** represented **26%** od total adv revenues)

Source: advertising (value data) – Nielsen (december 2015); circulation (news-stand, value data) - internal data Press-Di (december 2015)

Magazines Italy - Highlights FY15

2015 Performance (€m)





2015 Activities

- **Portfolio and quality optimization** which allowed the **maintenance of market leadership**:
  - focus on leading segments
  - brand strengthening the through several activities on the territory (like *Panorama d'Italia*)
- **Structural reduction** of industrial, publishing and organizational **costs**
- **Optimization of promotional** initiatives

REVENUES

Down by **2.1% (-4.9% on a like-for-like basis*):**

- **Circulation revenues** down by **1.7%** (-7.5% like-for-like, with a higher impact from subscriptions)
- **advertising revenues** down by **1.8%;** in Italy gross collection (print+web) down by **3.7%**, progressively improved also due to the positive performance of off-line events
- dropping **add-on sales** (-8,8%; -10.6% like-for-like), but with stable marginality
- **Mondadori International:** +2.4% as a result of the growing network of *Grazia* and of *Il mio Papa*

EBITDA

EBITDA significantly up as a result of the actions undertaken and the lower loss of the advertising activities after the reorganization.

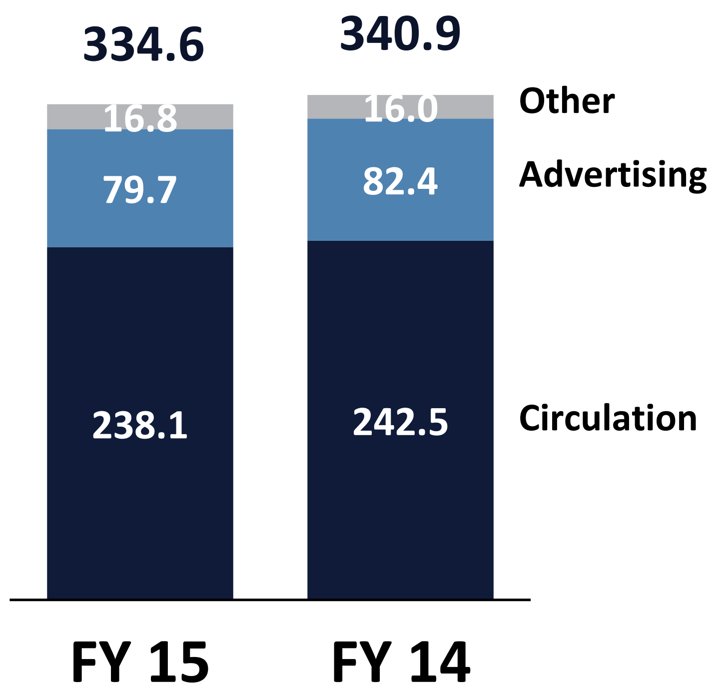
+€6.5 million improvement

* Excluding the consolidation of *Gruner + Jahr / Mondadori* from July 1st 2015

Magazines France - Highlights FY15

2015 Performance (€m)

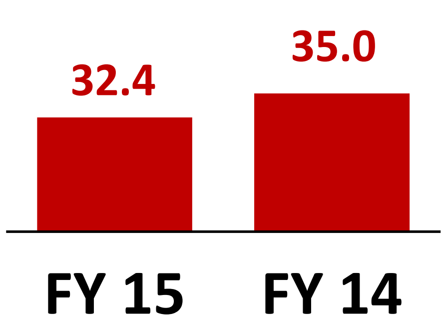
Revenues -1.9%



EBITDA -7.5%

Before non recurring

36.0 35.8



2015 Adv. Market Shares

Advertising Market (volume)

	2015	2014
MONDADORI FRANCE	10.9%	10.9%
Lagardère	12.1%	13.0%
	10.0%	9.6%
publicité	6.8%	5.8%
LE FIGARO	5.9%	5.6%
NewsCo REGIE	5.7%	6.0%
CONDÉ NAST	4.8%	4.9%
marie claire	4.7%	5.0%
Reworld Media	1.8%	1.4%
Other	37.3%	37.8%

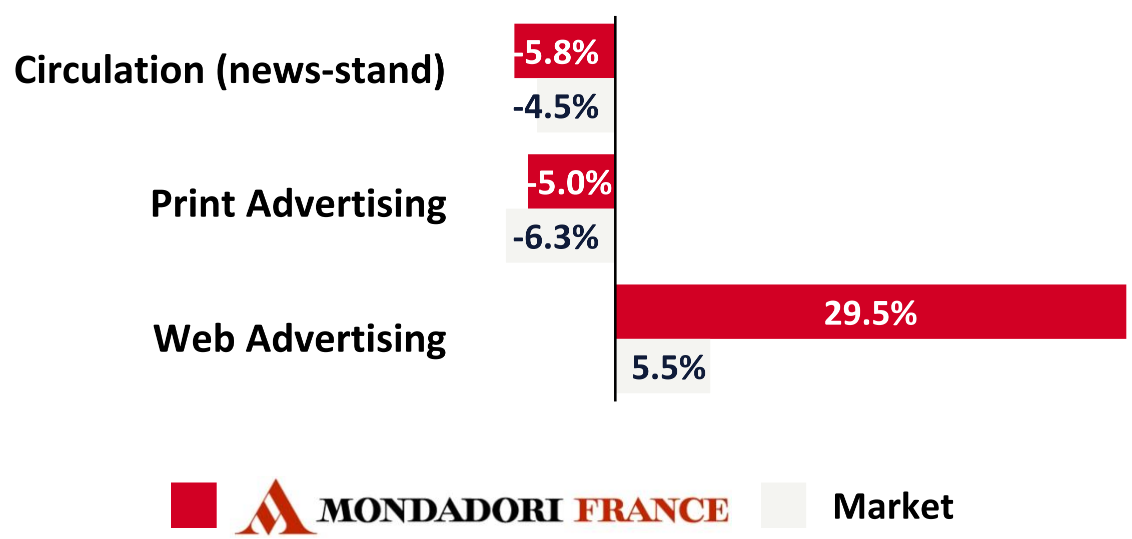
REVENUES

- **Circulation revenues** (70% of total) down by 1.8% of which **newsstands** -5.8% (2014 included *«scoop Hollande»* of *Closer)* and **subscriptions** slightly up by +0.8%
- **Advertising revenues** (*print+web*) down by 3.3% of which **digital** (15% of total adv) grew by 30%

EBITDA

- **Flat EBITDA before non recurring** with more than **10% marginality** due to the constant structure rationalization and editorial costs reduction
- **Positive EBITDA of digital business** in 2015

Mondadori vs Market

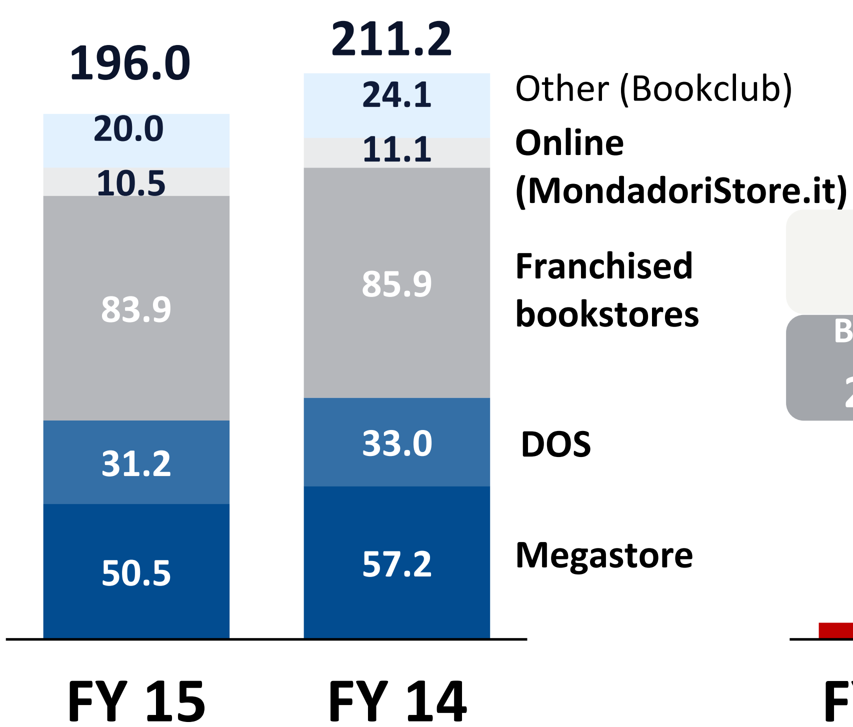


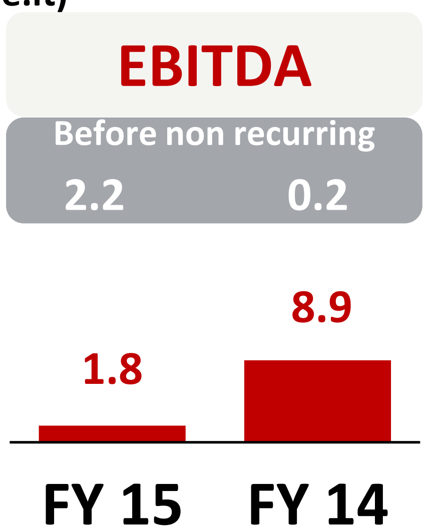
Source: Adv – Kantar Media (value data); circulation – internal data Presstalis

Retail - Highlights FY15

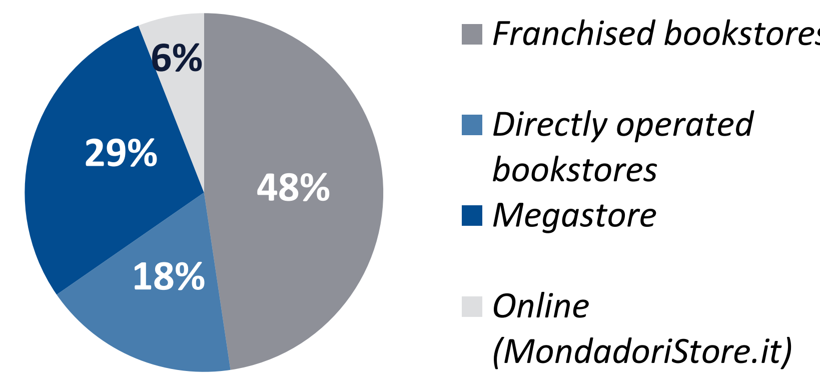
2015 Performance (€m)

Revenues -7.2%





2015 Revenues* by channel



Directly oper. bookstores

	Dec 14	*Var.*	Dec 15
Bookstore	21	-1	20
Megastore	7	+2	9
TOT PoS	**28**	**+1**	**29**

Franchised bookstores

	Dec 14	*Var.*	Dec 15
Franchising	323	-7	316
Point	217	15	232
TOT PoS	**540**	**+8**	**548**

* "Total Store" Revenues; not including Bookclub

REVENUES

Revenues down due to the sale of Vittorio Emanuele Megastore (€14.2 millions in 2014):

- **Directly oper. Bookstores -5,3%, +2,0%** like-for-like
- **Franchised bookstores -2,3%, +0,8%** like-for-like
- ***Megastore*** down due to the sale of Vittorio Emanuele *flagship store;* like-for like, **+8%** with positive performance in Books (**+6,8%**) and Consumer Electronics (**+2,3%**)

EBITDA

EBITDA before non recurring (nel 2014 capital gain V. E.) **signigicantly improved** thanks to:

- improvement of Books and Consumer Electronics margins
- lower incidence of fixed costs and overheads thanks to the continuous network review

2015 vs Book Market = 77% of Total Revenues*

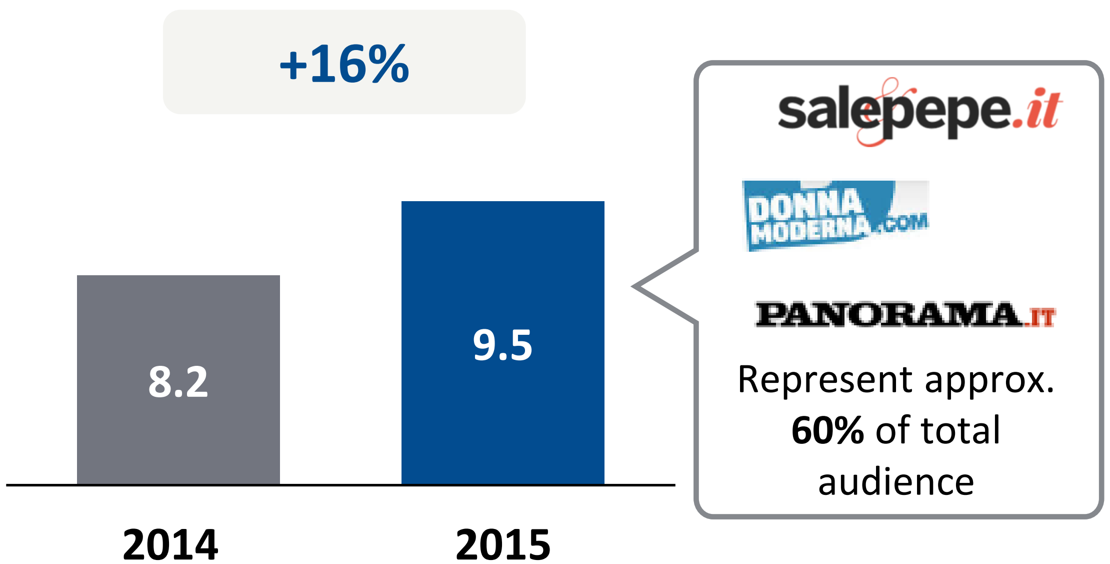
In 2015 market share of **14.2%** in the Books Business

Source: GFK, december 2015, 53 weeks (value sell-out data, like-for-like)

Digital - Highlights FY15

MONDADORI MAGAZINE

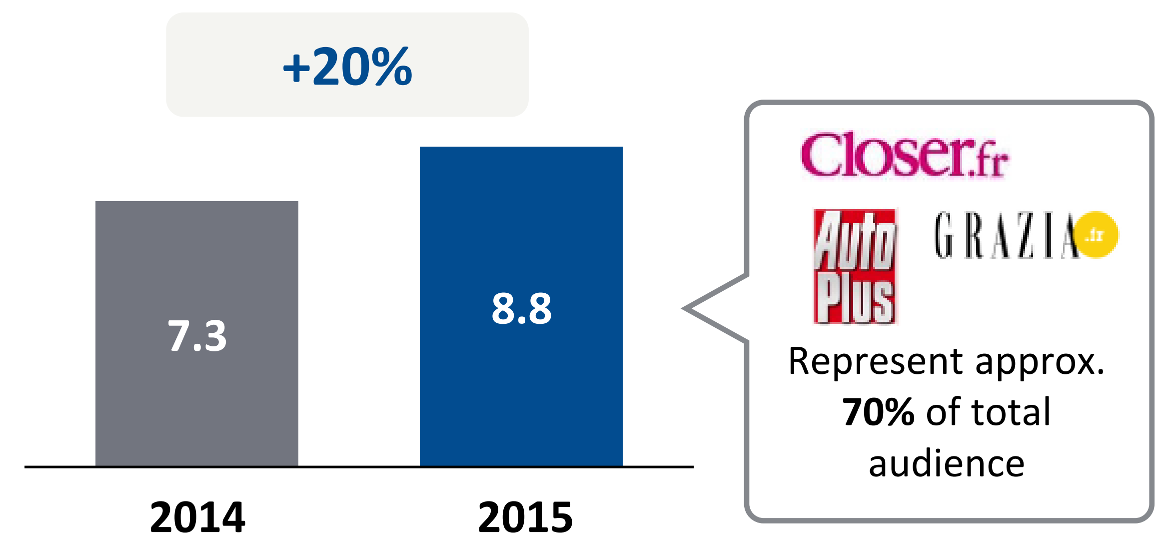
Unique Visitors Web* (mln)



* Source: Audiweb (december 2015)

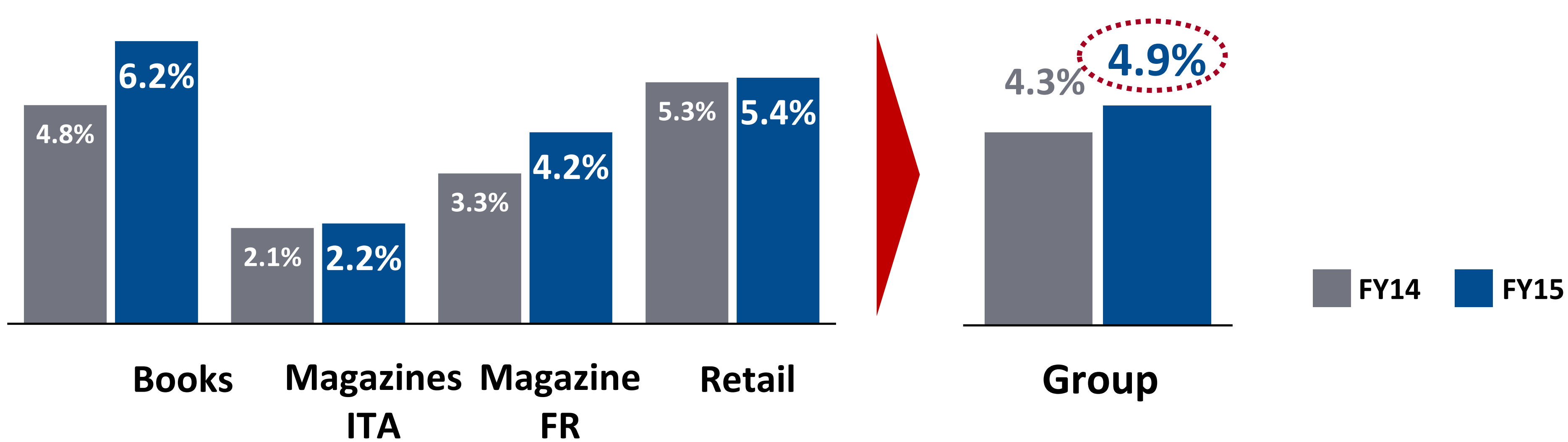
MONDADORI FRANCE

Unique Visitors Web* (mln)



*** Source : Médiamétrie Netratings (MNR), yearly average**

% Digital Revenues on Total



*Revenues are represented in the different Business Areas and in the Parent Company

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AGENDA

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Three trasformational years

2013

- Re-definition of the industrial and organizational structure
- Reduction of operating and structural costs

2014

- Achievement of first efficiencies and profitability recovery
- Focus on the growth of the digital area

2015

- Asset portfolio **strategic rationalization**
- **Optimization** of operating processes
- Focus on **increasing cash flow from operations**

Outlook FY16

The Group will continue its **core business consolidation strategy** through constant focus on **editorial quality** and **optimization** of operating processes and cost structure in order to:

- further strengthen the **competitive position** of the Group
- implement the development plan in the **digital business**

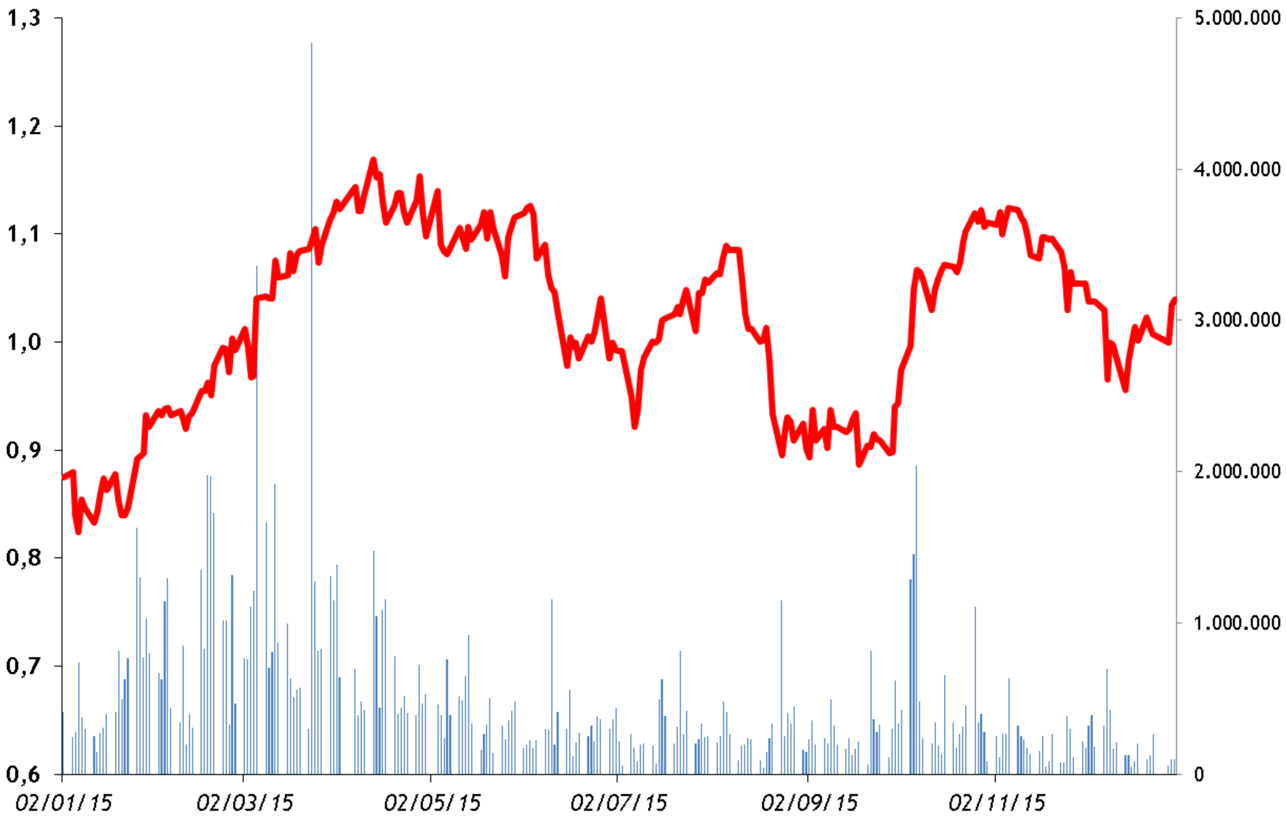
	2016 GOALS *(like-for-like)*
REVENUES	**Steady revenues**
EBITDA	**High-single digit** operating growth
NFP	**Improvement** compared to year-end 2015
NFP/EBITDA	**< 2.50x**

These estimates do not currently include the integration of RCS Libri and related emerging synergies.

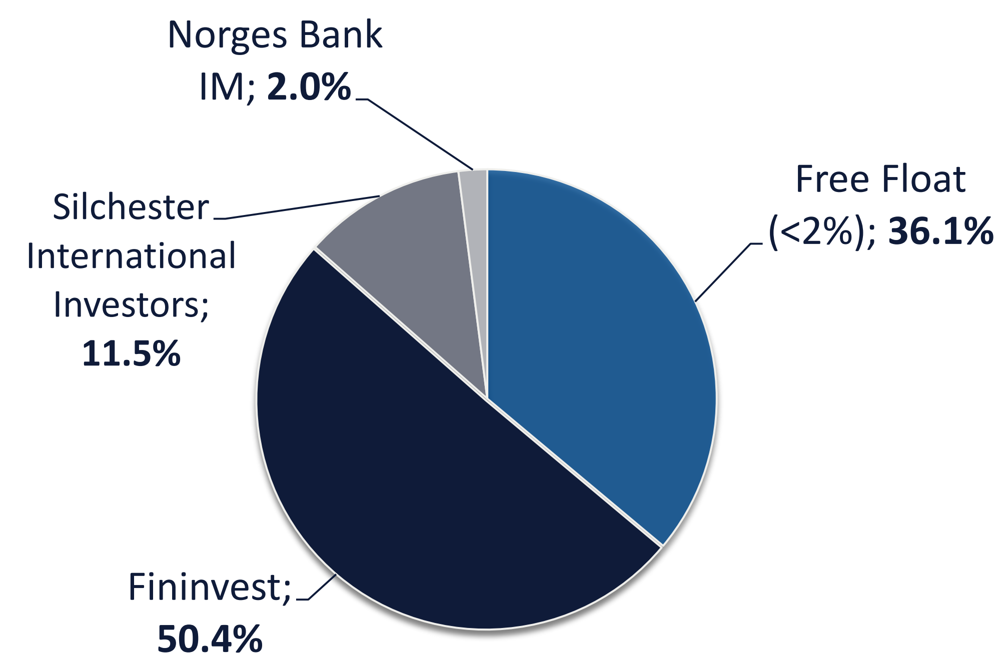
Attachments

Company Profile

Stock Performance (2015)



Current Shareholding Structure



Share Information (2015)

Ticker	**MN IM (Bloomberg), MN.MI (Reuters)**
Market Cap.	**€272 m**
Shares outstanding	**261,458,340**
Last 30 days avg. daily trade	**498,000**

Consolidated P&L - FY15

GRUPPO

€ m	FY 2015	Inc.%	FY 2014	Inc.%	Var.%
Net Revenues	**1,122.8**	***100.0%***	**1,169.5**	***100.0%***	***-4.0%***
COGS	436.0	*38.8%*	480.1	*41.1%*	*-9.2%*
Variable costs	279.4	*24.9%*	272.5	*23.3%*	*2.6%*
Fixed costs	116.8	*10.4%*	129.1	*11.0%*	*-9.5%*
Personnel cost	214.6	*19.1%*	222.2	*19.0%*	*-3.4%*
Other expenses/(income)	2.6	*0.2%*	-2.4	*-0.2%*	*n.s.*
Associates	-0.3	*0.0%*	-0.1	*0.0%*	*n.s.*
EBITDA before non recurring items	***73.0***	***6.5%***	***67.9***	***5.8%***	***7.5%***
Restructuring costs	-12.7		-6.5		*94.4%*
Positive /(negative) non recurring items	21.2		10.1		*n.s.*
EBITDA	**81.6**	***7.3%***	**71.5**	***6.1%***	***14.0%***
D&A	27.1	*2.4%*	23.3	*2.0%*	*16.1%*
EBIT	**54.5**	***4.9%***	**48.2**	***4.1%***	***13.0%***
Net Financials	-16.0	*-1.4%*	-23.0	*-2.0%*	*-30.2%*
Other income/(charges) from associates	-0.1	*0.0%*	0.0	*0.0%*	*n.s.*
Pre-Tax Result	**38.3**	***3.4%***	**25.2**	***2.2%***	***52.0%***
Income taxes	20.5	*1.8%*	16.7	*1.4%*	*22.5%*
Minorities	2.7	*0.2%*	3.1	*0.3%*	*-13.0%*
Result from continuing operations	**15.1**	***1.3%***	**5.3**	***0.5%***	***n.s.***
Result from discontinued operations	-8.7	*-0.8%*	-4.7	*-0.4%*	*n.s.*
Net Result	**6.4**	***0.6%***	**0.6**	***0.1%***	***n.s.***

Consolidated Balance Sheet - FY15

€ m	31.12.2015	31.12.2014	Delta
Trade receivables	242.1	259.3	*(17.1)*
Inventory	108.2	108.4	*(0.2)*
Trade payables	(349.6)	(343.4)	*(6.2)*
Other assets/(liabilities)	(30.5)	(14.9)	*(15.6)*
NWC	**(29.7)**	**9.4**	***(39.1)***
Intangible asstes	552.3	553.7	*(1.4)*
Tangible assets	31.2	32.4	*(1.2)*
Investments	44.9	39.5	*5.4*
FIXED INVESTED CAPITAL	**628.5**	**625.6**	***2.9***
Provisions	(59.7)	(64.5)	*4.8*
Indemnity severances	(44.1)	(46.2)	*2.1*
Assets/(Liabilities) of discontinued operations	0.0	56.6	*(56.6)*
NET INVESTED CAPITAL	**495.0**	**580.9**	***(86.0)***
SHAREHOLDERS' EQUITY	**295.6**	**289.1**	***6.5***
NET FINANCIAL POSITION	**199.4**	**291.8**	***(92.4)***
NET INVESTED CAPITAL	**495.0**	**580.9**	***(86.0)***

Net Financial Position - FY15

GRUPPO

€ m	FY 2015	FY 2014
Net Financial Position (start of the period)	**(291.8)**	**(363.2)**
EBITDA before non recurring items	73.0	67.9
Associates	(3.7)	(3.8)
NWC and Funds	14.2	0.2
CAPEX	(13.5)	(11.9)
Operating Cash Flow	**70.0**	**52.4**
Net financial charges	(17.6)	(21.3)
Taxes	(6.9)	(7.0)
Radio Cash Flow		(5.2)
Ordinary Cash Flow	**45.4**	**18.8**
Treasury & new shares placement		31.1
Cash-out for restructuring	(21.2)	(20.3)
VAT receivables cash-in	8.0	15.2
Acquisitions/Disposals	60.2	26.6
Extraordinary Cash Flow	**47.0**	**52.6**
Total Cash Flow	**92.4**	**71.4**
Net Financial Position (end of the period)	**(199.4)**	**(291.8)**

NFP significant improvement in 2015:

- The **ordinary** cash flow was positive for **€45.4 millions** thanks to the business performance improvement and the NWC optimization;
- The **extraordinary** cash flow amounted at **€47.0 millions**, of which €55 millions deriving from the disposal of non core assets

Consolidated P&L - 4Q15

€ m	FY 2015	Inc.%	FY 2014	Inc.%	Var.%
Net Revenues	**304.8**	***100.0%***	**315.0**	***100.0%***	***-3.3%***
COGS	121.5	*39.9%*	135.6	*43.1%*	*-10.4%*
Variable costs	71.8	*23.6%*	69.6	*22.1%*	*3.1%*
Fixed costs	30.2	*9.9%*	30.6	*9.7%*	*-1.2%*
Personnel cost	54.8	*18.0%*	57.8	*18.4%*	*-5.3%*
Other expenses/(income)	2.7	*0.9%*	-0.9	*-0.3%*	*n.s.*
Associates	1.3	*0.4%*	2.1	*0.7%*	*-36.4%*
EBITDA before non recurring items	***25.1***	***8.2%***	***24.3***	***7.7%***	***3.1%***
Restructuring costs	-6.2		-2.2		*n.s.*
Positive /(negative) non recurring items	13.9		9.2		*50.9%*
EBITDA	**32.8**	***10.8%***	**31.3**	***9.9%***	***4.7%***
D&A	8.3	*2.7%*	7.1	*2.3%*	*15.9%*
EBIT	**24.5**	***8.0%***	**24.1**	***7.7%***	***1.4%***
Net Financials	-2.3	*-0.8%*	-5.2	*-1.6%*	*-55.7%*
Pre-Tax Result	**22.2**	***7.3%***	**19.0**	***6.0%***	***17.0%***
Income taxes	12.7	*4.2%*	8.8	*2.8%*	*45.4%*
Minorities	0.9	*0.3%*	1.1	*0.4%*	*-17.0%*
Result from continuing operations	**8.5**	***2.8%***	**9.1**	***2.9%***	***-6.0%***
Result from discontinued operations	0.7	*0.2%*	-0.9	*-0,3%*	*n.s.*
Net Result	**9.2**	***3.0%***	**8.2**	***2.6%***	***13.0%***

4Q15 by Business Area

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REVENUES

€ m	4Q15	4Q14	*Var.%*
Books	87.7	98.7	*-11.2%*
Magazines Italy	71.8	71.2	*0.8%*
Magazines France	87.8	86.7	*1.2%*
Retail	64.5	66.3	*-2.8%*
Other Business, Corporate & Digital Innovation	10.4	8.1	*27.9%*
Intercompany	-17.4	-16.0	*8.4%*
Group Total	**304.8**	**315.0**	***-3.3%***

On a like-for-like basis, revenues would be down by:

- Magazines Italy: -4.3%
- Group Total: -4.4%

EBITDA before non recurring

€ m	4Q15	4Q14	*Var.*
Books	7.2	10.8	*-3.6*
Magazines Italy	1.6	-0.2	*1.9*
Magazines France	13.9	12.5	*1.4*
Retail	5.3	5.5	*-0.2*
Other Business, Corporate & Digital Innovation	-3.0	-4.3	*1.3*
Intercompany			
Group Total	**25.1**	**24.3**	***0.7***

Marginality %	**8.2%**	**7.7%**

Reported EBITDA by Business Area

GRUPPO

12 months

€ m	FY 2015	FY 2014	Margin %2015	Margin %2014	Var.
Books	45.9	45.1	*14.3%*	*13.3%*	*0.8*
Magazines Italy	2.6	-1.0	*0.9%*	*-0.3%*	*3.6*
Magazines France	32.4	35.0	*9.7%*	*10.3%*	*-2.6*
Retail	1.8	8.9	*0.9%*	*4.2%*	*-7.1*
Other Business, Corporate & Digital Innovation	-1.3	-16.5	*n.s.*	*n.s.*	*15.3*
EBITDA	**81.6**	**71.5**	***7.3%***	***6.1%***	***10.0***

4th quarter

€ m	4Q 2015	4Q 2014	Margin %2015	Margin %2014	Var.
Books	6.4	10.3	*7.0%*	*10.0%*	*-3.9*
Magazines Italy	-0.6	-1.4	*-1.0%*	*-2.0%*	*0.8*
Magazines France	12.4	12.8	*14.0%*	*15.0%*	*-0.4*
Retail	4.6	14.9	*7.0%*	*22.0%*	*-10.3*
Other Business, Corporate & Digital Innovation	10.1	-5.3	*n.s.*	*n.s.*	*15.3*
EBITDA	**32.8**	**31.3**	***10.8%***	***9.9%***	***1.5***

GRUPPO MONDADORI

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