GRUPPO MONDADORI

1Q17 Results

Investor Presentation

Segrate, 11 May 2017

GRUPPO MONDADORI

AGENDA

1. 1Q17 Highlights
2. 1Q17 Results
3. 1Q17 Headcount
4. FY17 Outlook
5. Attachments

1Q17 Highlights

€ mn

1Q17

	2017	2016	*w/o Rizzoli Libri*
Revenues	**261.1**	254.8	-5.8%
Adjusted EBITDA	**3.5**	10.1	+8.3%
EBITDA	**1.8**	8.5	+8.8%
Net Result	**(9.2)**	(1.8)	Improvement to € -1.6 million

1Q17 Highlights

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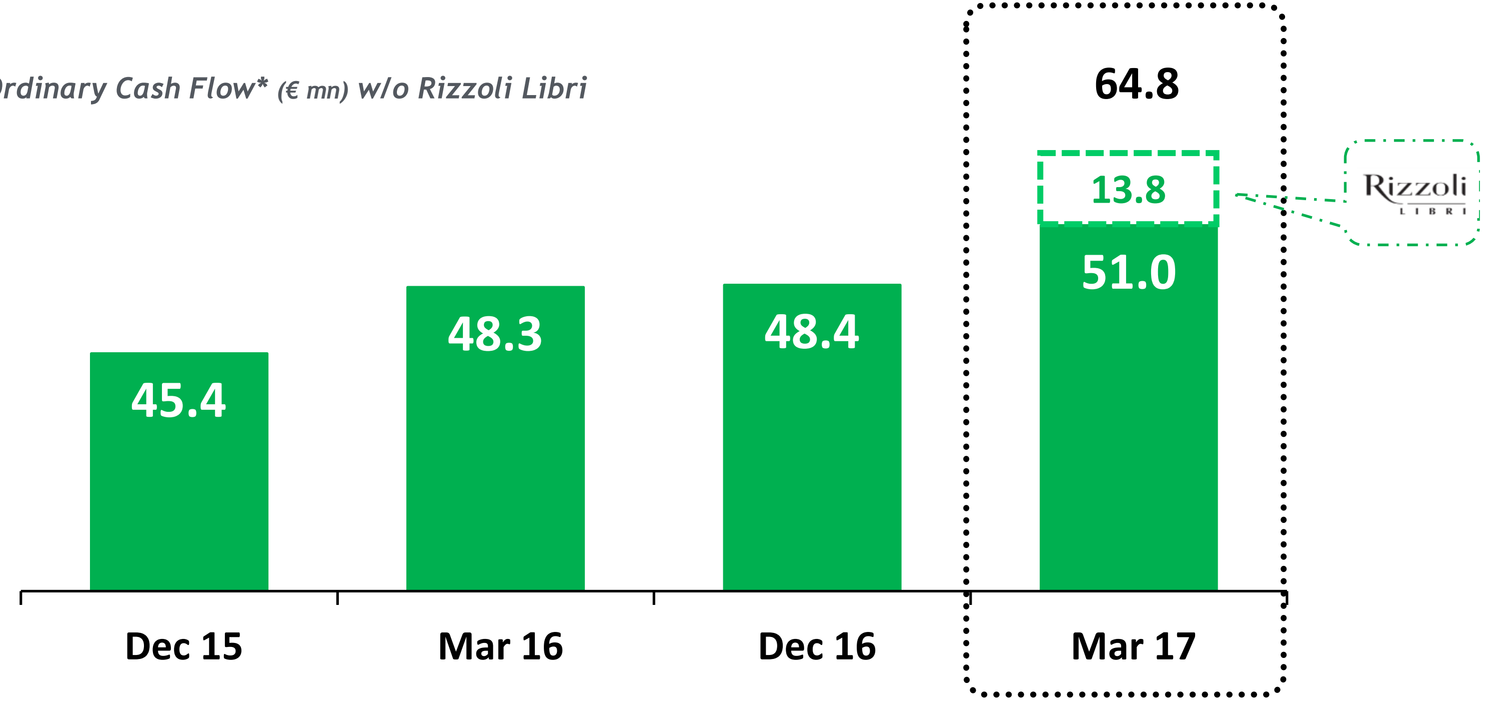
Continuos improvement of cash generation from business

LTM Ordinary Cash Flow (€ mn) w/o Rizzoli Libri*



*** Ordinary Cash Flow:** Operating Cash Flow net of investiments, taxes and financial charges

1Q17 Highlights

In first months of 2017 Mondadori Group has successfully continued its **focalization on core business**, through the disposal of non-strategic assets

MONDADORI LIBRI | MONDADORI RETAIL

Disposal of **logistics activities** (and real estate property)

Benefits since 2018

Apr 2017

MONDADORI FRANCE

NaturaBuy disposal

May 2017

Included in 2017 *guidance*

	Apr 2017		May 2017		
Impact on 2017 NFP	**€ 6.5 million**	+	**€ 9.4 million**	=	**€ 15.9 million**
Impact on 2017 reported EBITDA	**€ 4.2 million**	+	**€ 3.3* million**	=	**€ 7.5* million**

* Includes deconsolidation of NaturaBuy since 1 may 2017

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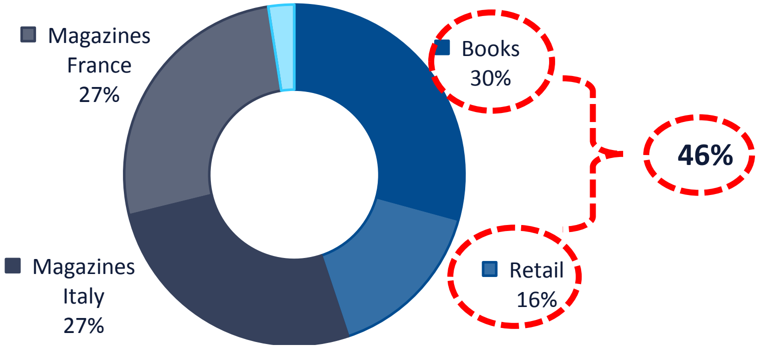
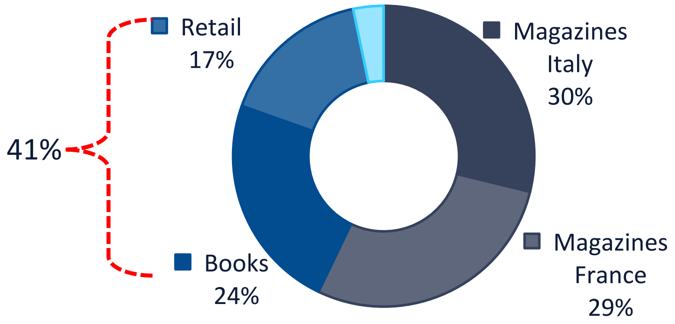
1Q17 Revenues by Business Area

€ mn	1Q 2017	*1Q 2017 w/o Rizzoli Libri*	1Q 2016	*Var.%*	*Var.% w/o Rizzoli Libri*
Books	**80.3**	*59.7*	63.4	*26.6%*	*(5.9%)*
Retail	**42.9**	*42.9*	44.4	*(3.5%)*	*(3.5%)*
Magazines Italy	**72.2**	*72.2*	78.4	*(8.0%)*	*(8.0%)*
Magazines France	**72.4**	*72.4*	77.1	*(6.2%)*	*(6.2%)*
Corporate & Shared Services	**7.5**	*7.5*	5.4	*40.6%*	*40.6%*
Intercompany	*(14.1)*	*(14.5)*	*(14.0)*	*1.0%*	*3.6%*
Total Revenues	**261.1**	***240.1***	**254.8**	***2.5%***	***(5.8%)***

1Q 2017

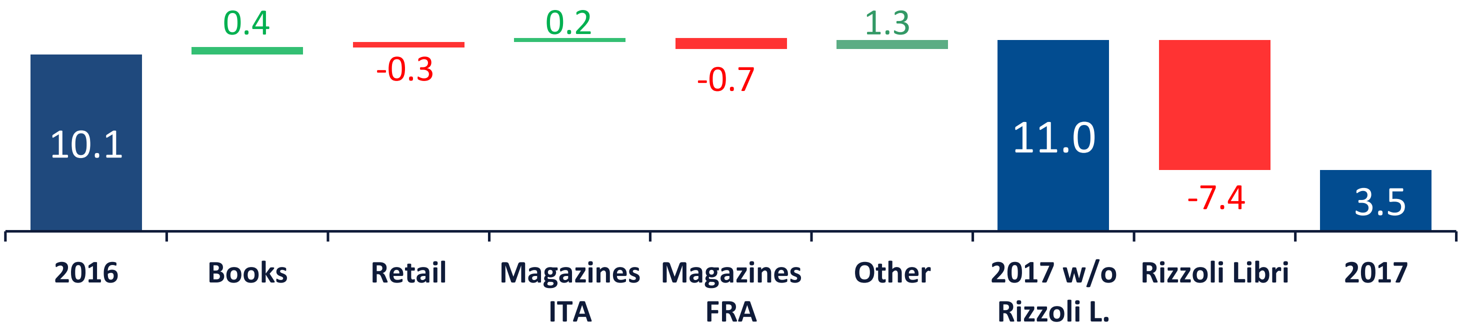


1Q 2016



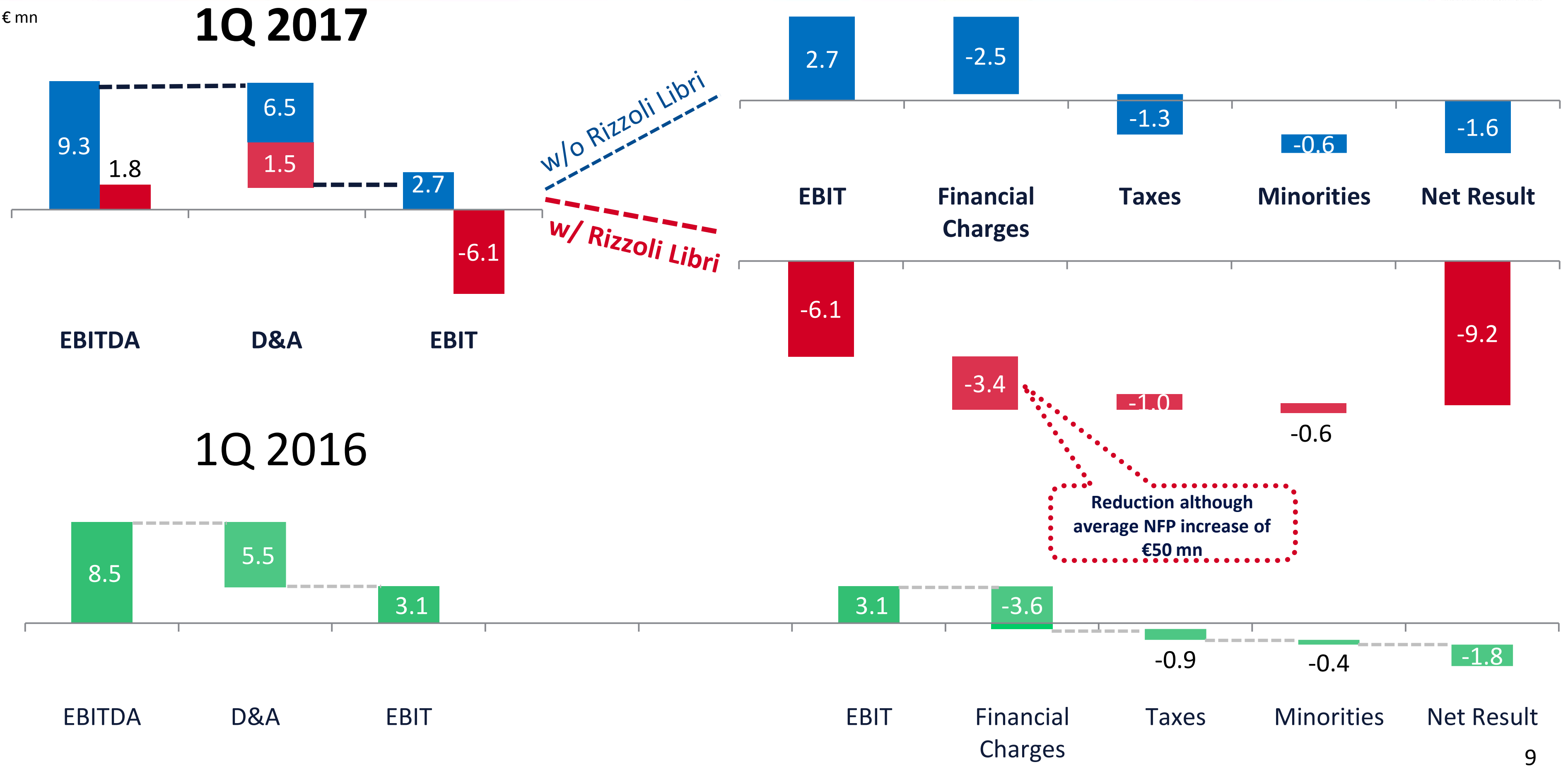
1Q17 EBITDA Adjusted by Business Area

€ mn



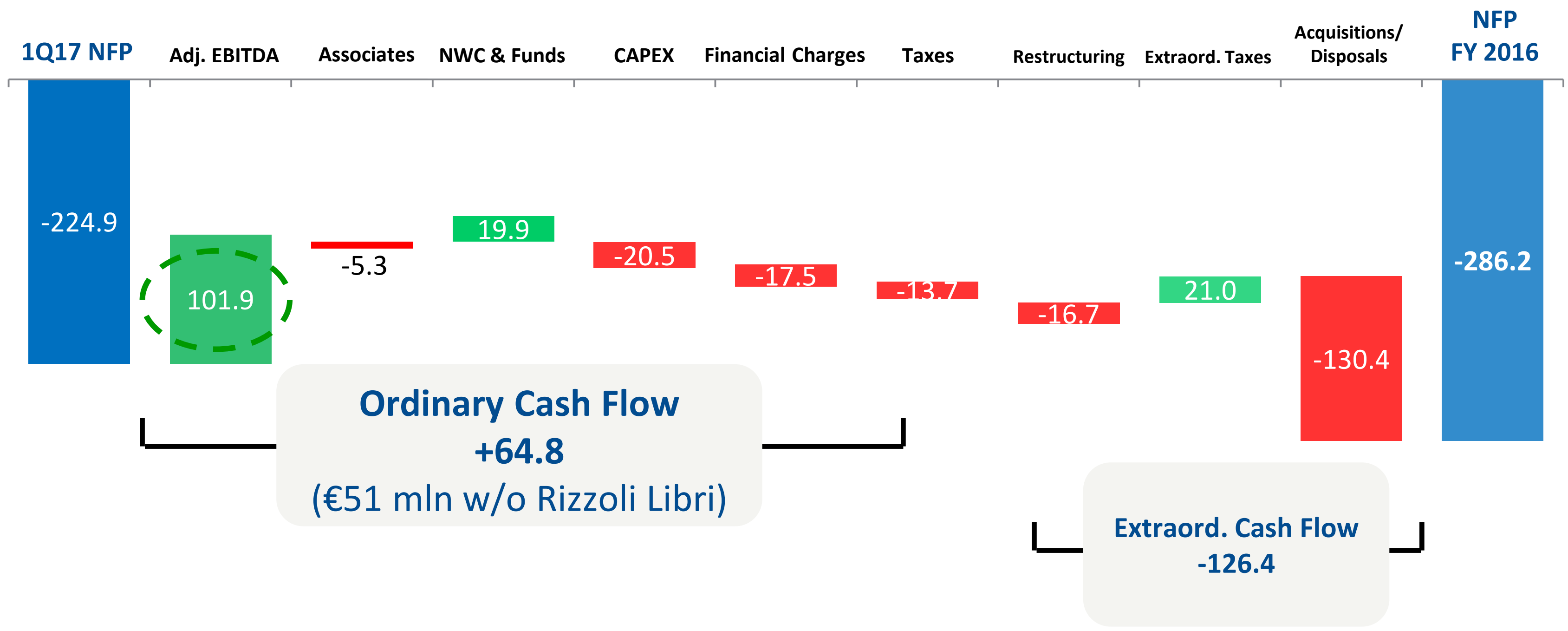
€ mn	1Q 2017	*1Q 2017 w/o Rizzoli Libri*	1Q 2016	*Var.%*	*Var.% w/o Rizzoli Libri*
Books	(3.0)	*4.5*	4.1	*n.m.*	*8.2%*
Retail	(2.1)	*(2.1)*	(1.8)	*n.m.*	*(14.8%)*
Magazines Italy	6.6	*6.6*	6.4	*2.9%*	*2.9%*
Magazines France	3.6	*3.6*	4.3	*(17.4%)*	*(17.4%)*
Corporate & Shared Services	(1.5)	*(1.5)*	(2.9)	*n.m.*	*n.m.*
Adj. EBITDA	**3.5**	*11.0*	**10.1**	***n.m.***	*8.3%*

1Q17 From EBITDA to Net Result



1Q17 Cash Flow

€ mn



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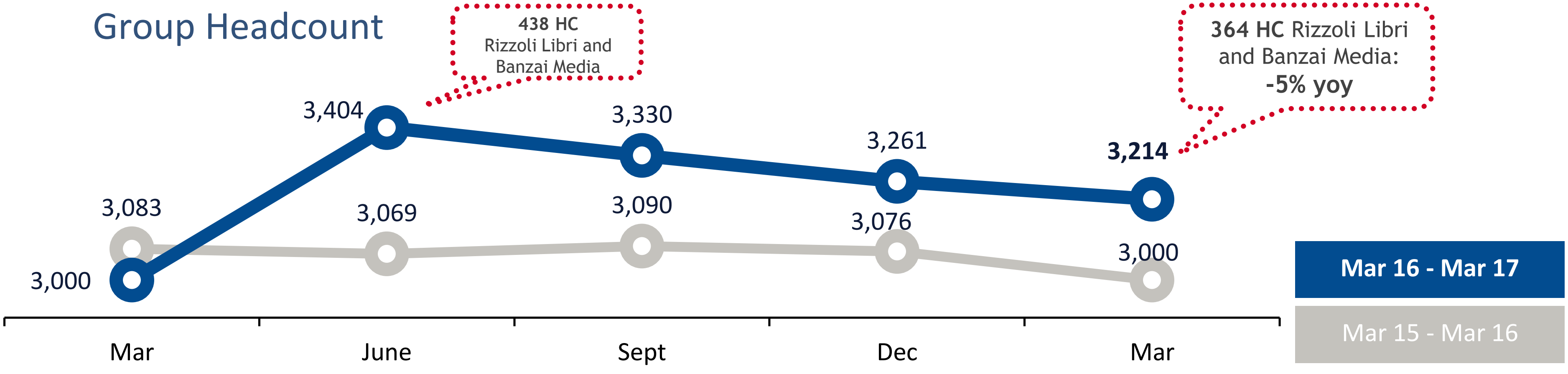
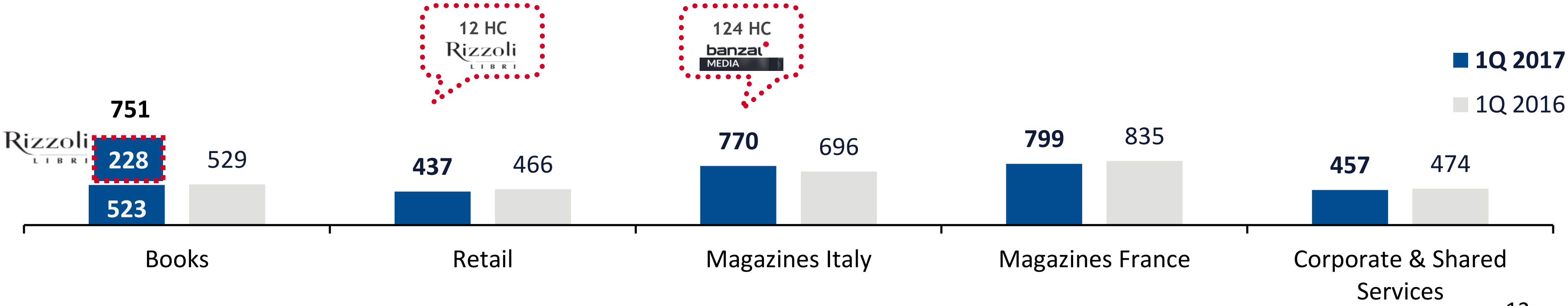
1Q17 Headcount

Group Headcount



Headcount by BU



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FY17 Outlook

2017 target confirmed

REVENUES*	stable
Adj. EBITDA*	high-single digit growth
Net Result	+30% increase
NFP/Adj. EBITDA	2.2x–2.0x

** Trends calculated on pro-forma 2016 (as if Rizzoli Libri and Banzai Media would have been consolidated from 1° Jan 2016): Revenues approx. €1,280 million and Ebitda adjusted about €100 million*

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BACKUP

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1Q17 Profit&Loss

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Euro/millions	1Q17	% on revenue	1Q17 excluding Rizzoli Libri	% on revenue	1Q16	% on revenue	Var. %	Var. % excluding Rizz. Libri
Revenue from sales and services	**261.1**	100.0%	**240.1**	100.0%	**254.8**	100.0%	**2.5%**	**-5.8%**
Cost of sold items	80.3	30.8%	70.4	29.3%	80.3	31.5%	0.1%	-12.4%
Variable costs	91.3	35.0%	82.0	34.2%	87.2	34.2%	4.7%	-5.9%
Fixed costs	28.5	10.9%	23.9	10.0%	23.6	9.3%	20.9%	1.4%
Cost of personnel*	61.8	23.7%	57.1	23.8%	55.9	22.0%	10.4%	2.1%
Other costs/(income)	-4.8	-1.8%	-4.7	-2.0%	-3.1	-1.2%	n.m.	n.m.
Result - associates	-0.5	-0.2%	-0.4	-0.2%	-0.7	-0.3%	n.m.	n.m.
Adjusted EBITDA	**3.5**	**1.3%**	**11.0**	**4.6%**	**10.1**	**4.0%**	**-65.3%**	**8.3%**
Restructuring costs	-1.4		-1.4		-1.6		-9.0%	-9.0%
Non-ordinary items	-0.3		-0.3		0.0		n.m.	n.m.
EBITDA	**1.8**	**0.7%**	**9.3**	**3.9%**	**8.5**	**3.4%**	**-78.6%**	**8.8%**
Amortization, depreciation and impairment	8.0	3.0%	6.5	2.7%	5.5	2.1%	46.1%	20.1%
EBIT	**-6.1**	**-2.3%**	**2.7**	**1.1%**	**3.1**	**1.2%**	**n.m.**	**-11.3%**
Net financial income (costs)	-3.4	-1.3%	-2.5	-1.0%	-3.6	-1.4%	-6.0%	-31.0%
Income (costs) from other investments	0.0	0.0%	0.0	0.0%	0.0			
Profit before taxes for the period	**-9.5**	**-3.7%**	**0.3**	**0.1%**	**-0.5**	**-0.2%**	**n.m.**	**n.m.**
Income tax	-1.0	-0.4%	1.3	0.5%	0.9	0.4%	n.m.	39.4%
Minority shareholders' result	0.6	0.2%	0.6	0.2%	0.4	0.2%	52.4%	52.6%
Net result	**-9.2**	**-3.5%**	**-1.6**	**-0.7%**	**-1.8**	**-0.7%**	**n.m.**	**n.m.**

** Cost of personnel includes, as from 1 January 2017, costs for collaborations. Accordingly, last year's cost of personnel has been reclassified for comparative purposes.*

1Q17 Balance Sheet

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Euro/millions	1Q17	2016	1Q16
Net receivables	250.5	300.1	241.9
Net inventory	151.4	143.4	108.5
Trade payables	-381.7	-416.4	-336.1
Other assets/(liabilities)	3.7	-14.6	-24.3
NWC and Provisions	23.9	12.5	-10.0
Intangible assets	611.8	612.2	550.9
Tangible assets	31.7	33.3	30.2
Investments	42.5	43.0	44.0
NET FIXED ASSETS	686.0	688.5	625.1
Provisions	-64.4	-68.6	-54.4
Post-employment benefits	-50.2	-51.0	-43.0
NET INVESTED CAPITAL	**595.4**	**581.4**	**517.8**
Share capital	68.0	68.0	68.0
Minority shareholders' reserves and equity	250.4	227.3	226.7
Net result	-9.2	22.5	-1.8
EQUITY	309.2	317.8	292.9
NFP	286.2	263.6	224.9
TOTAL EQUITY	**595.4**	**581.4**	**517.8**

1Q17 Net Financial Position

(Euro/millions)	Mar.17		Mar.16	LTM	
	Total	*Excluding Rizzoli Libri*		Total	*Excluding Rizzoli Libri*
NFP beginning of period	**-263.6**		**-199.4**	**-224.9**	
EBITDA before non-recurring items	3.5	*11.0*	10.1	101.9	*89.8*
Effect of shareholdings/dividends	0.3	*0.4*	0.9	-5.3	*-5.5*
Change in NWC + provision	-15.1	*-15.5*	-22.3	19.9	*7.5*
CAPEX	-6.3	*-5.2*	-3.0	-20.5	*-15.3*
Cash flow from operations	-17.6	*-9.3*	-14.4	96.0	*76.6*
Financial costs	-3.4	*-2.3*	-3.6	-17.5	*-12.1*
Taxes	-1.4	*-1.4*	-1.4	-13.7	*-13.5*
Cash flow from ordinary operations	-22.4	*-13.0*	-19.4	64.8	*51.0*
Restructuring costs	-5.9		-4.1	-16.7	
Extraordinary tax amounts/prior years	5.5			21.0	
Acquisition / disposal of assets	0.2		-2.0	-130.4	
Cash flow from extraordinary operations	-0.2		-6.1	-126.1	
Total Cash Flow	-22.6		-25.5	-61.3	
NFP end of period	**-286.2**		**-224.9**	**-286.2**	

1Q17 Books Business

€ mn

Trade Market – € 249 mn

-0.4 %

	1Q17	1Q16	Change
Chains	108.7	108.6	+0.2%
Bookstores	66.8	72.1	-7.3%
E-commerce	51.4	41.5	+23.7%
Large retailers	22.4	28.0	-20.3%

1Q17 1Q16

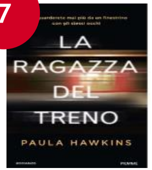
First 2 positions in Top 10 sellers

1


2


4 titles in Top 10 sellers

6


7


Trade Market shares

GRUPPO MONDADORI 28.0%

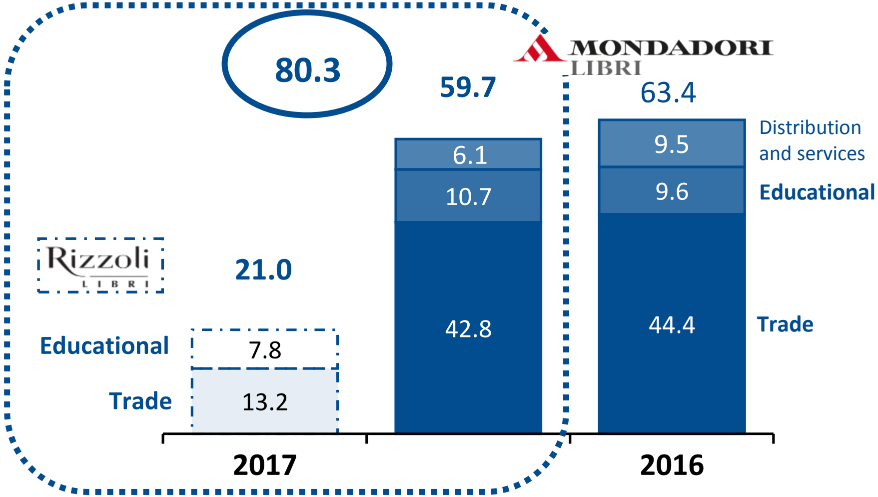
	1Q17	1Q16
MONDADORI LIBRI	22.5%	22.9%
Rizzoli LIBRI	5.5%	6.1%
GeMS	10.4%	9.8%
NEWTON COMPTON EDITORI	2.5%	2.3%
GIUNTI	8.1%	9.2%
DeAGOSTINI LIBRI	1.9%	2.1%
la Feltrinelli	4.3%	4.5%
Others	44.8%	43.1%

Source: GFK, Mar 2017 (sell-out market value data)

1Q17 Books Business

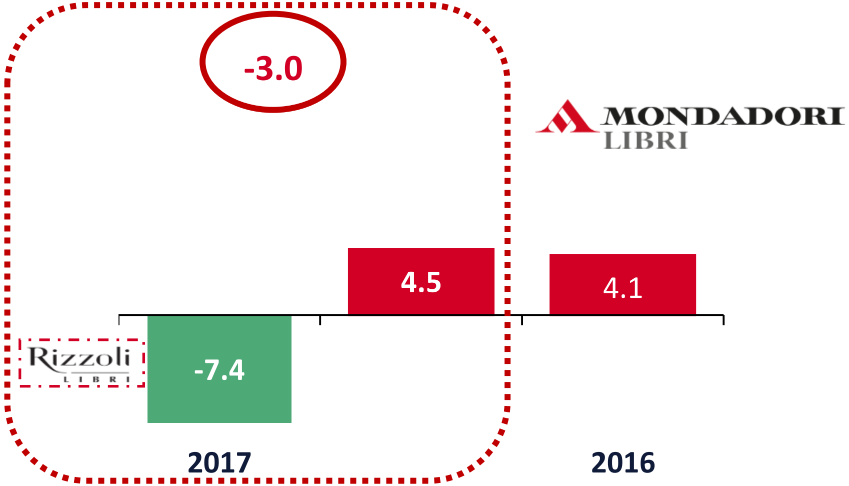
Revenues +26.6%

-5.9% w/o Rizzoli Libri (-0.7% excluding distribut.)



Adj. EBITDA

+8.2% w/o Rizzoli Libri



REVENUES

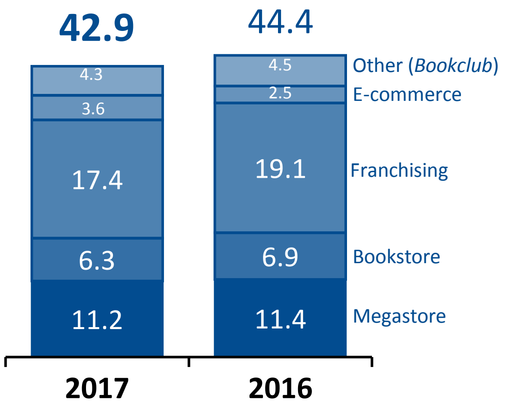
- **Trade +15.9%** (*E-book*: 5.6% of Trade)
- **Educational** revenues doubled (w/o Rizzoli Libri +12.2% due to positive performance of Electa exhibitions)

Adj. EBITDA

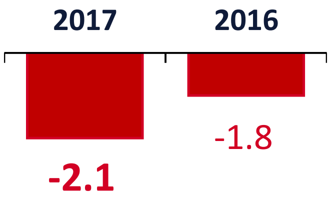
- W/o Rizzoli Libri: +8.2%
- Rizzoli Libri: negative contribution due to seasonality of Education business

1Q17 Retail Business

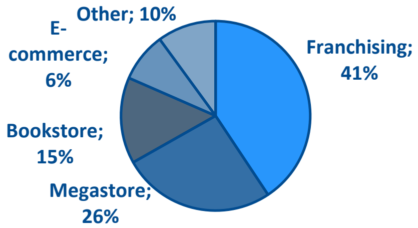
Revenues -3.5%



Adj. EBITDA



Revenues by channel*



Includes Librerie Rizzoli

Franchising

	Dec 16	Var.	Mar 17
Franchising	326	+1	327
Point	221	-5	216
TOT PoS	**547**	**-4**	**543**

Directly Operated Stores

	Dec 16	Var.	Mar 17
Bookstore	20		20
Megastore	11		11
TOT PoS	**31**		**31**

* "Total Store" Revenues; channels do not include Bookclubs

REVENUES

1Q16 took advantage from positive calendar effect (Easter and Feb 29)

- **Megastore** -1.6%, with Consumer Electronics down
- **Bookstore** -8.0% (-5.8% lfl)
- **Franchising** -8.8% (-8.6% lfl)
- **E-commerce +43%** due to positive trend of «18app» (Bonus Cultura)

Adj. EBITDA

- -0,3 mn decrease also due to the negative contribution of Librerie Rizzoli

Book market: 79% of Retail Revenues*

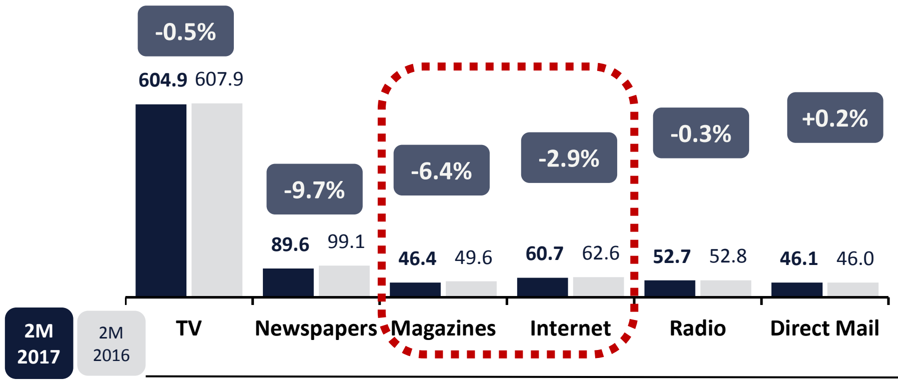
Market share: 14.6% (+0.1 bp vs. Mar 2016)

Source: GFK, Mar 2017 (sell-out market value data)

1Q17 Magazines Business – Italy

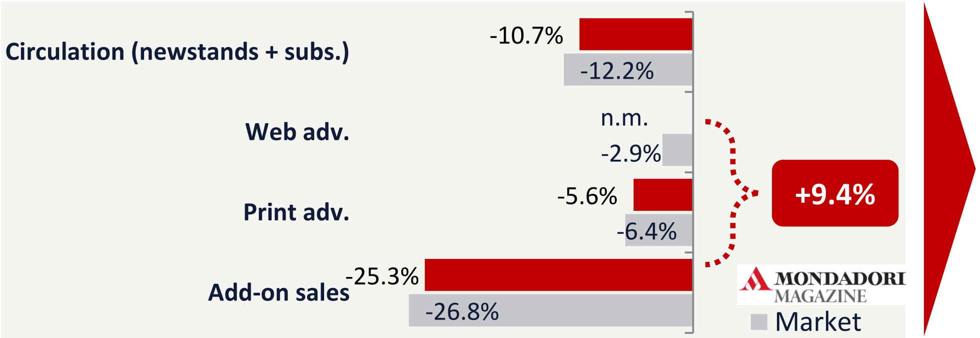
Adv. Market (Feb 2017) – € 929 mn

-2.3%

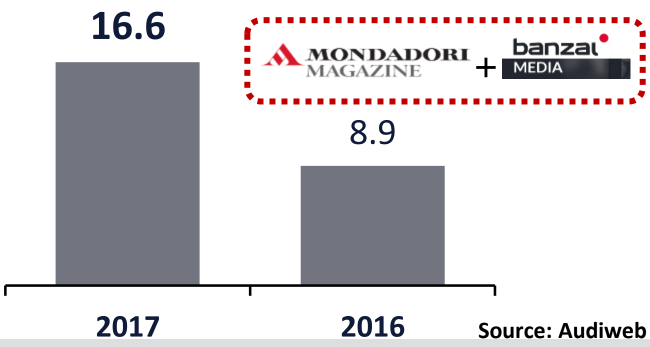


Circulation Market shares

Mondadori Magazine	32.7%	32.3%
Cairo Editore	18.8%	18.3%
RCS	4.9%	4.4%
Casa Editrice Universo	11.1%	10.1%
Hearst magazines	5.4%	5.3%
Condé Nast	3.2%	3.0%
Other	23.9%	26.6%



Web Unique Users / month (mn)

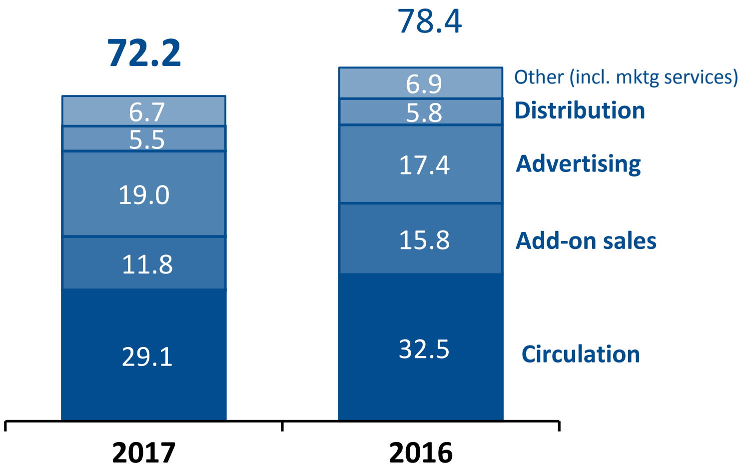


Source: Adv., Nielsen Feb 2017 (value data) - Circulation (newstands+subs.), internal source Press-di Feb 2017 (value data)

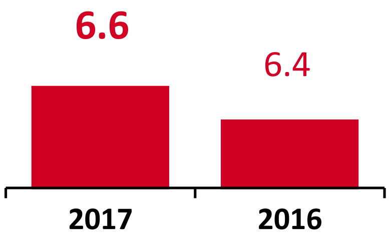
Source: Audiweb (Feb 2017)

1Q17 Magazines Business – Italy

Revenues -8.0%



Adj. EBITDA +2.9%



REVENUES

- **Circulation revenues** -10.7% (57% of the total, including add-on sales)
- **Adv. Revenues** (print + web) **+9.4%**, of which **digital** represents **26% of total adv.**
- **Distribution and sales to third parties** -4.1%, performance better than the market

Adj. EBITDA

- **3% ca. improvement** mainly due to digital team/product integration between Banzai Media and Mondadori

1Q17 Magazines Business – France

MONDADORI FRANCE

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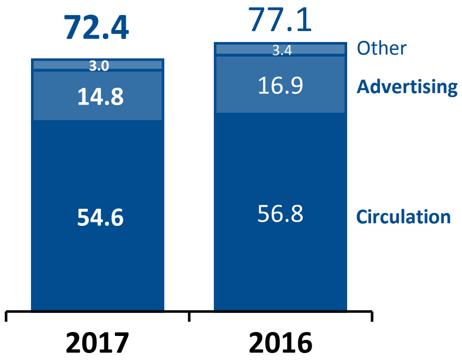
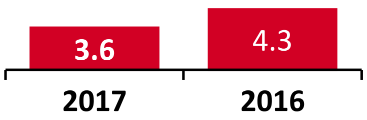
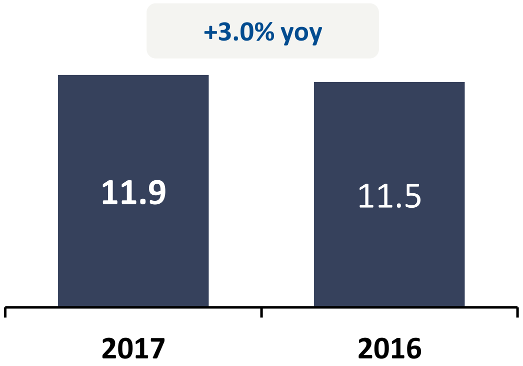
Revenues -6.2%



Adj. EBITDA -17.4%



Web + mobile Unique Users / month (mn)



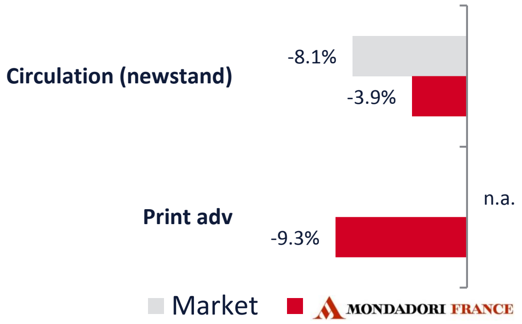
REVENUES

- **Circulation revenues** (76% of the total), down 3.7%:
  - **newstand** -3.9%
  - **subscriptions** -2.5% (54% of the circulation revenues)
- **Adv. revenues** (print + web) down 12.7%, mainly due to **digital** (17% of total adv.)

Adj. EBITDA

- Down due to digital advertising decrease

Mondadori vs Market



Adv Market share (by volume, Gen 17)

	2017	2016
MONDADORI FRANCE	10.2%	9.9%
Lagardère	11.3%	11.3%
	10.6%	10.2%
	4.6%	5.6%
LE FIGARO	4.6%	5.1%
Other	59.3%	58.1%

Source: Circulation, internal source Presstalis Mar 17 – Adv. Print, Kantar Media (volume data) Jan 17

GLOSSARY

Glossary

- **EBITDA** is equal to earnings before interest, tax, depreciation and amortization. The Group also provides information on the percentage of EBITDA on net sales. EBITDA computed by the Group allows operating results to be compared with those of other companies, net of any effects from financial and tax items, and of depreciation and amortization, which may vary from company to company for reasons unrelated to general operating performance

- **Adjusted EBITDA** is gross operating profit as explained above, net of income and expenses of a non-ordinary nature such as
(i) income and expenses from restructuring, reorganization and business combinations;
(ii) clearly identified income and expenses not directly related to the ordinary course of business;
(iii) as well as any income and expenses from nonrecurring events and transactions as set out in Consob communication DEM6064293 of 28/07/2006.

- **EBIT** net result for the period before income tax, and other income and expenses.

- **Net Invested Capital** is equal to the algebraic sum of Fixed Capital, which includes non-current assets and non-current liabilities (net of non-current financial liabilities included in the Net Financial Position) and Net Working Capital, which includes current assets (net of cash and cash equivalents and current financial assets included in the Net Financial Position), and current liabilities (net of current financial liabilities included in the Net Financial Position).

- **Operating Cash Flow** adjusted EBITDA, as explained above, plus or minus the decrease/(increase) in working capital in the period, minus capital expenditure (CAPEX/Investment) and income and expenses from equity investments.

- **Ordinary Cash Flow** is cash flow from operations as explained above, net of financial expenses and taxes paid in the period.

- **Extraordinary Cash Flow** cash flow generated/used in transactions that are not considered ordinary, such as company restructuring and reorganization, share capital transactions and acquisitions/disposals.

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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.

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