GRUPPO MONDADORI

1Q16 Results

Investor Presentation

Ernesto Mauri, CEO
Oddone Pozzi, CFO

Segrate, May 12th 2016

GRUPPO MONDADORI

AGENDA

1 - 1Q16 Highlights

2 - 1Q16 Results

3 - Business Areas

4 - FY 2016 Outlook

1Q16 Highlights

GRUPPO

Key takeaways

In the first months of 2016 Mondadori Group has successfully carried on the focus on **the core business** of **Books** and **Magazines**, also through some **M&A transactions**

Rizzoli LIBRI

banzai MEDIA

April 2016

Closing of Rizzoli Libri acquisition

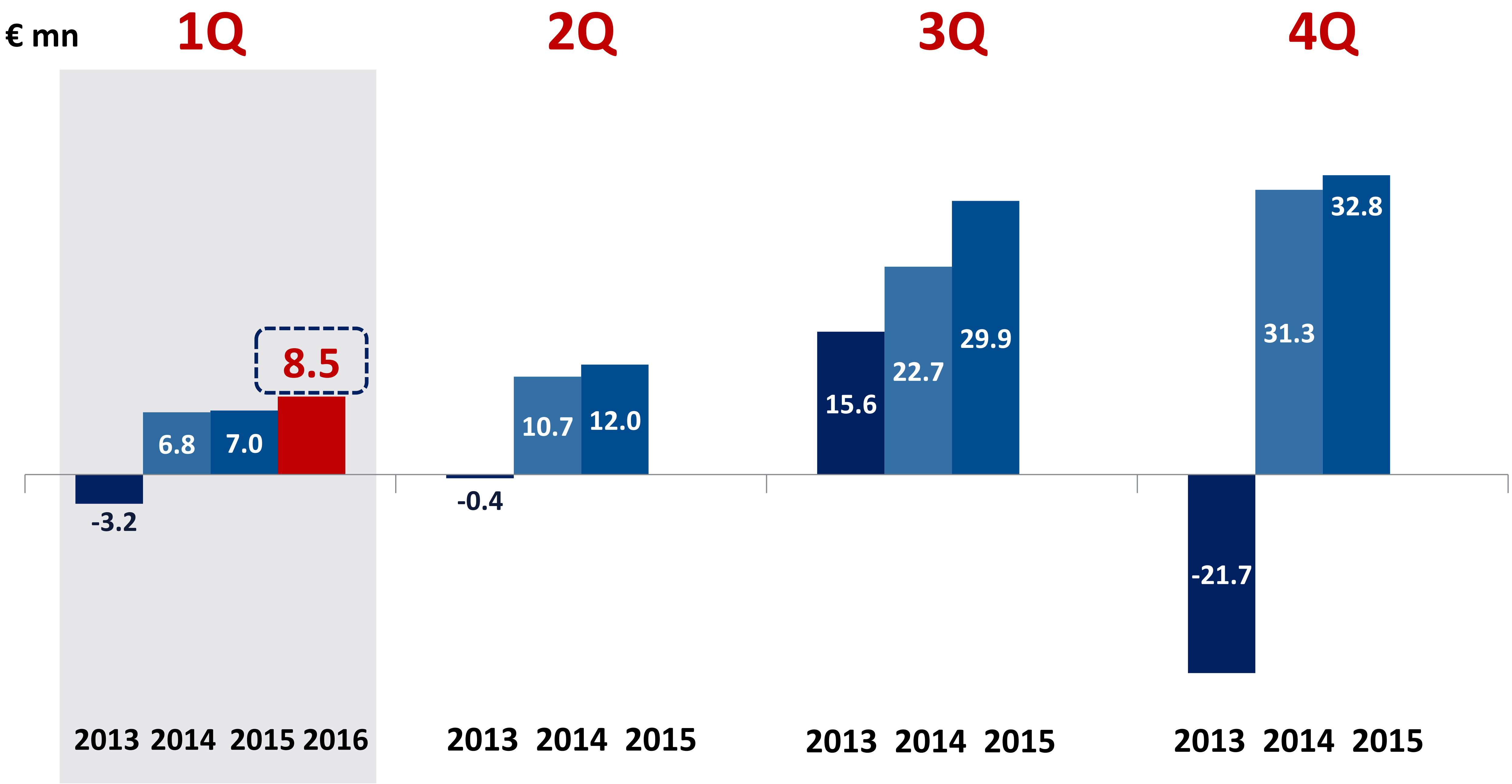
MONDADORI LIBRI

May 2016

Agreement for the Vertical Content division

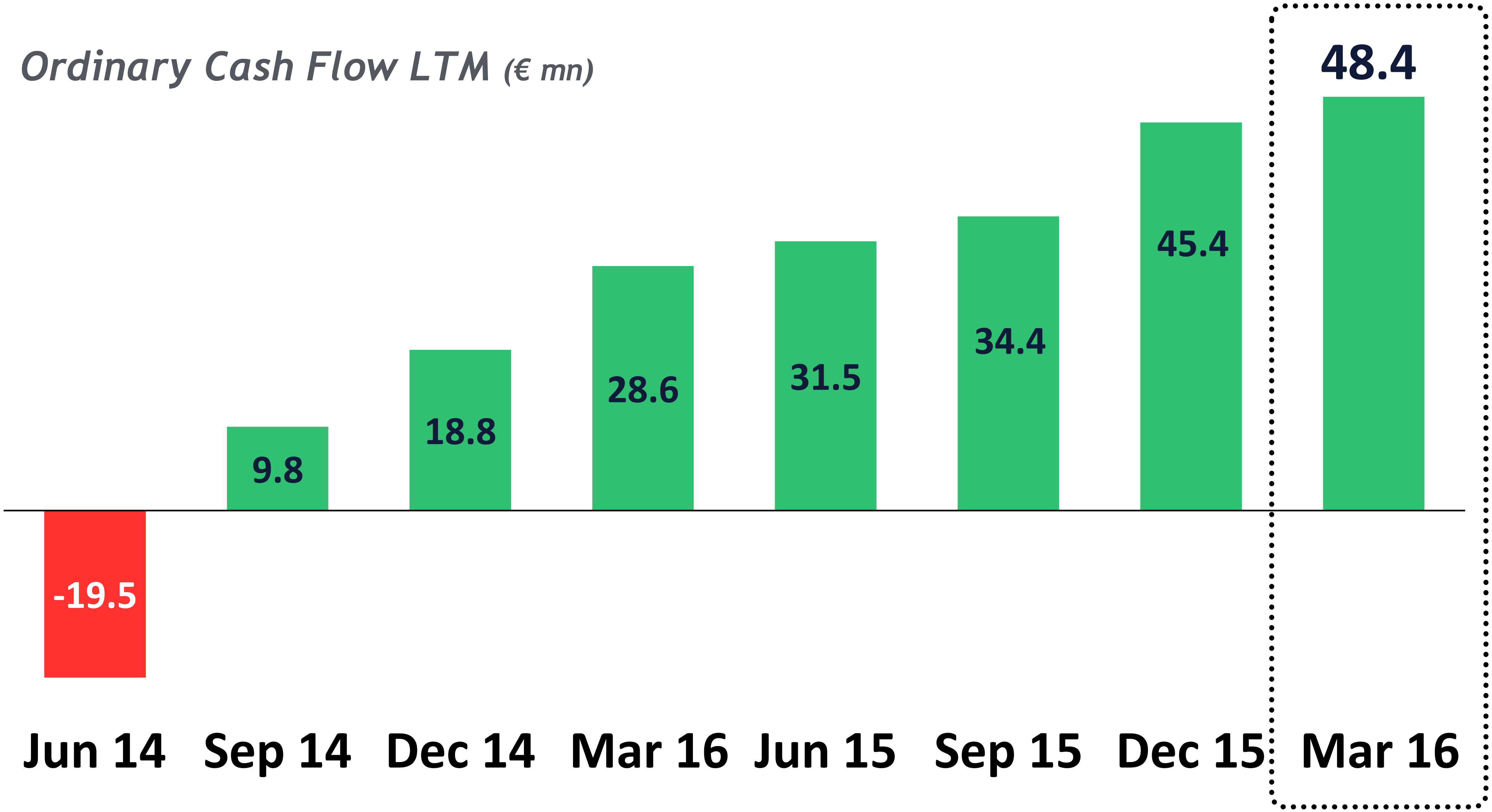
MONDADORI MAGAZINE

1. EBITDA improvement in the last 9 quarters



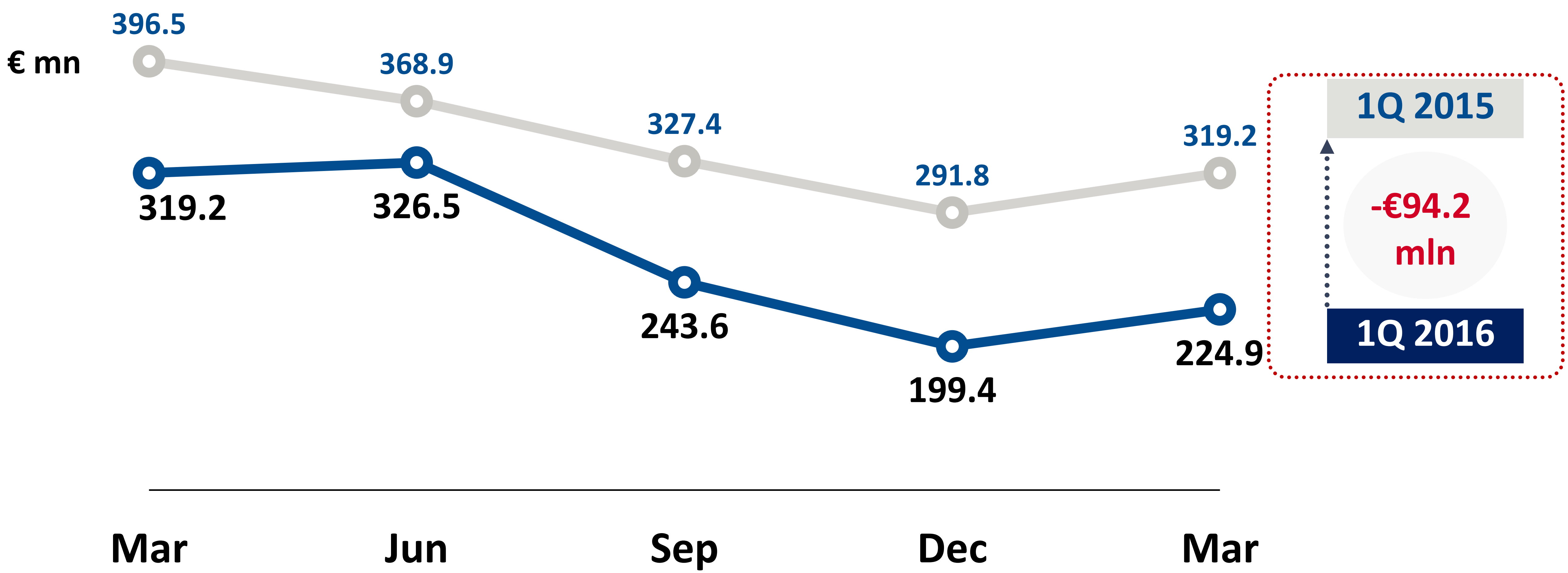
1Q16 Highlights

2. Quarterly cash-generation increase confirmed



1Q16 Highlights

3. Group Net Financial Position improvement



Enough headroom for investments in the core business development and in the group's digitization process

AGENDA

1 - 1Q16 Highlights

2 - 1Q16 Results

3 - Business Areas

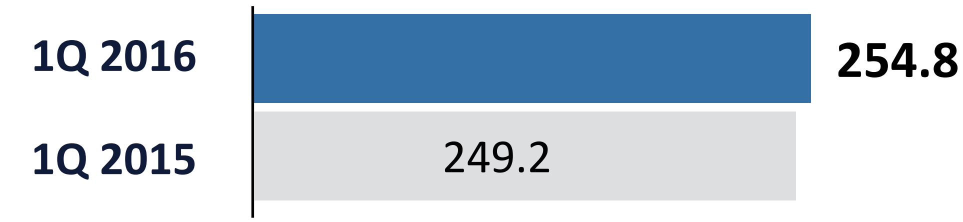
4 - FY 2016 Outlook

Financial Results - 1Q16

€ mn

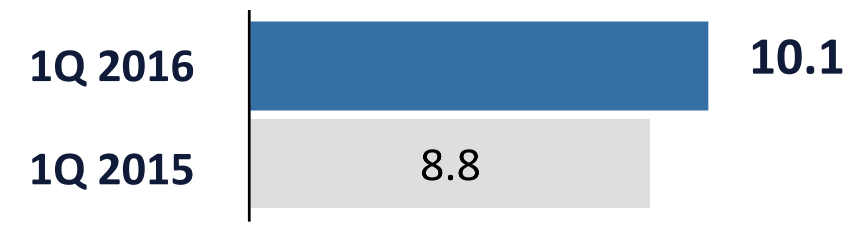
Revenues

+2.2%
(+0.8% on a like-for-like basis)



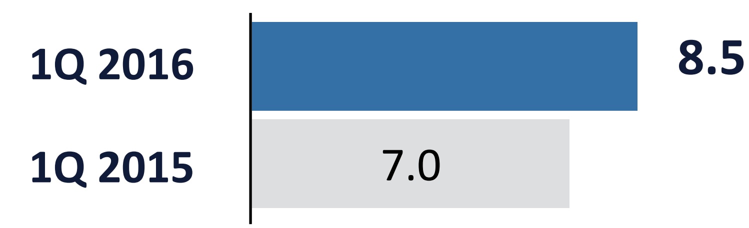
EBITDA b.n.r.

+15.3%



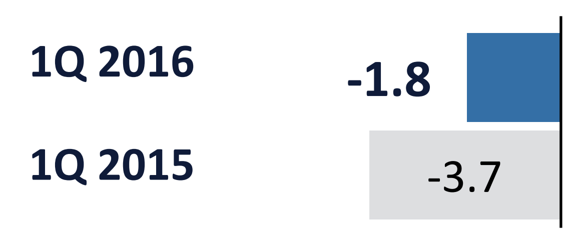
EBITDA

+22.1%



Net Profit

Net income from continuing operations showing a marked improvement compared to the previous year

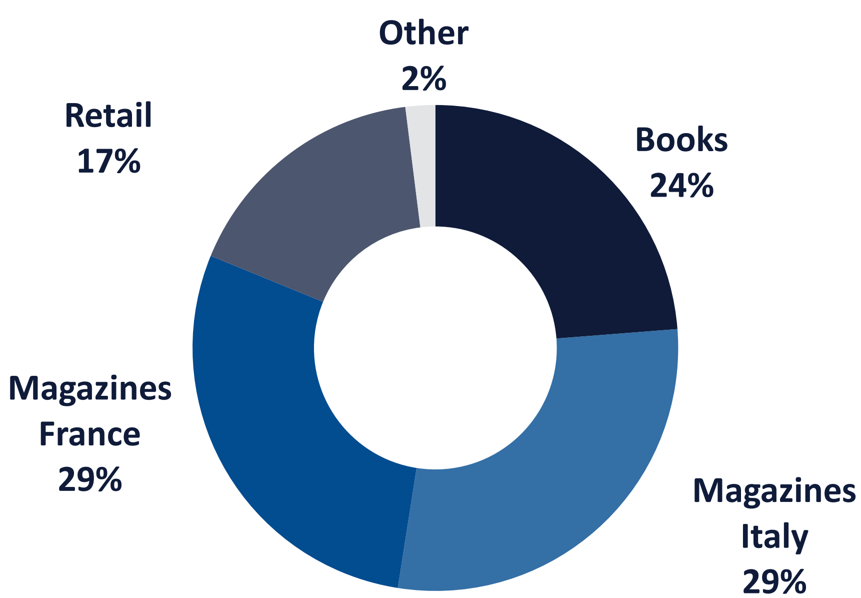


Revenues by Business Area - 1Q16

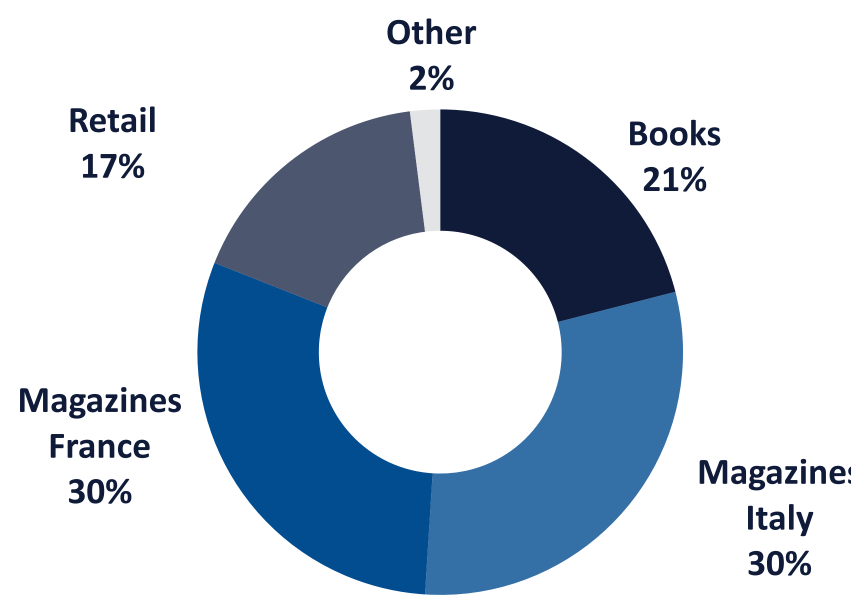
€ mn	1Q 2016	1Q 2015	*Var.%*
Books	63.4	56.0	13.3%
Magazines Italy	78.5	77.9	0.8%
Magazines France	77.1	79.9	(3.5%)
Retail	44.4	44.1	0.8%
Corporate & Shared Services	5.4	5.8	(7.2%)
Intercompany	*(14.0)*	*(14.4)*	*(2.5%)*
Net Revenues	**254.8**	**249.2**	**2.2%**

*On a like-for-like basis**
+0.8%

1Q 2016



1Q 2015



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

EBITDA by Business Area - 1Q16

Before non recurring

Reported

€ mln	1Q 2016	1Q 2015	Var.
Books	4.0	0.3	*3.8*
Magazines Italy	6.7	5.9	*0.8*
Magazines France	3.7	4.8	*(1.1)*
Retail	(1.8)	(1.9)	*0.1*
Corporate & Shared Services	(4.1)	(2.1)	*(2.0)*
EBITDA	**8.5**	**7.0**	***1.5***

In 1Q 2016 capital gain for *Il Giornale* of €1.3 mln

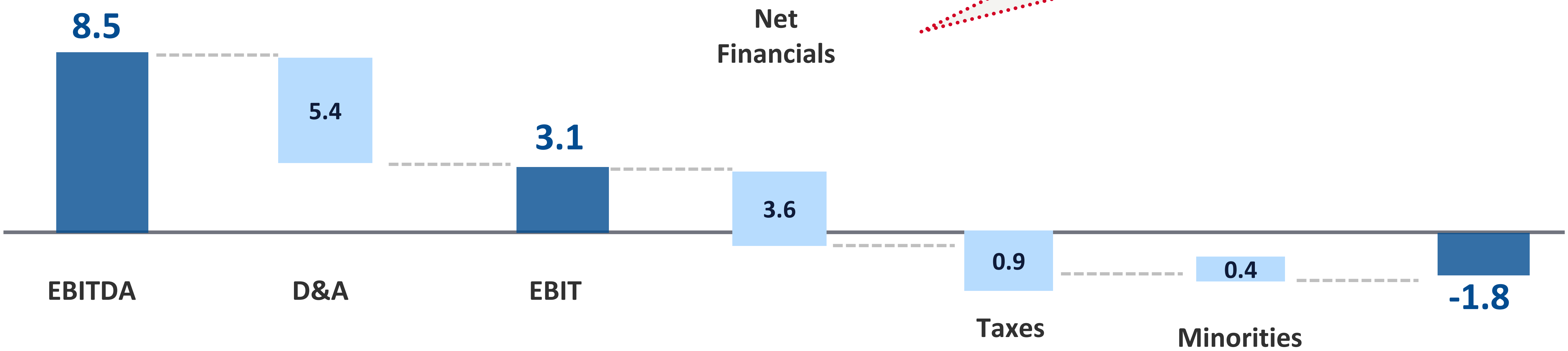
From EBITDA to Net result - 1Q16

GRUPPO

€ mln

1Q 2016

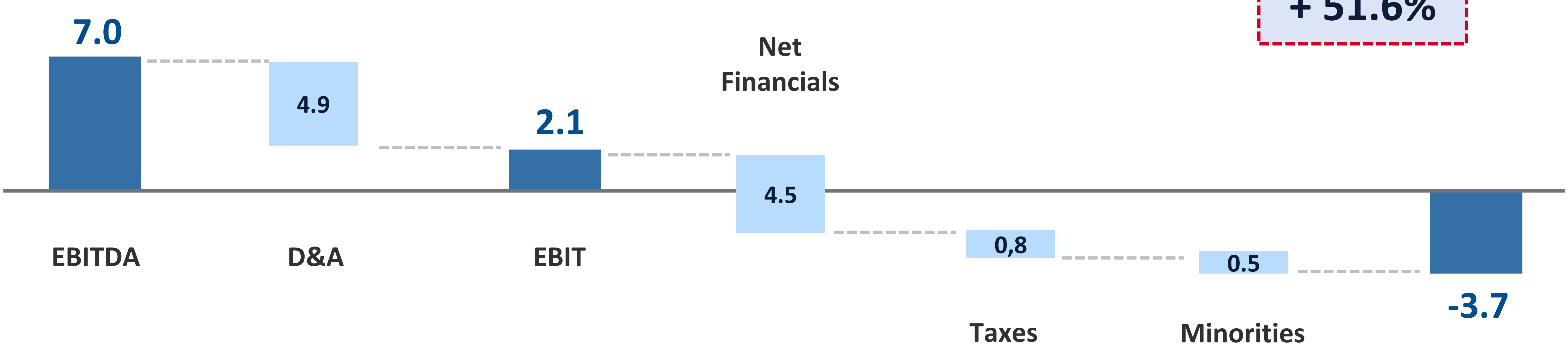
Improved by 19%
- 50% interest rate – from 3.77% to **3.06%**
- 50% average Net Debt



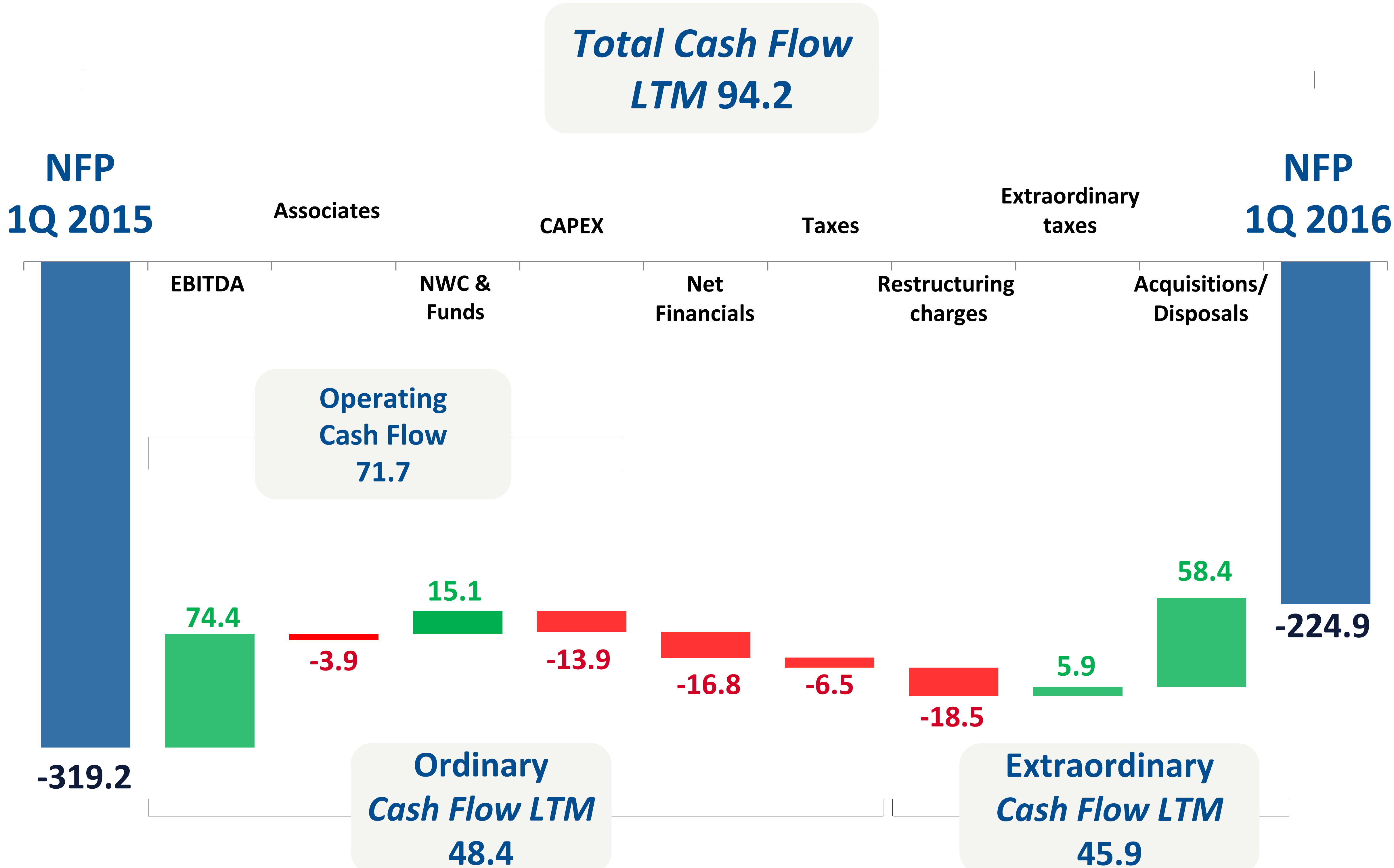
1Q 2015

Continuing operations

+ 51.6%



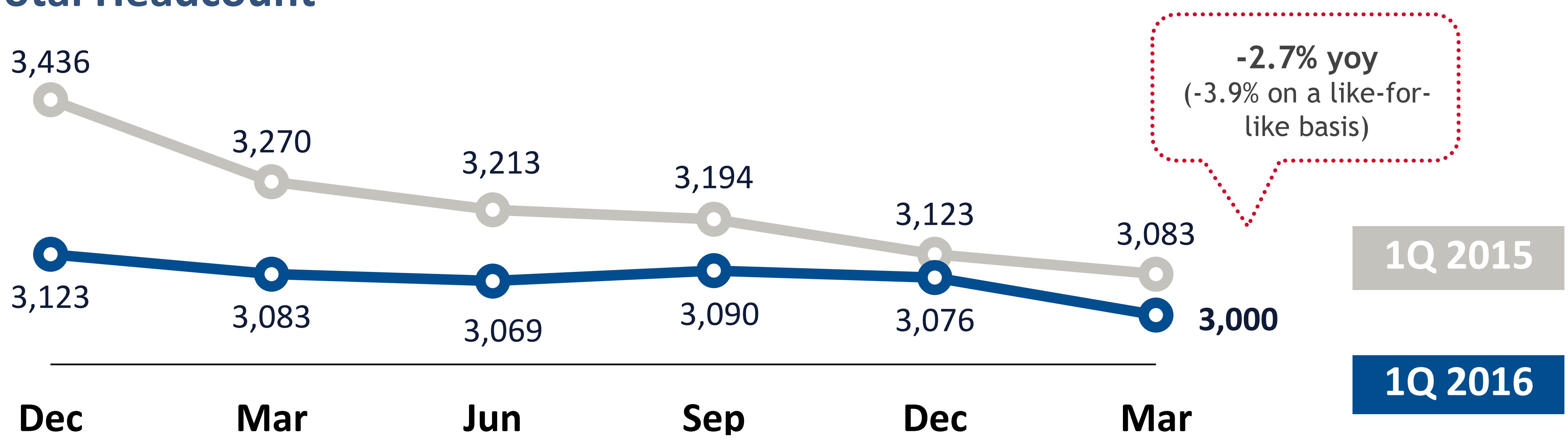
Cash Flow - 1Q16



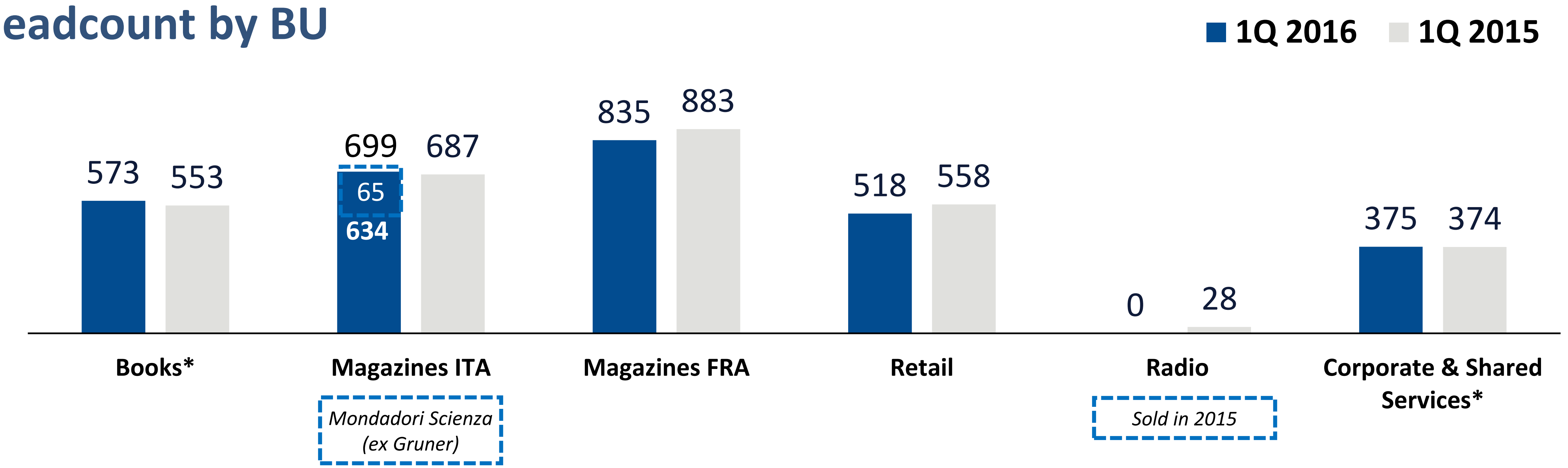
€ mn

Headcount - 1Q16

Total Headcount



Headcount by BU



* 1Q 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

GRUPPO MONDADORI

AGENDA

1 - 1Q16 Highlights

2 - 1Q16 Results

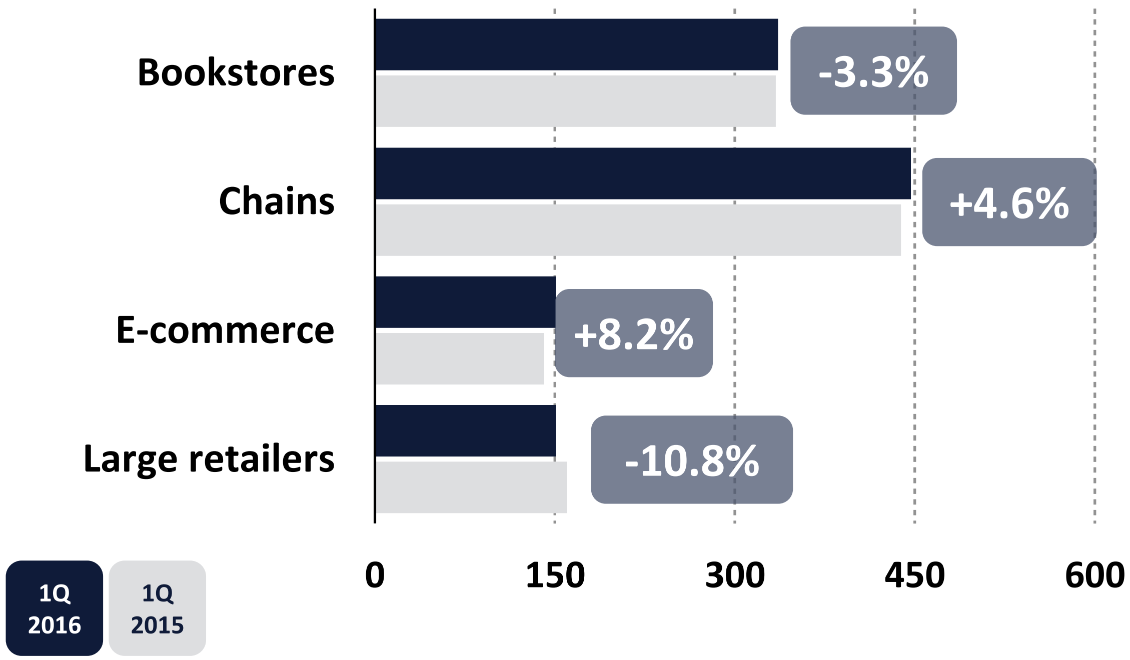
3 - Business Areas

4 - FY 2016 Outlook

Books - Highlights 1Q16

GRUPPO

Trade Market - 1Q 2016 +0.5%

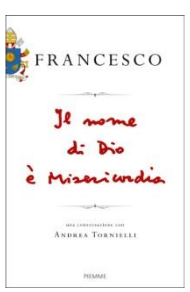


Trade Market Share - 1Q 2016

	1Q 2016	1Q 2015
MONDADORI LIBRI	22.9%	24.0%
RCS	9.0%	10.2%
GeMS	9.7%	10.4%
GIUNTI	7.3%	7.0%
la Feltrinelli	4.5%	4.1%
DeAGOSTINI LIBRI	2.1%	2.1%
NEWTON COMPTON EDITORI	2.3%	2.4%
Other	42.2%	39.7%

Top seller - 1Q 2016

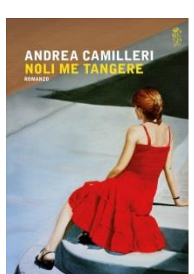
3 books in the Top 5

1


2


3


5 books in the Top 10

6


9


Mondadori vs Trade Market

MONDADORI LIBRI

Market

- The **market** confirmed the **steady** trend recorded in 2015
- **Mondadori** has underperformed due to a **selective publishing program** aimed at reducing future levels of unsold and realized through the reduction of new titles (-12%)

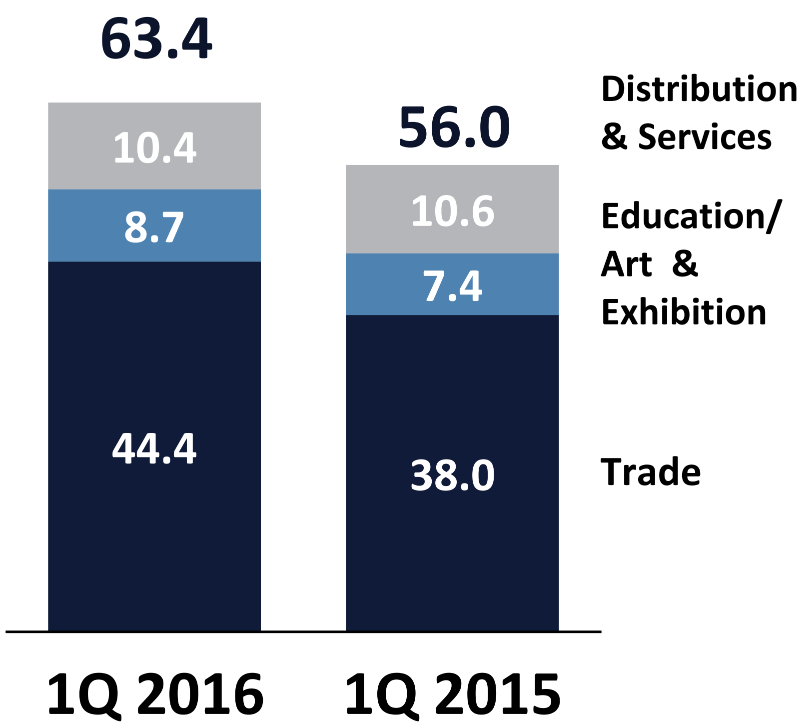
Source: GFK, March 2016 (value data, sell-out)

Books - Highlights 1Q16

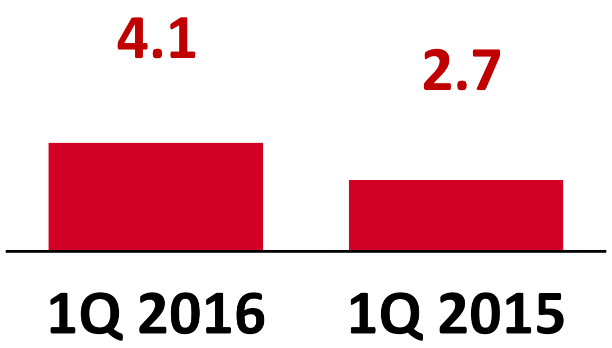
GRUPPO

1Q 2016 performance (€m)

Revenues +13.3%



EBITDA +54.6%



REVENUES

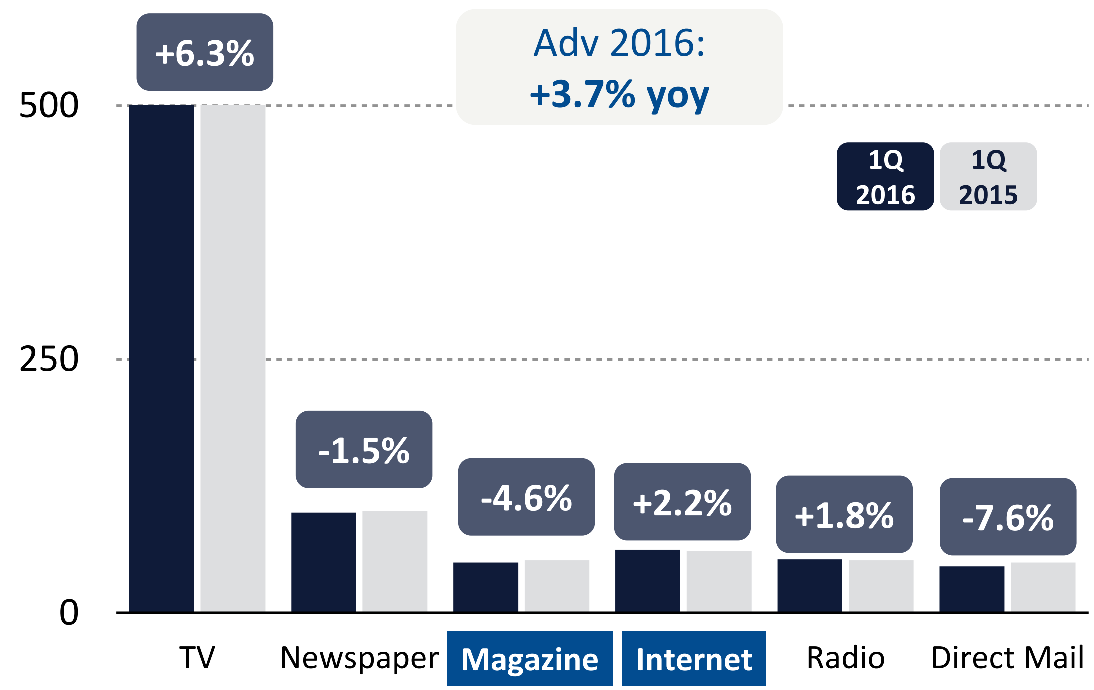
- **Trade**: **+16.9%** due to the success of the romances distributed in 2016 and the positive trend in sales of books launched in late 2015 (*Paperback* : +2% compared to a declining market segment of -6.4%); *E-book*: +7% (5.4% on Trade revenues)
- **Educational**: revenue growth (**+17.7%**) thanks to the positive trend in museum & exhibition activities ; not significant quarter for education segment

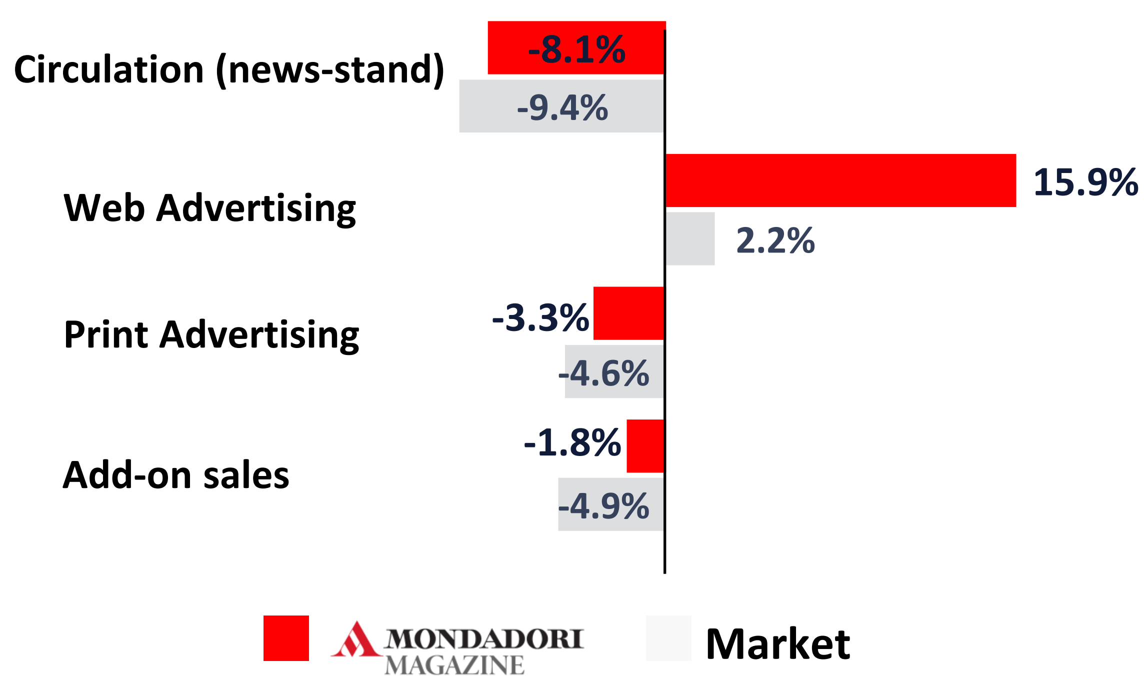
EBITDA

Before non recurring items, **significant increase by over 50%** as a result, in the **Trade** business, of revenue growth and of a more efficient business model

Magazines Italy - Highlights 1Q16

Advertising Market – Jan/Feb 2016





Market share – circulation Jan/Feb 2016

Publisher	1Q 2016	1Q 2015
MONDADORI MAGAZINE	32.7%	32.3%
CAIRO EDITORE	21.1%	19.7%
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%
Other	17.2%	16.7%

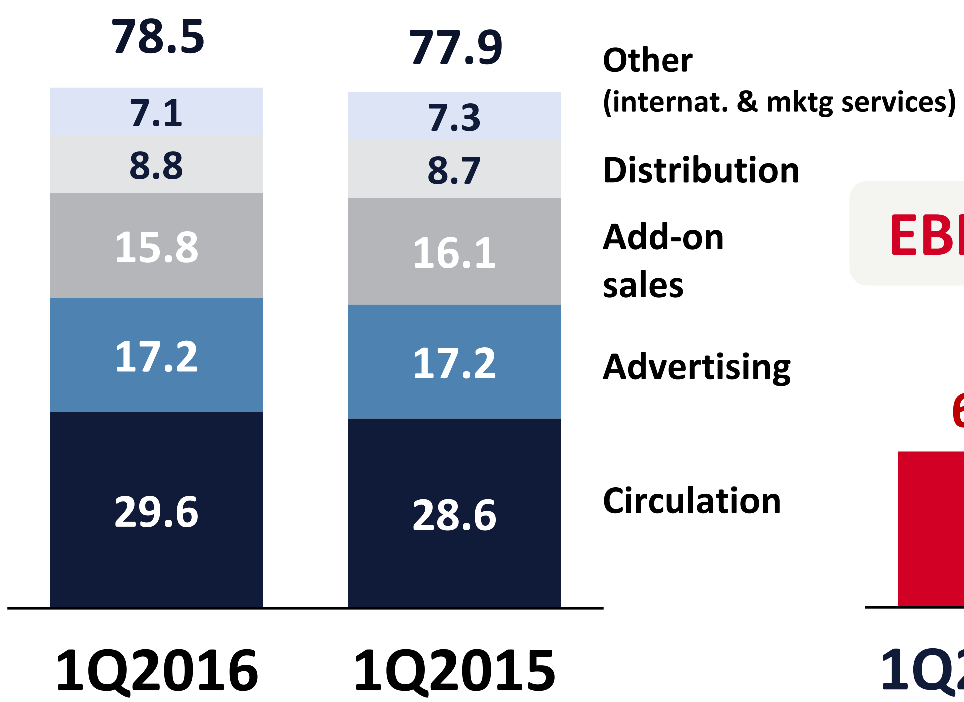
- **Advertising Collection** of AME brand down by **1.8%** (-3.8% like-for-like)
- For the first **3 magazines** (60% of total) digital advertising has represented **15%** of overall collection (for **Donna Moderna**, **web** represented **25%** on total adv revenues)

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

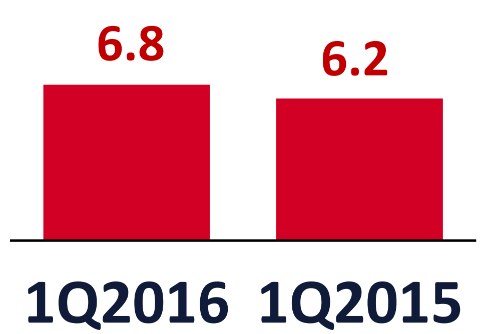
Magazines Italy - Highlights 1Q16

1Q 2016 Performance (€m)

Revenues +0.8%



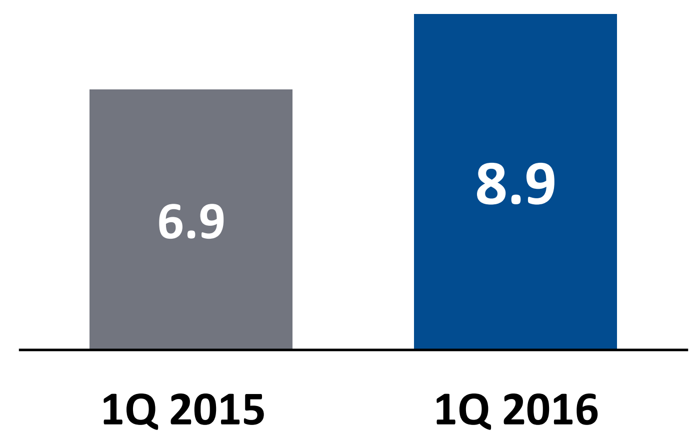
EBITDA +10.6%



MONDADORI MAGAZINE

Web Unique Visitors (mn)

+29%



Source: Audiweb (February 2016)

REVENUES

Growth of **0.8% (-3.7% excluding *G+J/Mondadori**):**

- **circulation** up by **3.7%**, (-9.0% like-for-like due to news-stand channel drop)
- **advertising sales** substantially flat (-0.3%, -2.2% *lfl*); **in Italy, collection (*print+web*) -1.8%** (-3.8% like-for-like), improving trend thanks to the positive performance of digital advertising **(+16%)**
- **add-on sales** declining at a lower rate than 2015 (-1.8%; -2.5% like-for-like), thanks to the positive trend of home-video sales
- **distribution and sales to third parties: +1.4%** for the portfolio development of independent publishers (60% of total)

EBITDA

EBITDA significantly up by **+11%** 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

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

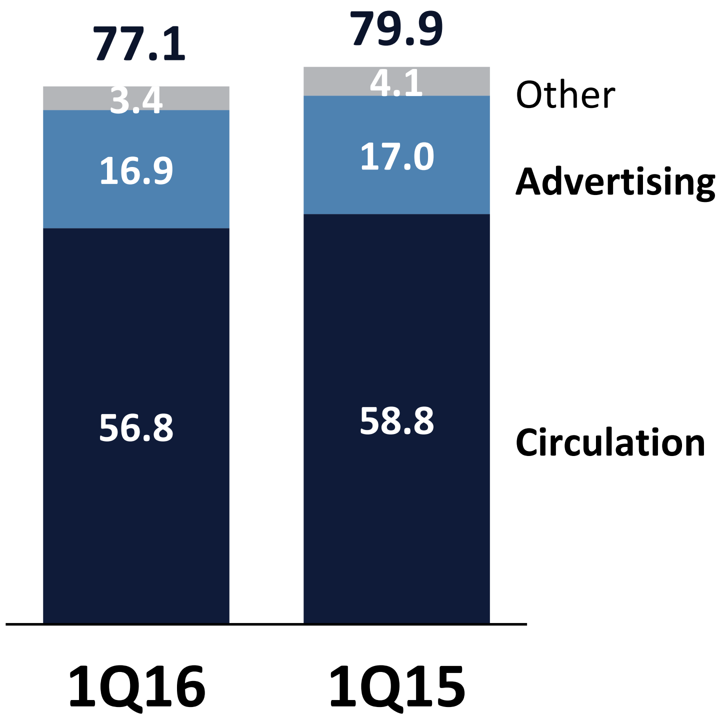
Magazines France - Highlights 1Q16

GRUPPO

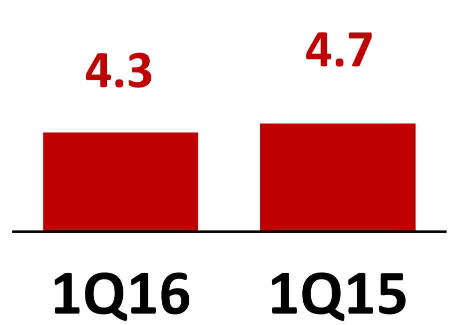
Performance - 1Q 2016 (€m)

MONDADORI FRANCE

Revenues -3.5%

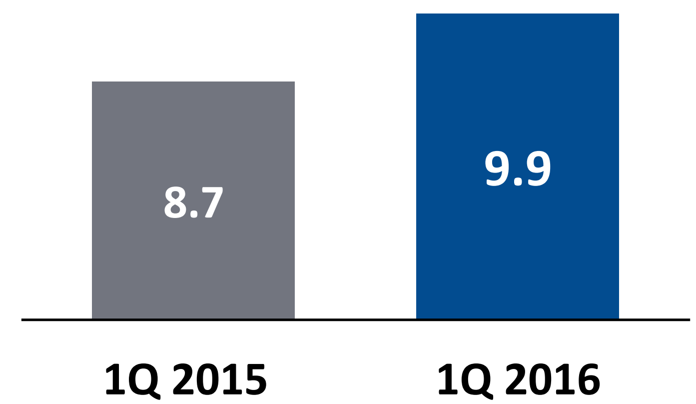


EBITDA -8.4%



Web Unique Visitors (mn)

+13%



Source: Médiamétrie Netratings, February 2016

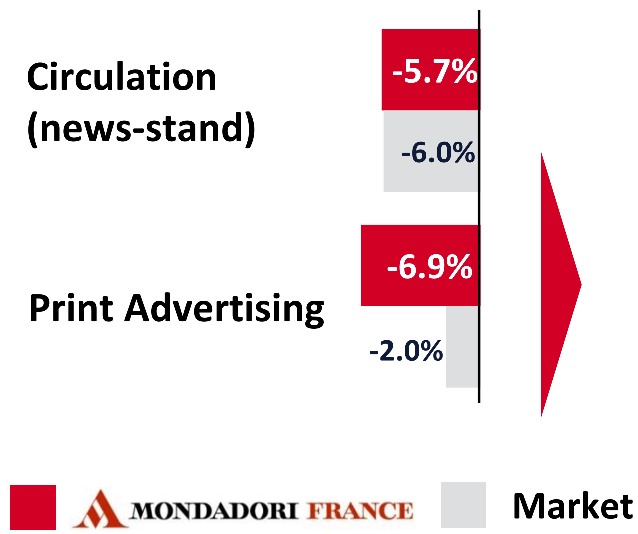
REV.

- **Circulation** (74% of total) down by 3.4% of which **newsstands** -7.5% (-5.7% like-for-like) and flat **subscriptions** (+0.6% like-for-like)
- **Advertising sales** (*print+web*) down by 0.7% of which **digital** (20% of total adv) **has grown by over 21%**

EBITDA

- **EBITDA before non recurring items** down, mainly due to costs related to M&A activity (€0.4m)
- **Positive and growing EBITDA of digital business**

Mondadori vs Market



Advertising Market (volume)

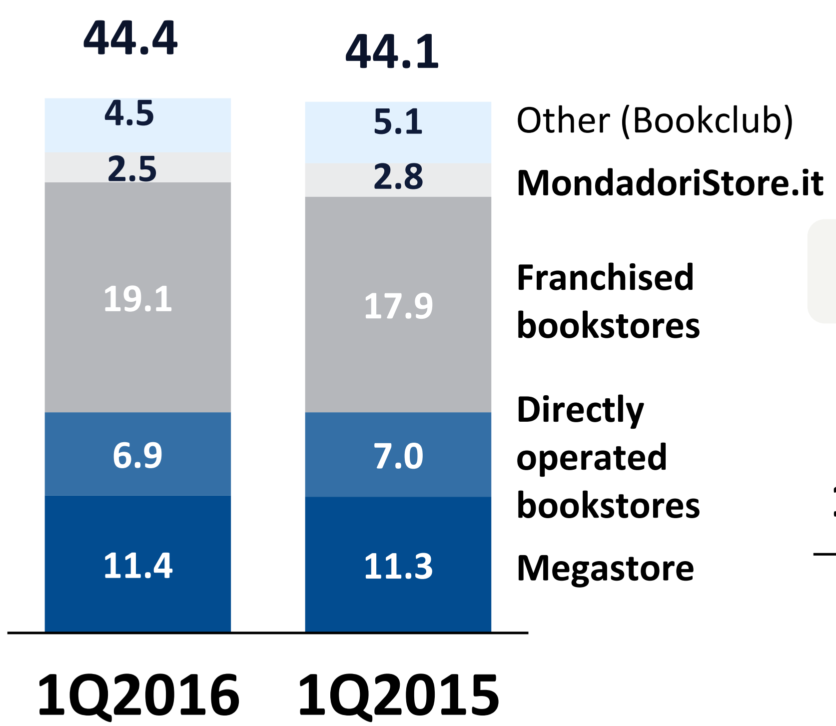
	1Q16	1Q15
MONDADORI FRANCE	10.3%	9.9%
Lagardère	10.7%	11.3%
PM	10.0%	8.6%
CONDÉ NAST	6.5%	7.0%
LE FIGARO	6.0%	5.9%
Other	56.5%	57.3%

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

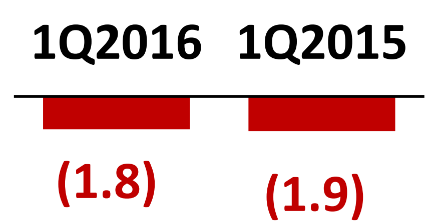
Retail - Highlights 1Q16

1Q 2016 Performance (€m)

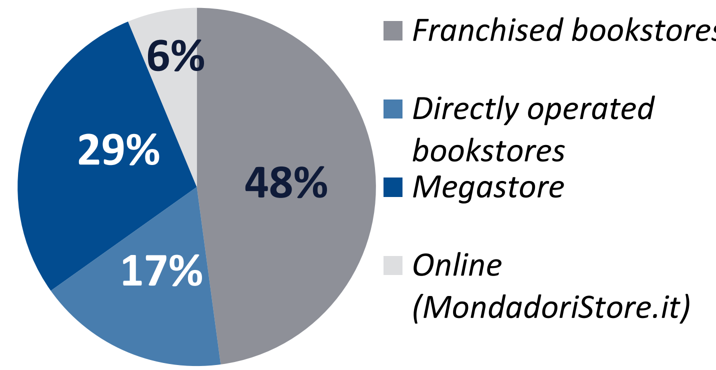
Revenues +0.8%



EBITDA +4.2%



1Q 2016 Revenues* by channel



April – 10° Megastore in the Arese Shopping Center

Franchised bookstores

	Mar 15	Dec 15	*Q1 Var.*	Mar 16
Franchising	311	316	-3	313
Point	217	232	-4	228
TOT PoS	**528**	**548**	**-7**	**541**

Directly oper. bookstores

	Mar 15	Dec 15	*Q1 Var.*	Mar 16
Bookstore	20	20	0	20
Megastore	8	9	0	9
TOT PoS	**28**	**29**	**0**	**29**

* "Total Store" Revenues; not including Bookclub

REVENUES

Revenues slightly up **+0,8%,** thanks to **franchised bookstores growth** and **Megastore stability**, with an overall above market performance in Book business:

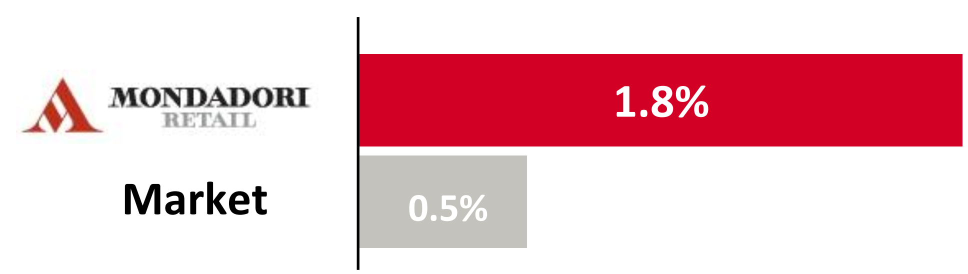
- **Directly oper. Bookstores -1.2%,** (**+4.5%** like-for-like)
- **Franchised bookstores +6.6%,** (**+3.7**% lfl, Book +**4.3%**)
- ***Megastore* +0.5%** (-3.9% like-for-like)

EBITDA

EBITDA before non recurring items improved thanks to:

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

1Q 2016 vs Book Market = 76% of Total Revenues*



In Book segment at March 2016, **market share** of **15.8%** (from 15.3% in 1Q15)

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

GRUPPO MONDADORI

AGENDA

Rizzoli Libri acquisition

Rizzoli LIBRI

Deal Structure	Acquisition of 99.99% share capital of **RCS Libri S.p.A.** and underlying subsidiaries As for regulatory authority provision, the company Marsilio Editori and the Bompiani business will be divested
Valuation	**Consideration** equal to **€ 127.1** million **NFP** at closing equal to **€16** million **Price adjustment** mechanisms of up to **+/- € 5.0** million based on pre-set FY2015 actual results of RCS Libri **Earn-out** up to a maximum amount of **€ 2.5** million based on the achievement of specific results in the Books segment in FY2017
Financing	The consideration has been entirely settled in cash at closing date and financed by a dedicated credit line An agreement was signed in December 15 with lending banks to reschedule the existing line reviewing **longer deadlines** and **better conditions** for the Group
Value Creation	Expectation of **run-rate synergies** of approx. **€ 10 million/year confirmed** (24 months from acquisition) **Accretive deal** starting 2016

Mondadori post-deal

GRUPPO

MARKET SHARE

TRADE (31.12.2015)

Mondadori	24.0%	+	Rizzoli Libri	10.3%	=	34.3%

31.1% excl. Marsilio & Bompiani

GeMS	10.7%	Giunti	7.1%	la Feltrinelli	4.6%
Newton Compton Editori	2.4%	DeAgostini Libri	2.2%	Others	38.8%

Source: GFK, 2015

EDUCATION (31.12.2015)

Mondadori	12.5%	+	Rizzoli Libri	12.1%	=	24.6%

Zanichelli	18.3%	Pearson Education	15.0%
DeAgostini Libri	10.0%	Others	32.1%

Source: AIE, 2015 – data based on adoption volumes

Mondadori post-deal

9M 2016 actual consolidation

Key Financials 2015 – 12 months (excl. disposals)

€ mn

	MONDADORI LIBRI	Rizzoli LIBRI (Pro-forma)	Total Books Business
REVENUES	**€ 320.8 mln** Trade: € 160.4 mn Educational: € 112.4 mn Distribution&other: € 48.0 mn	**€ 198.5 mln** Trade & other: € 83.8 mn Education: € 85.2 mn International: € 29.5 mn	**~ € 520 mln**
EBITDA *b.n.r.* *(margin %)*	**€ 42.7 mln** *(13%)*	**€ 12.3 mln** *(6%)*	**~ € 55 mln** *(10%)*
HEADCOUNT (31.12.15)	581	~ 280	~ 860

(110 dedicated to logistics & distribution)

Pro-forma 2015 figures based on 2015 approved financial statements; for Rizzoli Libri, financials 2015 excluding Adelphi, Marsilio Editori and Bompiani consolidation. Combined Financials exlcude intercompany revenues

Outlook FY16 – Digital Strategy

Traditional Magazine reference markets still recording decreasing trends:

1	**Consumption of media/entertaiment** content is quickly changing • People are buying less and reading less paper Magazines • The audiences are moving online, on different media and devices
2	Media budgets for **Promotion & Marketing** are following the audience: shift of adv campaigns from magazine to **new media** (mainly digital)

A radical transformation is needed to sustain business future development

Outlook FY16 – Digital Strategy

«Vertical» development

Disposal

- Vertical 1 ✗
- Vertical 2 ✗

Development

- Vertical 3 ✓
- Vertical 4 ✓

Focus on **few «futurable» Verticals** to develop a **multimedia leadership**, through new business models and a new language, with greater monetization oppotunities

Vertical Women Lifestyle

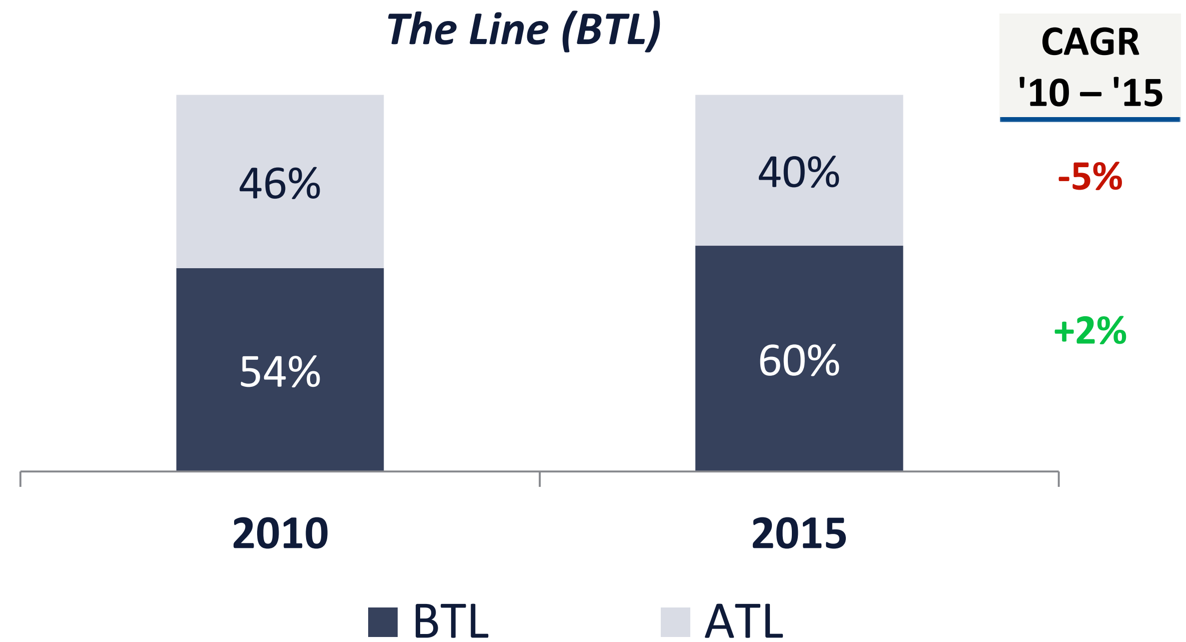
Vertical (What's on) TV

Vertical Auto

«Horizontal» development

- Leveraging on **Mondadori key strengths**:
  - access to tier-1 **advertisers network**
  - ability to produce **high-quality editorial contents**
- Development of ***Digital Marketing Services***, to further monetize audiences, addressing the advertising market ***Below the Line (BTL)*** through
  - Data analytics
  - Web marketing
  - Content marketing
  - Social media management
  - Events/Sponsorships

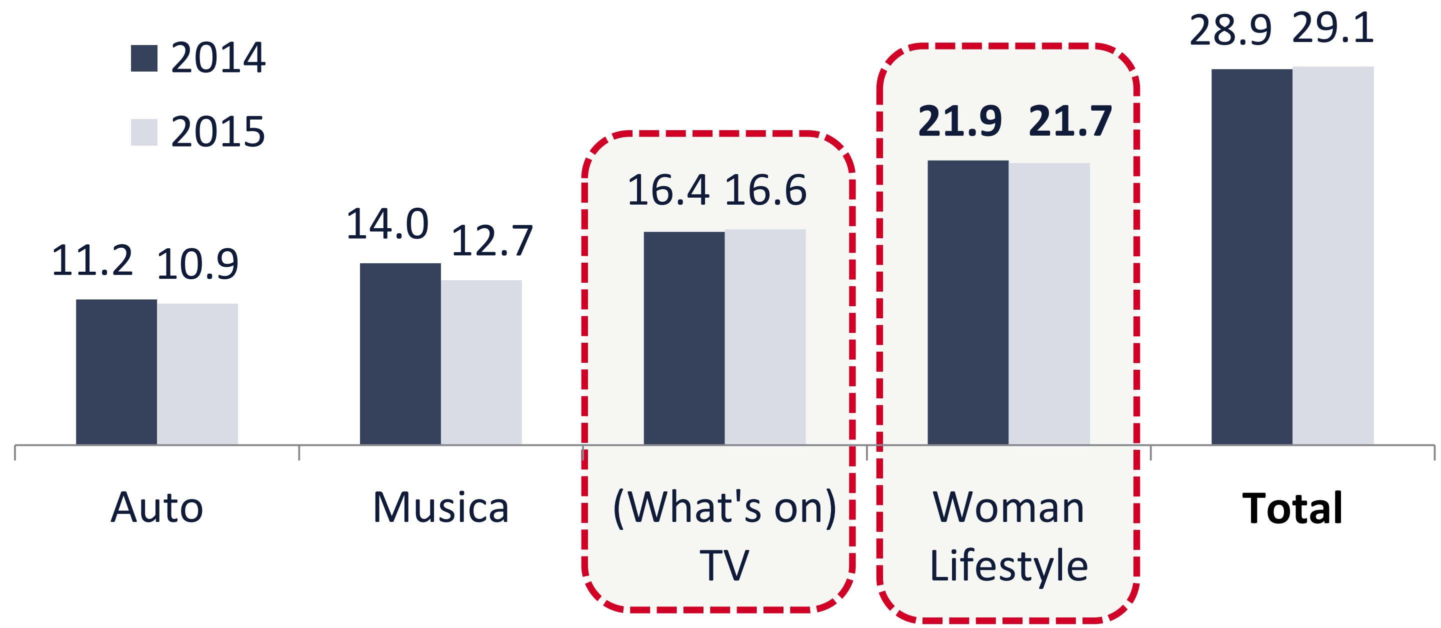
ADV Italian Market - *Above The Line (ATL) & Below The Line (BTL)*



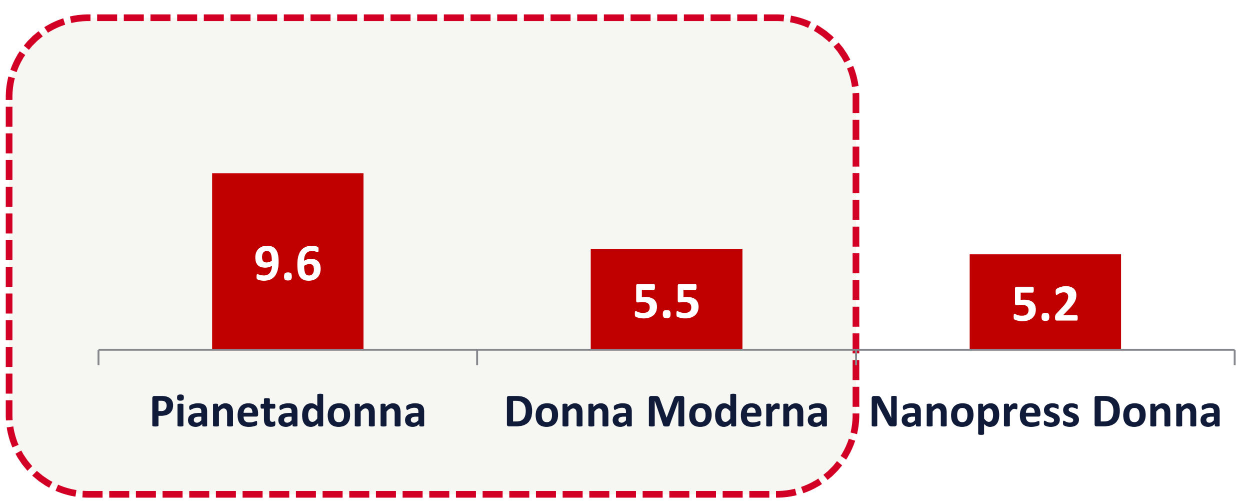
Source: Mondadori estimates on Nielsen-GroupM-Zenith data

Outlook FY16 – Digital Strategy

Digital Audience in Italy by Vertical - UVs /month



Top 3 Women Lifestyle networks in Italy - UVs /month

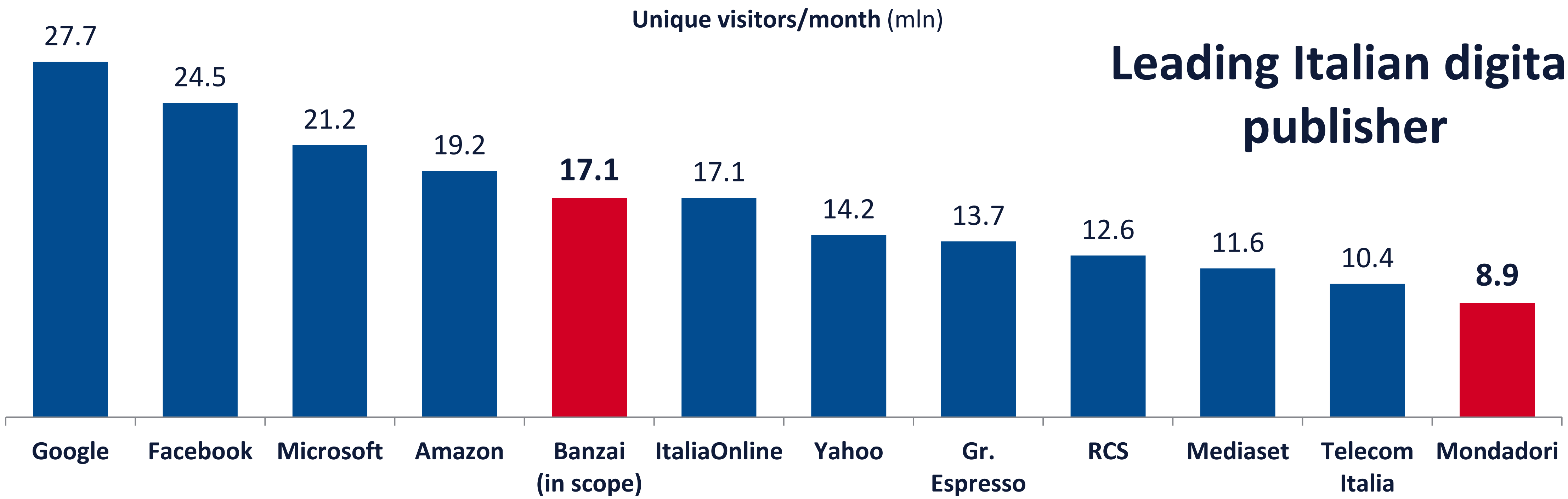


Donna Moderna Network

The ambition is to become **a leader** in **Women Lifestyle** vertical both through organic growth and acquisitions

Source: Audiweb, December 2015

Banzai Media Acquisition



Leading Italian digital publisher

Women	Food	Health & Wellness	Students	Other properties
Leader in Italy	Leader in Italy	New activities	Leader in Italy	Niche Verticals
• **9.2 M** Unique Visitors • **154.7 M** Pages Viewed • **8.7 M** Videoviews/ mese	• **8.0 M** Unique Visitors • **190.5 M** Pages Viewed • **5.6 M** Videoviews/ mese	• **Mypersonaltrainer**: **3.9 M** UVs (incl. in Women) • **Farmacoecura: 2.2 M** UVs	• **4.7 M** Unique Visitors • **49.3 M** Pages Viewed • **2.2 M** Videoviews/ mese	• **Smartworld**: **3.0 M** UVs • **Soldionline**: **1.1 M** UVs (incl.in News) • **Pianetamamma**: **0.9 M** UVs (incl.in Women) • **Zingarate**: **0.8 M** UVs • **Film TV**: **0.7 M** UVs

Source: Audiweb December 2015

Outlook FY16 – Digital Strategy

Strategic Rationale

1	Undisputed **leader** in highly **complementary key Verticals** (e.g. Women, Food, Health & Wellness), with significant critical mass, technology and know-how, essential for anticipating market trends
2	Creating a financially **stronger and profitable Digital player**
3	A solid platform and innovative skills to develop additional activities in **Digital Marketing Service**
4	Further opportunities from **product innovation** and **brand extention** initiatives

GRUPPO

High complementarity between Mondadori and Banzai on key Verticals

Vertical	Mondadori Group	Banzai Media
Women	DONNA MODERNA.COM	PIANETA donna
Food	sale&pepe	GialloZafferano, Cook AROUND
Health & Wellness	Starbene	Mypersonaltrainer, FarmacoeCura
Mums & Kids	NOSTRO FIGLIO.it	PIANETA Mamma
(what's on) TV	sorrisi e canzoni TV	Film tv
News	Panorama, Focus	Liquida, altervista, Soldionline, Sport Live, smartworld
Others No overlap	GRAZIA, Chi, CASA facile, INTERNI, …	Studenti.it, Zingarate

Outlook FY16 – Digital Strategy

GRUPPO

Banzai Media Valuation

Enterprise Value (excl. earn-out)	41 M€
+/- NFP	-13.1 M€
+/- other adjustments	-3.3 M€
Price at closing	24.6 M€

EV Tot.

Up-front	41 M€
Earn-out (2016-2018 results)	4 M€

2015 Financials	
Revenues	*24 M€*
EBITDA	*4 M€*

Outlook FY16

2016 GOALS

	On like-for-like basis	*With M&A deals**
REVENUES	**Steady revenues**	**About + 14%**
EBITDA	**High-single digit** operating growth	Operating growth **~ +30%**
NFP	**Improved** compared to 2015 year-end	**Increased** compared to 2015 year-end
NFP/EBITDA	**< 2.5x**	**~ 3.5/3.6x**

* Includes Rizzoli Libri, consolidated from April, 1° 2016 - but excluding Marsilio Editori and Bompiani, and Banzai Media Holding from 2016 second-half

GRUPPO MONDADORI

Attachments

Consolidated P&L - 1Q16

€ mln	1Q 2016	Inc.%	1Q 2015	Inc.%	Var.%
Net Revenues	**254.8**	*100.0%*	**249.2**	*100.0%*	***2.2%***
COGS	101.6	*39.9%*	97.4	*39.1%*	*4.3%*
Variable costs	61.1	*24.0%*	60.9	*24.4%*	*0.5%*
Fixed costs	28.7	*11.3%*	29.6	*11.9%*	*-2.9%*
Personnel cost	53.3	*20.9%*	53.7	*21.5%*	*-0.7%*
Other expenses/(income)	-0.8	*-0.3%*	-2.6	*-1.1%*	*-68.5%*
Associates	-0.7	*-0.3%*	-1.5	*-0.6%*	*53.5%*
EBITDA before non recurring items	***10.1***	***4.0%***	***8.8***	***3.5%***	***15.3%***
Restructuring costs	-1.6		-3.0		*-48.3%*
Positive /(negative) non recurring items	0.0		1.3		*n.m.*
EBITDA	**8.5**	***3.4%***	**7.0**	***2.8%***	***22.1%***
D&A	5.4	*2.1%*	4.9	*2.0%*	*12.1%*
EBIT	**3.1**	***1.2%***	**2.1**	***0.9%***	***44.7%***
Net Financials	-3.6	*-1.4%*	-4.4	*-1.8%*	*-18.6%*
Other income/(charges) from associates	0.0	*0.0%*	-0.1		*n.m.*
Pre-Tax Result	**-0.5**	***-0.2%***	**-2.4**	***-1.0%***	***78.6%***
Income taxes	0.9	*0.4%*	0.8	*0.3%*	*10.9%*
Minorities	0.4	*0.2%*	0.5	*0.2%*	*-16.1%*
Result from continuing operations	**-1.8**	***-0.7%***	**-3.7**	***-1.5%***	***51.2%***
Result from discontinued operations	0.0	*0.0%*	-1.0	*-0.4%*	*n.m.*
Net Revenues	**-1.8**	***-0.7%***	**-4.7**	***-1.9%***	***61.4%***

EBITDA by Business Area - 1Q16

EBITDA before non recurring items

	1Q 2016	1Q 2015	Margin % 2016	Margin % 2015	*Var.*
Books	4.1	2.7	*6.5%*	*4.8%*	*1.5*
Magazines Italy	6.8	6.2	*8.7%*	*7.9%*	*0.7*
Magazines France	4.3	4.7	*5.6%*	*5.9%*	*(0.4)*
Retail	(1.8)	(1.9)	*(4.1%)*	*(4.3%)*	*0.1*
Corporate & Shared Services	(3.3)	(2.9)	*n.s.*	*n.s.*	*(0.5)*
EBITDA	**10.1**	**8.8**	***4.0%***	***3.5%***	***1.3***

Consolidated Balance Sheet - 1Q16

€ mln	31.03.2016	31.03.2015 *Radio restated*	Delta	31.12.2015
Trade receivables	241.9	249.2	*(7.3)*	242.1
Inventory	108.5	116.7	*(8.1)*	108.2
Trade payables	(336.1)	(333.8)	*(2.3)*	(349.6)
Other assets/(liabilities)	(24.3)	(3.2)	*(21.1)*	(30.5)
NWC	**(10.0)**	**28.9**	***(38.8)***	**(29.7)**
Intangible asstes	550.9	552.7	*(1.7)*	552.3
Tangible assets	30.2	31.1	*(0.9)*	31.2
Investments	44.0	39.9	*4.1*	44.9
FIXED INVESTED CAPITAL	**625.2**	**623.7**	***1.5***	**628.5**
Provisions	(54.4)	(58.7)	*4.2*	(59.7)
Indemnity severances	(43.0)	(45.5)	*2.5*	(44.1)
Assets/(Liabilities) of discontinued operations	0.0	56.0	*(56.0)*	0.0
NET INVESTED CAPITAL	**517.8**	**604.3**	***(86.6)***	**495.0**
SHAREHOLDERS' EQUITY	**292.8**	**285.2**	***7.7***	**295.6**
NFP	**224.9**	**319.2**	***(94.2)***	**199.4**
NET INVESTED CAPITAL	**517.8**	**604.3**	***(86.6)***	**495.0**

Net Financial Position - 1Q16

GRUPPO

€ mln	1Q 2016	1Q 2015
Net Financial Position (start of the period)	**(199.4)**	**(291.8)**
EBITDA before non recurring items	10.1	8.8
Associates	0.9	0.9
NWC and Funds	(22.3)	(23.1)
CAPEX	(3.0)	(2.6)
Operating Cash Flow	**(14.4)**	**(16.0)**
Net financial charges	(3.6)	(4.4)
Taxes	(1.4)	(1.9)
Ordinary Cash Flow	**(19.4)**	**(22.3)**
Treasury & new shares placement		
Cash-out for restructuring	(4.1)	(6.8)
VAT receivables cash-in		2.1
Acquisitions/Disposals	(2.0)	(0.3)
Extraordinary Cash Flow	**(6.1)**	**(5.0)**
Total Cash Flow	**(25.5)**	**(27.3)**
Net Financial Position (end of the period)	**(224.9)**	**(319.2)**

Investor Relations

Tel: +39 02 75423695

invrel@mondadori.it

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.