GRUPPO MONDADORI

PRESS RELEASE

BoD APPROVES HALF-YEAR FINANCIAL REPORT AT 30 JUNE 2017 [1]

- **Consolidated net revenue 553 million euro: down slightly versus 562.5 million euro in 1H16 (-1.7%);**

- **Consolidated EBITDA 27.3 million euro, up by 21.2% versus 1H16, due also to the positive contribution of certain gains; improving for the fourth consecutive year.**

- **Net result of +4.4 million euro improves by over 8 million euro versus the loss in 1H16;**

- **Group net financial position at -284.4 million euro, improving by approximately 90 million euro versus -374.8 million euro in 1H16**

§

CURRENT YEAR PROJECTIONS

- **Targets confirmed, versus 2016 pro-forma[2] figures, with steady revenue, "high single-digit" growth of adjusted EBITDA[3], with resulting improvement in profit margins and sharp increase in net profit (+30%);**

- **Net financial position projections improve and expected to further reduce versus 31 December 2016 with a net debt/adjusted EBITDA ratio below 2.0x**

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Definition with RCS MediaGroup S.p.A. of the relations regarding the purchase agreement of RCS Libri S.p.A. and the price adjustment

Segrate, 27 July 2017 - Today, the meeting of the Board of Directors of Arnoldo Mondadori Editore S.p.A., chaired by Marina Berlusconi, reviewed and approved the Half-Year Financial Report at 30 June 2017, presented by CEO Ernesto Mauri.

HIGHLIGHTS IN 1H17

In 1H17, on a like-for-like consolidation basis with Rizzoli Libri versus 2016[4], the Group **continued on its path of operational improvement**, delivering a **9% increase in adjusted EBITDA** and paving the way to **accomplishing the targets** set for the whole 2017.

The **LTM cash flow from ordinary operations** - the first time it includes Rizzoli Libri for the previous 12 months - amounted to approximately **63 million euro**, continuing the positive performance of cash generated

[1] *The results at 30 June 2017 include the contribution of Rizzoli Libri, which was outside the scope of consolidation in 1Q16, and Banzai Media activities, consolidated as from 1 June 2016 and merged by incorporation into the parent company, with accounting effects as from 1 January 2017.*

[2] *Pro-forma figures: consolidation of the companies acquired (Rizzoli Libri and Banzai Media) assumed as from 1 January 2016; revenue of approximately 1,280 million euro and adjusted EBITDA of approximately 100 million euro.*

[3] *This document, in addition to the statements and conventional financial measures required by IFRS, presents a number of reclassified statements and alternative performance measures 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 used" .*

[4] *Net of Rizzoli Libri in 1Q17*

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by the Group's businesses which, along with the extraordinary transactions involving the strategic rationalization of the portfolio of activities, **improve forecasts on net financial position at year end**.

Adjusted EBITDA has little bearing on the performance of the entire year since the negative contribution of Rizzoli Libri (outside the scope in 1Q16) is attributable to the seasonal nature of the Education business, which includes in the first quarter expenses to promote the campaign on school textbooks adoption, while revenue is typically recorded in the second half of the year.

Net profit in the reporting period, **amounting to +4.4 million euro**, **improved by over 8 million euro** versus 30 June 2016, due also to the contribution of a number of positive extraordinary items.

GROUP PERFORMANCE AT 30 JUNE 2017

Consolidated revenue in 1H17 amounted to **553 million euro**, **down slightly (-1.7%)** versus 562.5 million euro in the prior year, due mainly to the performance of the Magazines areas, to the temporary effect (recovered in July) of the shift forward of revenue from supplies to a number of clients in the Educational Area, and to the targeted reduction in revenue from consumer electronics products in the Retail Area.

On a like-for-like consolidation basis with Rizzoli Libri (in the second quarter only), **adjusted EBITDA grew by 9%** (from 26.7 million euro to 29.1 million euro) with a percentage on revenue **increasing from 4.7% to 5.3%** - especially in the Books (from 9.5 million euro to 13.2 million euro net of Rizzoli Libri's first quarter) and Magazines Italy areas (+13%).
Including the result of Rizzoli Libri as from 1 January, adjusted EBITDA amounted to **21.6 million euro**, as a result of the negative contribution of -7.5 million euro in 1Q17, attributable to the seasonal nature of the education business.

Consolidated EBITDA improved by 21.2% (from 22.5 million euro to 27.3 million euro), driven by the gains from the disposal of certain assets in the second quarter of the year (4.2 million euro from the disposal of a property in Corporate & Shared Services, and 4.3 million euro from the disposal of NaturaBuy in Magazines France).

Consolidated EBIT in 1H17 amounted to **11.2 million euro, up by approximately 33%** versus 30 June 2016, and includes amortization, depreciation and impairment of 16 million euro, up versus 14 million euro in 1H16 from the impact of the amortization of Banzai Media intangible assets (1.2 million euro) and the capitalized expenses of the Rizzoli Libri school business (2 million euro, 1.1 million euro of which in the first quarter).

Consolidated profit before taxes came to 4.1 million euro and includes financial costs of 7.1 million euro, down versus the prior year (7.9 million euro) on a like-for-like basis of average net debt, due to the **reduction in the average interest rate of approximately 40 bps**.
The overall tax burden in the period amounted to +1.6 million euro (-3.1 million euro in 2016), benefiting from the adjustment of 3.8 million euro of deferred taxes of Mondadori France.

At 30 June 2017, Group employees with a fixed-term or permanent labour contract amounted to **3,112 units**, **down by 8.6%** versus 3,404 units at June 2016, as a result of the outsourcing of logistics activities in May, as well as the ongoing restructuring and efficiency improvement measures involving each of the Group's business areas.

The Group's **net financial position** at 30 June 2017 stood at **-284.4 million euro, improving by approximately 90 million euro** versus -374.8 million euro at 30 June 2016, as a result of the **positive cash generation from ordinary operations of 63.2 million euro**, the first time it includes the contribution of Rizzoli Libri for 12 months, and extraordinary operations in the last twelve months, which generated 27.3 million euro.

CONSOLIDATED FINANCIAL HIGHLIGHTS IN 2Q17

In 2Q17, **consolidated revenue** amounted to **291.9 million euro**, down by 5.2% versus 2Q16.
Despite discontinuity from the shift forward of revenue from the Educational Area, Books - on a like-for-like basis for the first time - were basically stable versus 2Q16 (+0.8%).

Adjusted EBITDA grew by 9.5% in the quarter, especially in Books (from 5.4 million euro to 8.6 million euro) and Magazines Italy (+27.8%), confirming the Group's continued efficiency recovery.

Consolidated EBITDA, including extraordinary items, **improved significantly by over 10 million euro** (from 14.0 million euro to 25.5 million euro), driven by the positive contribution of the abovementioned gains.

Consolidated net profit, after minority shareholders' result, **came to 13.5 million euro** versus a loss of 2 million euro at 30 June 2016.

OUTLOOK FOR THE YEAR

In light of the Group's performance in the first half of the year, it is reasonable to confirm the previously disclosed estimates for **2017** versus the 2016 pro-forma figures[5] that indicate **steady revenue** and a "**high single-digit**" **growth of adjusted EBITDA**, with a resulting improvement in profit margins and a sharp increase of approximately **30%** in **net profit**.
Also as a result of the extraordinary transaction involving the disposal of an asset in the first six months, **net debt** at end 2017 is estimated to **further reduce** versus 31 December 2016, with a net debt/adjusted EBITDA ratio **below 2.0x** (from the previous forecast between 2.2/2x).

PERFORMANCE OF GROUP BUSINESS AREAS AT 30 JUNE 2017

- ***BOOKS***

In 1H17, the Trade Books market grew by +1.3% versus 1H16[6]. Against this backdrop, Mondadori Libri retained its **market leadership** position with an overall **28.1%** share.

In 1H17, the Group held a total of 5 positions in the ranking of the ten best-selling titles in terms of value, with *Storie della buonanotte per bambine ribelli. 100 vite di donne straordinarie* by F. Cavallo and E. Favilli, in first place, *L'arte di essere fragili. Come Leopardi può salvarti la vita* by A. D'Avenia (3°), *Dentro l'acqua* and *La ragazza del treno* by P. Hawkins (5° and 6°), and *Tredici* by J. Asher (7°).
Additionally, in July the publisher Einaudi won the 71st edition of the Strega Prize with *Le otto montagne* by Paolo Cognetti, a remarkable success translated in over 30 countries.

Revenue from the Books Area amounted to **187.9 million euro**, **up by 10.4%** versus 1H16 (170.1 million euro), also as a result of the consolidation of Rizzoli Libri (present only in the second quarter of 2016), despite the publishing plan to schedule the release of best-selling titles mostly in the second half of the year:

- trade revenue **grew by 4.3%** versus 1H16; the increase is explained by the consolidation of Rizzoli Libri, which contributed 18.2 million euro to revenue in the first half of the year;
- educational revenue **improved by 16.3%** versus 1H16, driven also by Electa's performance in museum and publishing activities;
- revenue from distribution activities was up by 27.2% versus 1H16, due to the different consolidation period of Rizzoli Libri.

5 *Pro-forma figures: consolidation of the companies acquired (Rizzoli Libri and Banzai Media) assumed as from 1 January 2016; revenue of approximately 1,280 million euro and adjusted EBITDA of approximately 100 million euro.*
6 *Source: GFK, June 2017 (figures in terms of market value).*

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Adjusted EBITDA of the Books Area came to **5.7 million euro**; net of the loss reported in the first quarter by Rizzoli Libri, explained by the typical seasonal nature of the school textbooks business, adjusted EBITDA would amount to 13.2 million euro, **up by approximately 39%** versus 1H16 (9.5 million euro), as a result of the progress in the integration process and resulting synergies, as well as the positive performance of Electa.
EBITDA amounted to **5.6 million euro** (9.1 million euro at 30 June 2016).

- ***RETAIL***

In 1H17, the Retail Area achieved revenue of **84.7 million euro**, down by 4% versus 88.2 million euro in 1H16, due also to the targeted reduction in revenue from consumer electronics products.

Books were the predominant product category, making for **80% of total revenue** of the Area[7]*:* in 1H17, the product grew by 3.4%, outperforming the relevant market trend.
The result benefited from the directly-managed network and confirms the effectiveness of the actions undertaken in terms of product penetration and assortment.
In the period under review, Mondadori Retail's **market share** in books rose to **14.7%** from 14.3%.

Non-book revenue was basically steady in the impulse (stationery and toys) and media categories, while, as mentioned, Consumer Electronics continued to fall as targeted (approximately -22% versus 2016).

Adjusted EBITDA came to **-3.7 million euro**, deteriorating versus -3.1 million euro reported in 1H16, as a result of the structural decline in sales volumes in the book club channel, despite the positive performance of other channels.
EBITDA came to -5 million euro (-3.1 million euro in 1H16), as a result of higher restructuring costs (1.5 million euro).

- ***MAGAZINES ITALY***

In Italy, in a continually adverse market in terms of magazine circulation, the Mondadori Group retained its **leadership**, increasing its share to reach **31.6%**.[8]

In 2Q17, in line with the selective strategy on the development of the product portfolio to sustain revenue and optimize editorial costs, Mondadori launched two new publications, both receiving a warm welcome from the public: the monthly ***Giallo Zafferano,*** with an average circulation of approximately **200,000 copies**, and the weekly ***SPY****,* with average sales of approximately **300,000 copies** for the first four issues.

Revenue from the Area amounted to **148.1 million euro**, **down by 7.9%** versus 160.9 million euro in 1H16, due also to the sharp drop in add-on sales. Specifically:

- circulation revenue (newsstands + subscriptions) fell by 8.2%, less than the relevant market trend in both the newsstand and subscription channels;
- advertising revenue (print + web) **increased by** approximately **7%**, driven by the contribution of the consolidation of Banzai Media activities, bringing the **percentage of digital revenue on the total to approximately 28%**. Gross advertising sales grew by 14.5% in the reporting period; considering print alone, on a like-for-like basis of titles and barter deals, sales fell by -3.9%, outperforming, however, the relevant market trend (-6.1% at May);
- revenue from add-on products, as mentioned, dropped sharply versus 1H16, in line with the market trend (-29.7%[9]);

7 Store revenue.
8 Internal source: Press-Di, cumulative figures at May 2017 (newsstands + subscriptions in terms of value).
9 Internal source, figure at May 2017.

- distribution and revenue towards third publishers managed by Press-Di dropped at a more moderate pace (-2.2%) than the relevant market [10], thanks to the ongoing commitment to developing third-publisher portfolios.

In the digital area, the Mondadori Group reached a **unique audience of 16.6 million users/month**[11] in the first six months of the year versus 8 million/month of May 2016 (+3.5% versus December 2016), retaining its position as **Italy's top traditional publisher also in the digital business**, boasting a supremacy in key vertical segments such as women, food, health & wellness.
A position corroborated by comScore surveys, which reported a Group audience of **23.6 million unique users/month** at May 2017, steady versus December.

Adjusted EBITDA in the **Magazines Italy** Area **improved by approximately 12.8%**, rising from 10.6 million euro to **11.9 million euro**, driven mainly by the benefits of the digital business achieved with the combination of Banzai Media and Mondadori's teams and digital products; print activities reported a steady margin, offsetting the drop triggered by the trend of the markets, as a result of the ongoing optimization actions and containment of editorial and overhead costs.

Digital activities in the period achieved an overall **positive** adjusted EBITDA (negative in 1H16).

The Area's **reported EBITDA** confirmed the **growth trend**, closing at 11.7 million euro (10 million euro).

- ***MAGAZINES FRANCE***

In 1H17, **revenue from Mondadori France** amounted to **148.1 million euro**, down by 7.6% versus 160.4 million euro in 1H16. Specifically:

- circulation revenue (approximately 74% of the total) lost 4.5% versus 1H16: -2.7% subscriptions (representing the strongest and steadiest contribution to revenue of the Area with 54%); -5.1% the newsstand channel, outperforming the relevant market trend (-8.1%)[12].
  Revenue from the sale of digital copies grew sharply in the first half versus 2016, driven by the new partnerships with a number of French telco players to offer Mondadori France brands to their subscriber base.
- advertising revenue (print + web) fell by an overall 17.4% versus 1H16; print (-13.3%), basically in line with the relevant market, accounted for approximately 86% of total advertising revenue, while digital advertising accounted for the remaining approximately 14%.

In the reporting period, Mondadori France held a **10.6% market share**[13], basically steady versus the prior year, retaining its position **as second top player on the magazine advertising market**.

The digital readers (web, mobile & tablet) of Mondadori France magazines reached 11.4 million unique users[14], up by approximately +16% versus the average figure in 1H16.

Adjusted EBITDA came to **12.5 million euro** versus 15.5 million euro in 1H16. The drop is mainly attributable to the downturn in advertising revenue generated by the Digital Area, to the increase in rental costs for the offices and deconsolidation since 1 May of NaturaBuy: net of the latter two effects, the decline in business would amount to approximately 1.9 million euro in the first half of the year, mitigating the drop in revenue

10 Drop in copies sold in the Newsstand/Large Retailer channel, 8% for dailies and 7% for magazines (source: ADS, figures in terms of copies, May).
11 Source: Audiweb, at May 2017.
12 Internal source Mondadori France, figure at April 2017.
13 *Source: Kantar Media, cumulative figures in terms of volume at May 2017*
14 *Source: Nielsen, average figure January-April 2017*

brought by the lingering weakness of the relevant markets, as a result of the constant attention placed on editorial and overhead cost containment.

Reported EBITDA amounted to **15.7 million euro**, **up by** approximately **10%** versus 1H16, driven by the positive contribution of the gain of 4.3 million euro from the disposal of NaturaBuy in May.

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SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

On 26 June, Arnoldo Mondadori Editore launched a share buyback plan, under art. 5 of Regulation (EU) No. 596/2014, in execution of the resolution adopted by the Shareholders' Meeting held on 27 April 2017, authorizing the purchase and disposal of treasury shares for a maximum amount of up to 0.96% of the share capital, which is intended to provide the Company with the 2.49 million shares needed in the three-year period to meet the obligations under the 2017-2019 Performance Share Plan approved by the Meeting.

On 3 July, the Company announced the purchase, in the period from 26 to 30 June, of 198,098 ordinary shares (equal to 0.076% of the share capital) at an average unit price of Euro 1.6283, for a total amount of Euro 332,566.59.

On 10 July, the Company announced the purchase, in the period from 3 to 7 July, of a further 38,902 ordinary shares (equal to 0.015% of the share capital) at an average unit price of Euro 1.5906, for a total amount of Euro 61,876.25.

On 17 July, the Company announced the purchase, in the period from 10 to 14 July, of a further 25,000 ordinary shares (equal to 0.010% of the share capital) at an average unit price of Euro 1.6694, for a total amount of Euro 41,734.50.

On 24 July, the Company announced the purchase, in the period from 17 to 21 July, of a further 29,500 ordinary shares (equal to 0.0113% of the share capital) at an average unit price of Euro 1.7062, for a total amount of Euro 50,331.45.

Following the purchases made so far, Arnoldo Mondadori Editore S.p.A. holds 371,500 treasury shares, equal to 0.1421% of the share capital (including the approximately 80,000 shares purchased in the period from 30 November to 2 December 2016, as disclosed to the market on 6 December 2016).

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Definition with RCS MediaGroup S.p.A. of the relations regarding the purchase agreement of RCS Libri S.p.A. and the price adjustment

Regarding the agreement on the acquisition of RCS Libri S.p.A., completed on 14 April 2016, Arnoldo Mondadori Editore S.p.A. announces that it has reached an agreement with RCS MediaGroup S.p.A. on a price adjustment, contained in the purchase agreement, based on the achievement of RCS Libri S.p.A.'s financial targets for 2015, amounting to approximately 2 million euro in favour of Arnoldo Mondadori Editore S.p.A.. As a result, given the above price adjustment, the overall purchase price for RCS Libri S.p.A. amounts to 125.1 million euro. The agreement still provides for an earn-out of up to 2.5 million euro in favour of RCS MediaGroup S.p.A., based on the achievement in 2017 of specific results in the Books Area of the Mondadori Group, as previously disclosed. As part of these understandings, the parties have also defined all the mutual relations under the above purchase agreement.

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*The documentation relating to the presentation of the results at 30 June 2017, will be made available through the authorized storage mechanism 1Info (*www.1info.it*) and in the Investors section of the Company's website* www.mondadori.it*.*

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The Executive Manager responsible for the drafting of 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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Registry of producers of Electrical and Electronic Equipment N: IT09120000006483 - Registry of producers of Batteries and Accumulators N.: IT10010P00002054
Share capital € 67,979,168.40 paid-up.

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<u>Annexes:</u>

1. Consolidated balance sheet
2. Consolidated income statement
3. Consolidated income statement - second quarter
4. Group cash flow
5. Glossary of terms and alternative performance measures used

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Annex 1
Consolidated balance sheet

(€mn)	1H17	2016	1H16
Net receivables	273.6	300.1	313.6
Net inventory	160.5	143.4	184.3
Trade payables	(412.7)	(416.4)	(435.5)
Other assets/(liabilities)	24.3	(14.6)	18.1
NWC	45.7	12.5	80.5
Intangible assets	602.3	612.1	604.3
Tangible assets	28.7	33.3	35.3
Investments	41.6	43.0	44.5
Net Fixed Assets	672.5	688.5	684.2
Provisions	(64.0)	(68.6)	(67.1)
Post-employment benefits	(47.0)	(51.0)	(50.7)
Discontinued assets/(liabilities)			19.1
NET INVESTED CAPITAL	**607.2**	**581.4**	**666.0**
Share Capital	68.0	68.0	68.0
Minority shareholders' reserves and equity	250.5	227.3	226.9
Net result	4.4	22.5	(3.8)
Equity	322.8	317.8	291.2
NFP	284.4	263.6	374.8
TOTAL EQUITY	**607.2**	**581.4**	**666.0**

Annex 2

Consolidated income statement

€ milioni	1° Semestre 2017	Inc. % sui ricavi	1° Semestre 2016	Inc. % sui ricavi	Var. %
Ricavi delle vendite e delle prestazioni	**553,0**	*100,0%*	**562,5**	*100,0%*	***-1,7%***
Costo del venduto	167,3	*30,3%*	176,4	*31,4%*	*-5,1%*
Costi variabili	193,4	*35,0%*	193,0	*34,3%*	*0,2%*
Costi fissi di struttura	53,0	*9,6%*	50,1	*8,9%*	*6,0%*
Costo del personale	119,8	*21,7%*	118,0	*21,0%*	*1,6%*
Altri oneri/(proventi)	-2,8	*-0,5%*	-1,8	*-0,3%*	*n.s.*
Risultato collegate	-0,6	*-0,1%*	-0,2	*0,0%*	*n.s.*
Margine Operativo Lordo rettificato	***21,6***	***3,9%***	***26,7***	***4,7%***	***-19,0%***
Ristrutturazioni	-2,9		-2,4		*n.s.*
Componenti non ordinarie	8,5		-1,8		*n.s.*
Margine Operativo Lordo	**27,3**	***4,9%***	**22,5**	***4,0%***	***21,2%***
Ammortamenti e svalutazioni	16,0	*2,9%*	14,0	*2,5%*	*14,3%*
Risultato Operativo	**11,2**	***2,0%***	**8,5**	***1,5%***	***32,7%***
Proventi (oneri) finanziari netti	-7,1	*-1,3%*	-7,9	*-1,4%*	*n.s.*
Proventi (oneri) da altre partecipazioni	0,0	*0,0%*	0,0		
Risultato del periodo prima delle imposte	**4,1**	***0,7%***	**0,6**	***0,1%***	***n.s.***
Imposte sul reddito	-1,6	*-0,3%*	3,1	*0,6%*	*n.s.*
Risultato di pertinenza di terzi	1,3	*0,2%*	1,2	*0,2%*	*9,5%*
Risultato Netto	**4,4**	***0,8%***	**-3,8**	***-0,7%***	***n.s.***

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Annex 3

Consolidated income statement - second quarter

€ milioni	Trimestre 2 2017	Inc. % sui ricavi	Trimestre 2 2016	Inc. % sui ricavi	Var. %
Ricavi delle vendite e delle prestazioni	**291,9**	*100,0%*	**307,7**	*100,0%*	***-5,2%***
Costo del venduto	87,0	*29,8%*	96,1	*31,2%*	*-9,5%*
Costi variabili	102,1	*35,0%*	105,8	*34,4%*	*-3,5%*
Costi fissi di struttura	23,6	*8,1%*	23,9	*7,8%*	*-1,3%*
Costo del personale	59,0	*20,2%*	64,6	*21,0%*	*-8,7%*
Altri oneri/(proventi)	2,0	*0,7%*	1,3	*0,4%*	*62,4%*
Risultato collegate	-0,1	*0,0%*	0,5	*0,2%*	*n.s.*
Margine Operativo Lordo rettificato	***18,1***	***6,2%***	***16,5***	***5,4%***	***9,5%***
Ristrutturazioni	-1,4		-0,8		*n.s.*
Componenti non ordinarie	8,8		-1,8		*n.s.*
Margine Operativo Lordo	**25,5**	***8,7%***	**14,0**	***4,5%***	***82,4%***
Ammortamenti e svalutazioni	8,1	*2,8%*	8,6	*2,8%*	*-5,8%*
Risultato Operativo	**17,4**	***6,0%***	**5,4**	***1,7%***	***n.s.***
Proventi (oneri) finanziari netti	-3,7	*-1,3%*	-4,3	*-1,4%*	*n.s.*
Proventi (oneri) da altre partecipazioni	0,0	*0,0%*	0,0		
Risultato del periodo prima delle imposte	**13,6**	***4,7%***	**1,1**	***0,3%***	***n.s.***
Imposte sul reddito	-0,6	*-0,2%*	2,2	*0,7%*	*n.s.*
Risultato di pertinenza di terzi	0,7	*0,2%*	0,8	*0,3%*	*-11,3%*
Risultato Netto	**13,5**	***4,6%***	**-2,0**	***-0,6%***	***n.s.***

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Annex 4

Cash Flow di Gruppo

€m	Giu 17	Giu 16	LTM
PFN inizio periodo	**(263,6)**	**(199,4)**	**(374,8)**
EBITDA ante non ricorrenti	21,6	26,7	103,4
Effetto partecip / dividendi	1,1	(0,5)	(3,1)
Variazione CCN + fondi	(32,1)	(27,7)	8,4
CAPEX	(9,1)	(7,2)	(19,0)
Cash flow operativo	**(18,4)**	**(8,7)**	**89,6**
Oneri finanziari	(7,1)	(7,9)	(16,9)
Imposte	(5,3)	(9,5)	(9,6)
Cash flow ordinario	**(30,8)**	**(26,1)**	**63,2**
Aumenti cap. / (Dividendi pagati)		0,0	0,0
Ristrutturazioni	(9,2)	(7,1)	(17,0)
Imposte straordinarie / anni preced	5,9	15,1	6,4
Acquisizioni/Dismissioni asset	13,3	(157,3)	37,9
Cash flow straordinario	**10,0**	**(149,3)**	**27,3**
Total Cash flow	**(20,8)**	**(175,4)**	**90,5**
PFN fine periodo	**(284,4)**	**(374,8)**	**(284,4)**

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<u>Annex 5</u>
Glossary of terms and alternative performance measures used

This document, in addition to the conventional statements and financial measures required by IFRS, presents a number of reclassified statements and alternative performance measures, in order to provide a better understanding of the operating and financial performance of the Group. These statements and measures should not be considered as a replacement of those required by IFRS. With regard to these figures, in accordance with the recommendations contained in Consob Communication no. 6064293 of 28 July 2006, and in Consob communication no. 0092543 of 3 December 2015, as well as with the 2015/1415 ESMA guidelines on alternative performance measures ("Non GAAP Measures"), explanations are given on the criteria adopted in their preparation and the relevant notes to the items appearing in the mandatory statements.

Specifically, the alternative measures used include:

- **Gross Operating Profit (EBITDA)**: net result for the period before income tax, other financial income and expenses, amortization, depreciation and impairment of fixed assets. The Group also provides information on the percentage of EBITDA on net sales. EBITDA measured 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 gross operating profit (adjusted EBITDA)**: 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 non-recurring events and transactions as set out in Consob communication DEM6064293 of 28/07/2006.

  With reference to adjusted EBITDA in the first half of 2016, the following items were excluded from EBITDA:

  a) Restructuring costs for a total amount of 2.4 million euro, included in “cost of personnel” in the income statement.

  b) Expenses related to acquisitions made during the year and charged to the income statement under IFRS 3 for a total amount of 2.7 million euro, included in “cost of services” in the income statement.

  c) Income and expenses of a non-ordinary nature attributable to settlement agreements and compensation for a total amount of 0.9 million euro, included in “other income/(costs)” in the income statement.

  With reference to adjusted EBITDA in the first half of 2017, the following items were excluded from EBITDA:

  a. Restructuring costs for a total amount of 2.9 million euro, included in “cost of personnel” in the income statement.

  b. Income of a non-ordinary nature attributable to gains from the disposal of assets: 4.2 million euro from the disposal of the former logistics property and 4.3 million euro from the disposal of NaturaBuy, included in “other costs/(income)” in the income statement;

- **Operating profit** (**EBIT**): net result for the period before income tax, and other income and expenses;
- **Net invested capital**: 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);
- **Cash flow from operations**: 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;
- **Cash flow from ordinary operations**: cash flow from operations as explained above, net of financial expenses and taxes paid in the period;
- **LTM cash flow from ordinary operations**: cash flow from ordinary operations in the last twelve months;
- **Cash flow from extraordinary operations**: 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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