Results 9M17

Investors Presentation

Segrate, 9th November 2017

GRUPPO MONDADORI

AGENDA

1. **9M 2017** Highlights
2. **9M 2017** Results
3. **9M 2017** Headcount
4. **FY 2017** Outlook
5. **9M 2017** Business

9M17 Highlights

€ mn

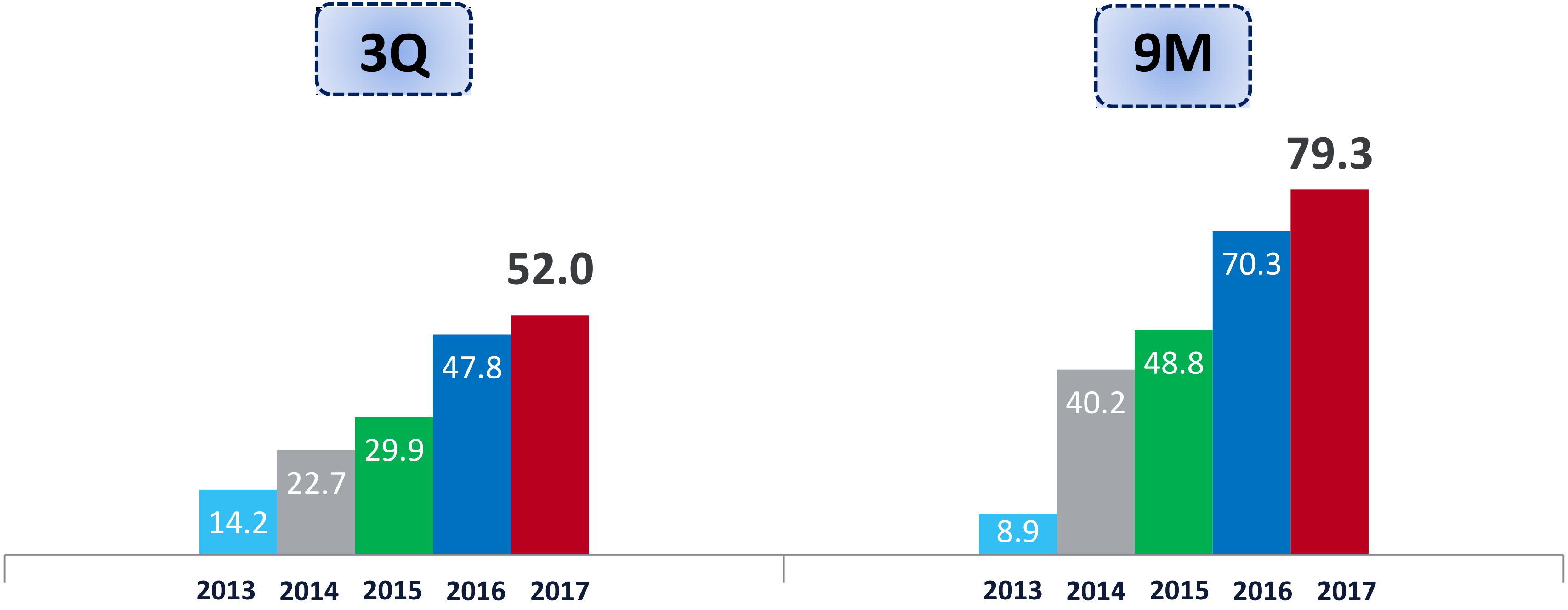
	2017	2016	9M17	3Q17
Revenues	924.7	935.3	-1.1%	-0.3%
Adjusted EBITDA	75.2 (*82.7*)	76.1	-1.3% *+8.6% with Rizzoli Libri lfl**	+8.3%
EBITDA	79.3	70.3	+12.9%	+8.9%
Net Result	31.2	17.9	Improvement to 13+ mn €	Improvement to 5+ mn €

** Like-for-like scenario with Rizzoli Libri consolidated as in 2016 (April–September)*

9M17 Highlights

€ mn

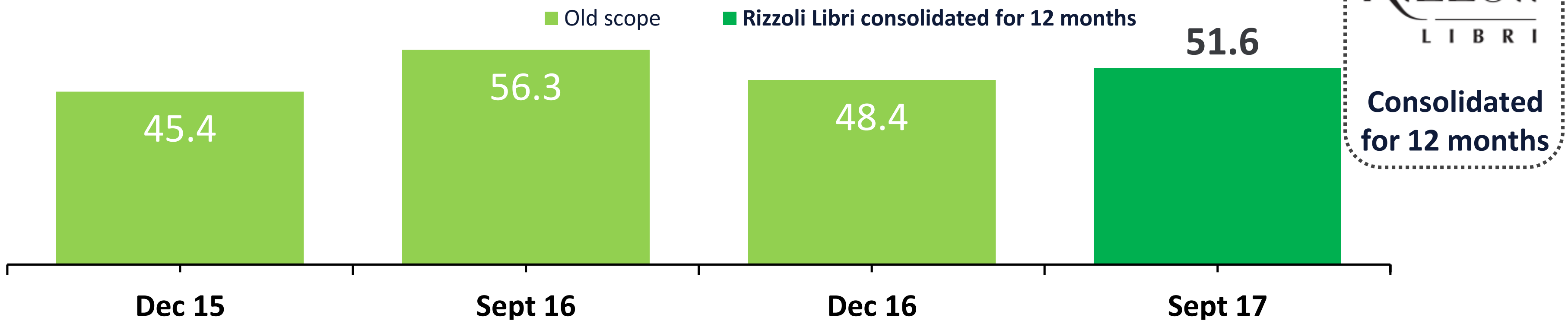
EBITDA improvement from 4 consecutive fiscal years



9M17 Highlights

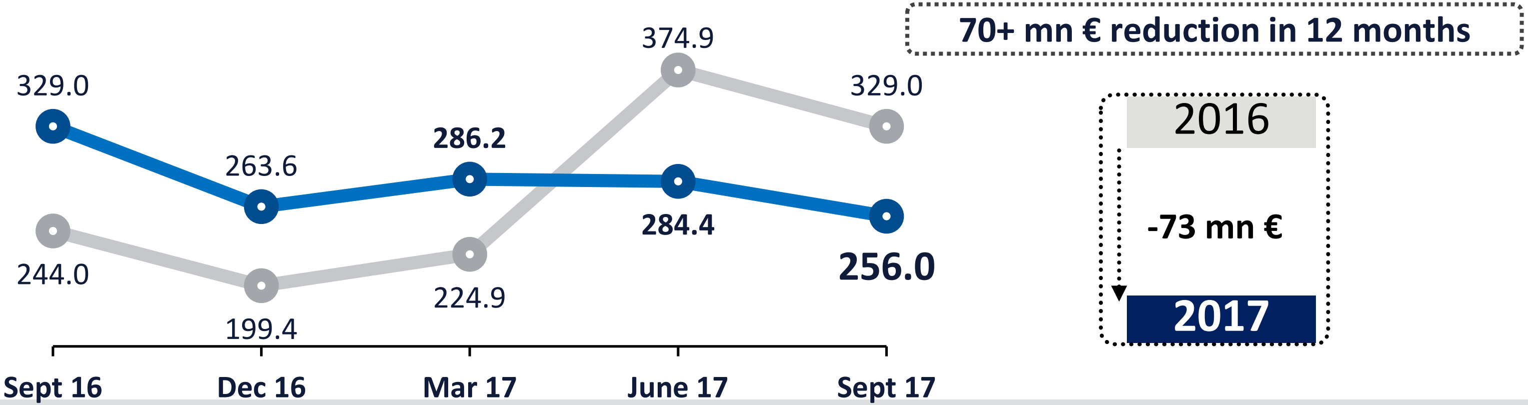
€ mn

*LTM Ordinary Cash Flow**



**Operating Cash Flow net of investments, taxes and financial charges.*

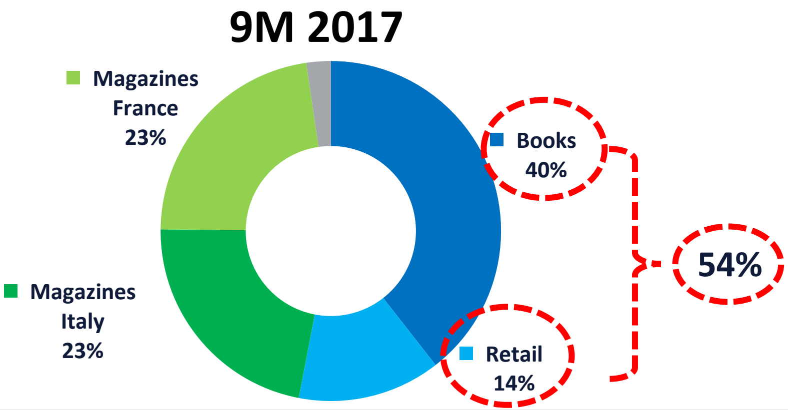
Group NFP

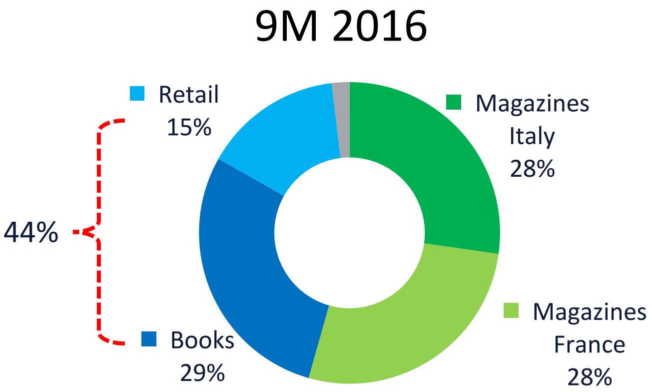


AGENDA

9M17 Revenues by Business Area

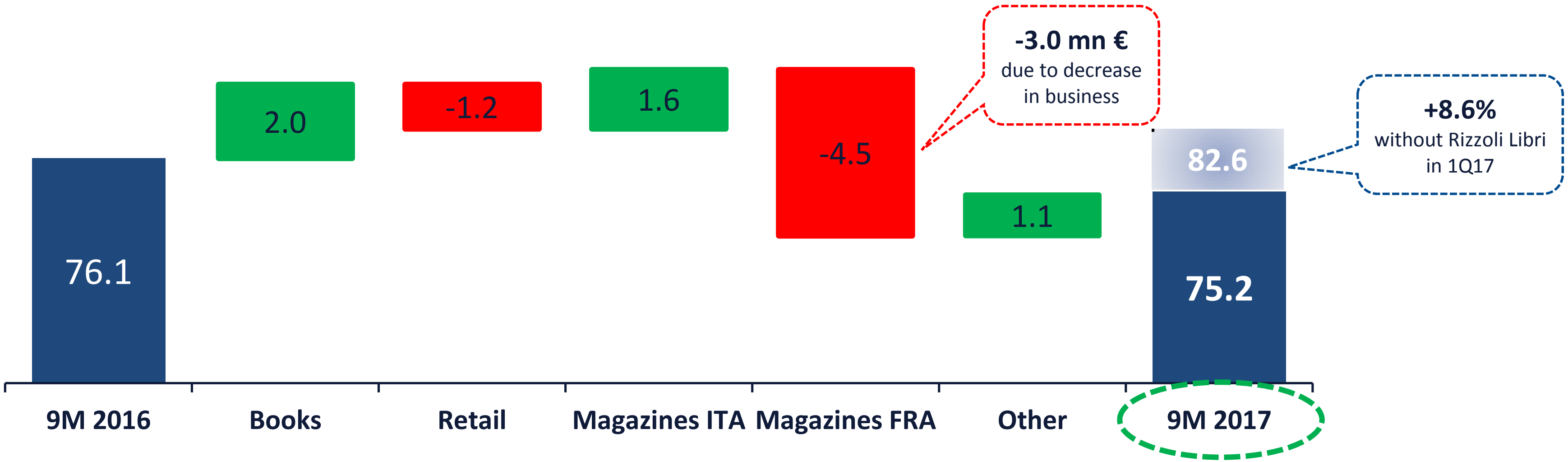
€ mn	9M 2017	9M 2016	Var.%	3Q 2017	3Q 2016	Var.%
Books	**385.3**	355.5	*8.4%*	**197.4**	185.3	*6.5%*
Retail	**132.6**	135.0	*(1.8%)*	**48.0**	46.8	*2.5%*
Magazines Italy	**216.2**	234.8	*(7.9%)*	**68.1**	73.8	*(7.7%)*
Magazines France	**220.1**	239.4	*(8.0%)*	**72.0**	79.0	*(8.9%)*
Corporate and Shared Services	**23.1**	17.1	*35.3%*	**7.9**	5.7	*39.8%*
Intercompany	*(52.7)*	*(46.5)*	*13.4%*	*(21.6)*	*(17.9)*	*20.8%*
Total Revenues	**924.7**	**935.3**	***(1.1%)***	**371.8**	**372.7**	***(0.3%)***





9M17 Adjusted EBITDA by Business Area

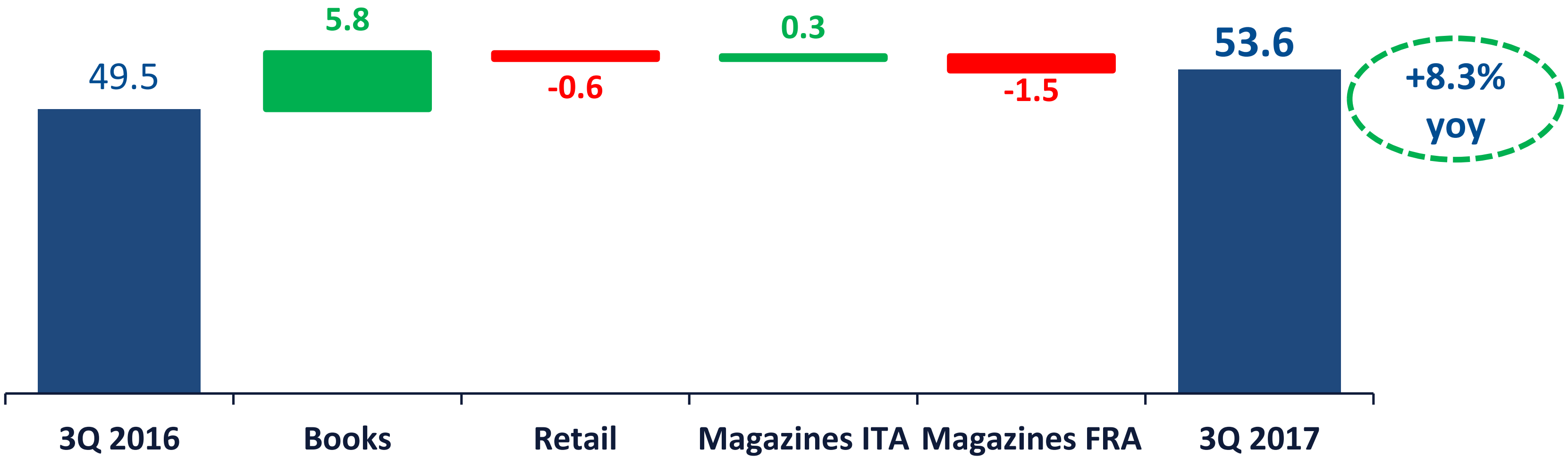
€ mn



	9M 2017	9M 2016	***Var.***
Books	60.6	58.7	*2.0*
Retail	(3.9)	(2.7)	*(1.2)*
Magazines Italy	8.5	6.9	*1.6*
Magazines France	16.8	21.3	*(4.5)*
Corporate and Shared Services	*(6.8)*	*(8.0)*	*1.1*
Adj. EBITDA	**75.2**	**76.1**	***(1.0)***

3Q17 Adjusted EBITDA by Business Area

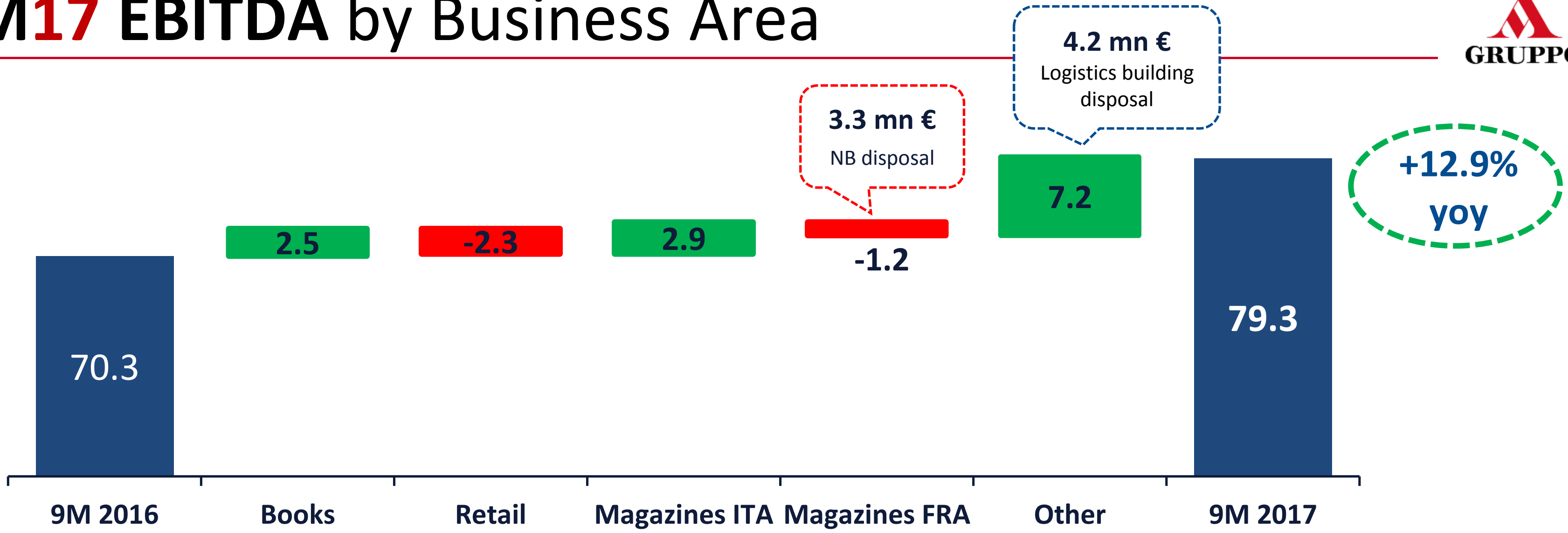
€ mn



	3Q 2017	3Q 2016	*Var.*
Books	55.0	49.1	*5.8*
Retail	(0.2)	0.4	*(0.6)*
Magazines Italy	(3.4)	(3.7)	*0.3*
Magazines France	4.3	5.8	*(1.5)*
Corporate and Shared Services	*(2.1)*	*(2.2)*	*0.0*
Adj. EBITDA	**53.6**	**49.5**	***4.1***

9M17 EBITDA by Business Area

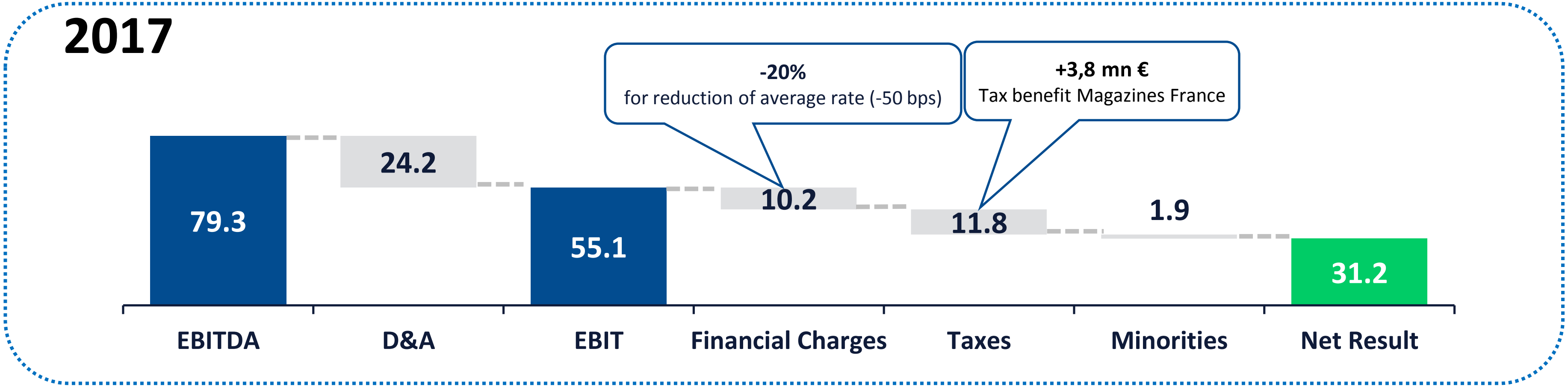
€ mn

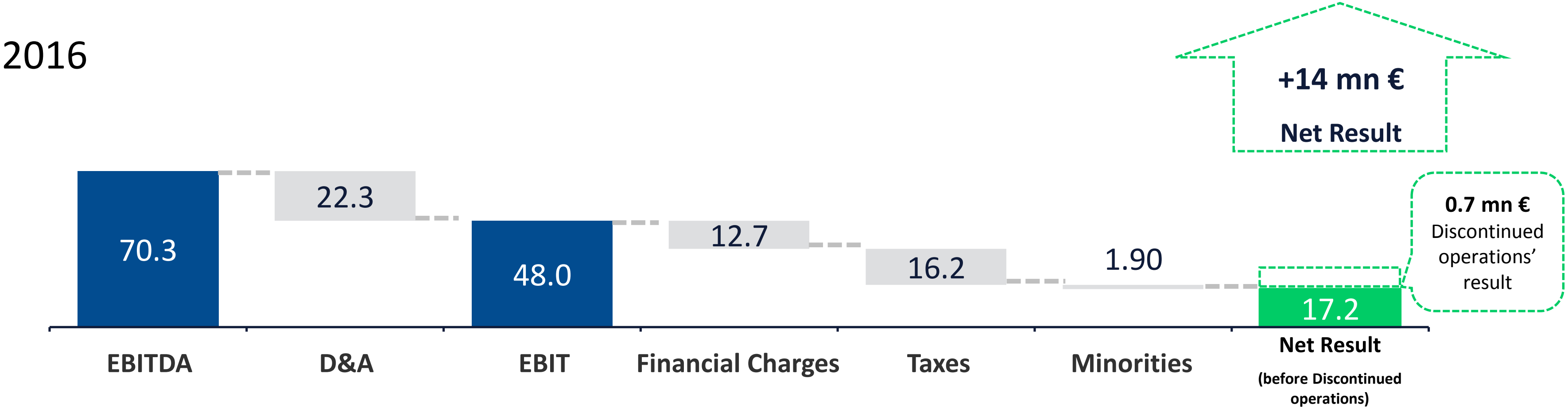


	9M 2017	9M 2016	***Var.***
Books	60.4	57.9	*+2.5*
Retail	(4.6)	(2.3)	*(2.3)*
Magazines Italy	8.2	5.3	*+2.9*
Magazines France	18.2	19.4	*(1.2)*
Corporate and Shared Services	*(2.9)*	*(10.1)*	*+7.2*
EBITDA	**79.3**	**70.3**	***+9.0***

9M17 from EBITDA to Net Result

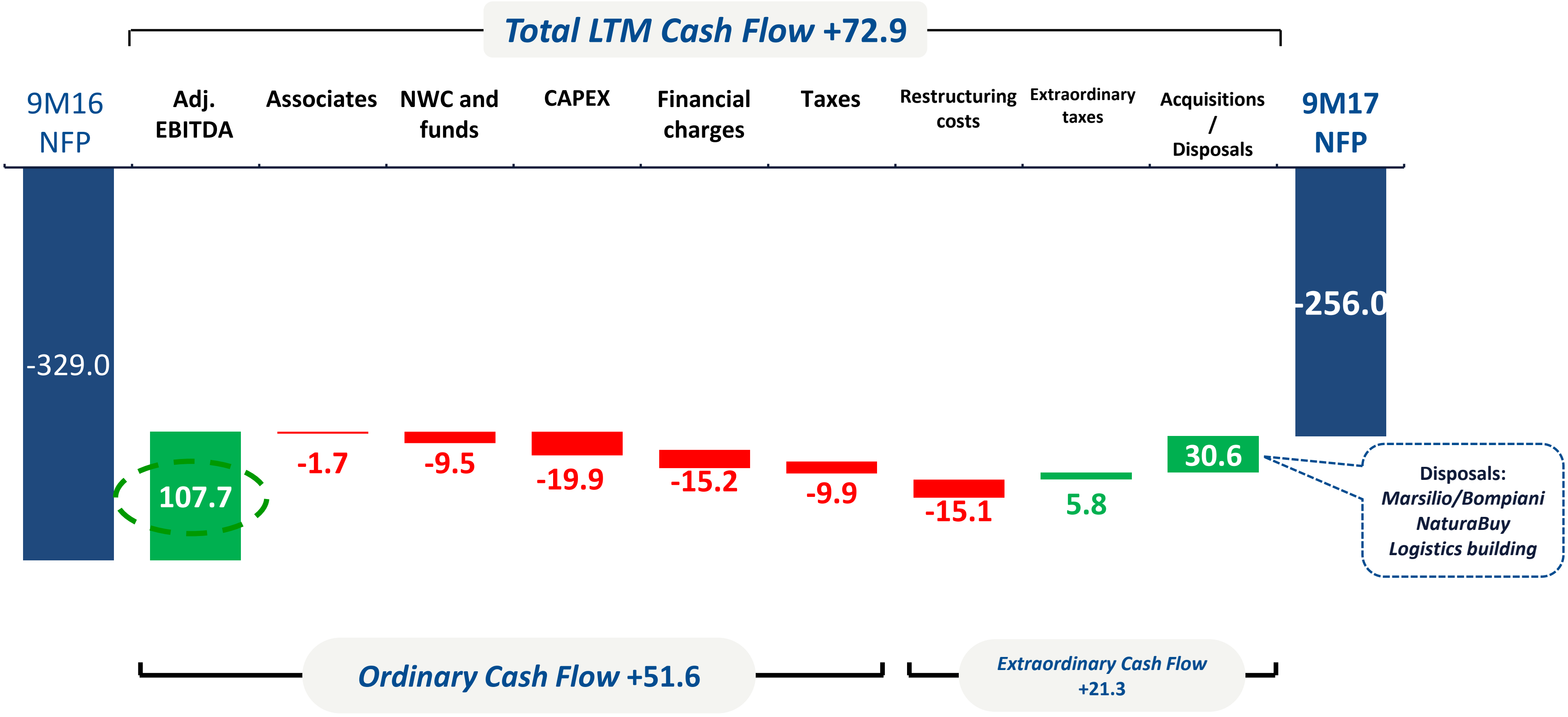
€ mn





9M17 LTM Cash Flow

€ mn



AGENDA

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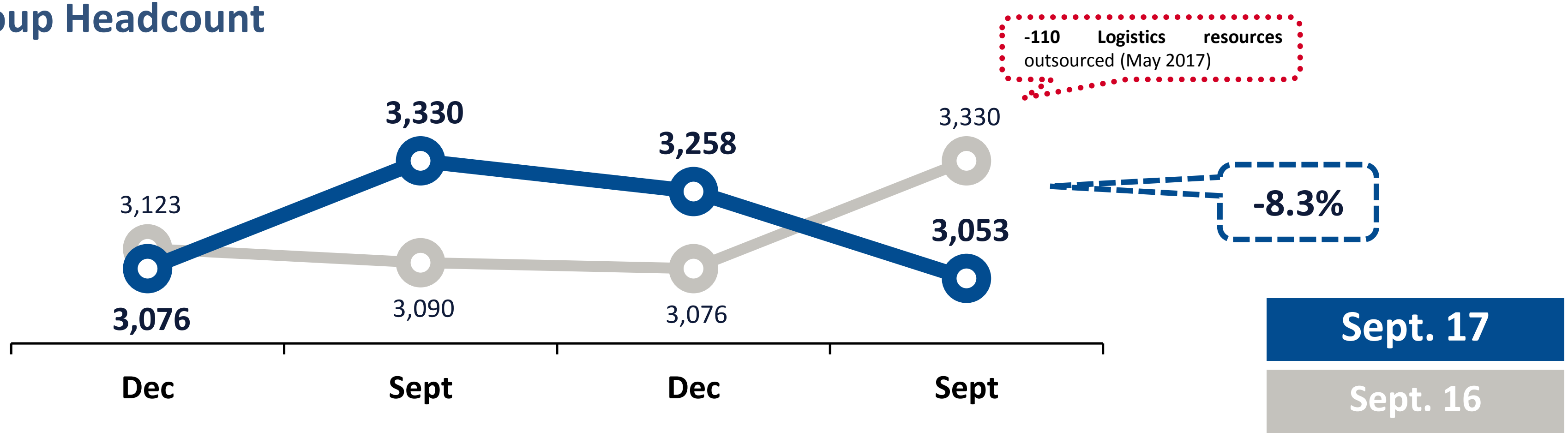
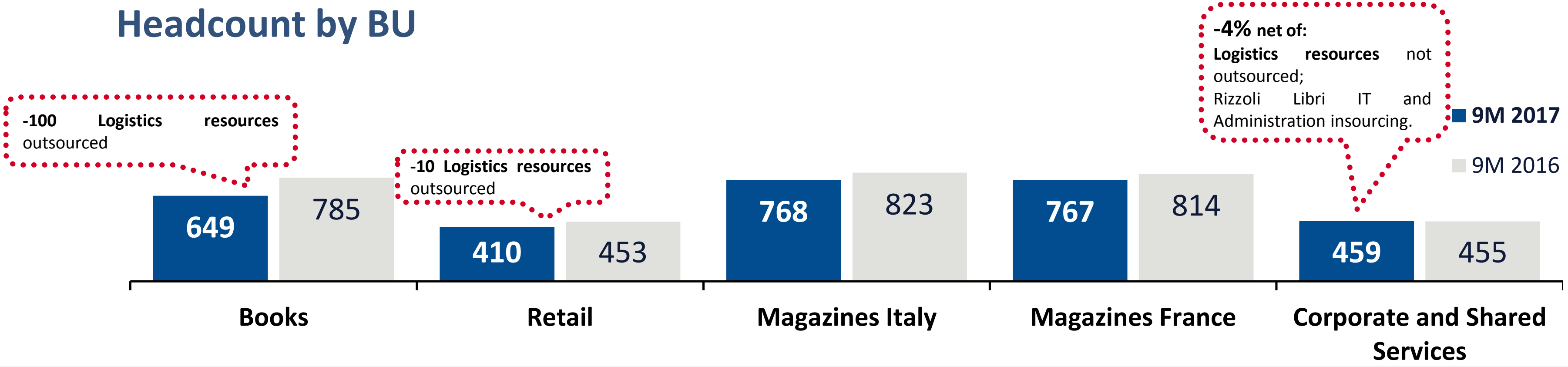
9M17 Headcount Evolution

Group Headcount



Headcount by BU



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FY17 Outlook

2017 TARGET	
REVENUES*	slight decrease
ADJ. EBITDA*	high-single digit growth
Net Result	+30% increase
PFN / ADJ. EBITDA	below 2x

*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 mn and Adj. Ebitda about € 100 mn

GRUPPO MONDADORI

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9M17 Business – Books

€ mn

Trade market – 767.4 mn € +2.3%

	9M 2017	9M 2016	Change
Book Chains	336.0	329.3	+1.9%
Independent Bookstores	190.4	198.6	-4.1%
E-commerce	151.6	121.2	+24.6%
Large Retailers	69.4	81.0	-14.2%

Trade market shares

	9M 2017	9M 2016
GRUPPO MONDADORI	28.4%	
MONDADORI LIBRI	23.1%	22.8%
Rizzoli LIBRI	5.3%	5.8%
GeMS	10.4%	10.7%
GIUNTI	8.2%	8.8%
la Feltrinelli	4.8%	4.6%
NEWTON COMPTON EDITORI	1.9%	2.1%
DeAGOSTINI LIBRI	2.3%	2.4%
Altro	44.0%	42.8%

Strega and Campiello 2017 Awards winners

Literature Nobel Prize 2017 K. Ishiguro edited in Italy by Einaudi

6 books in the first 10 Top sellers

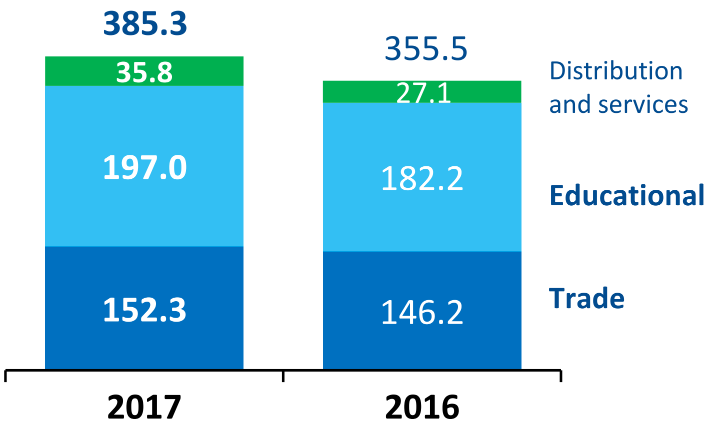
17YE new books

From 3rd Oct. | From 11th Oct. | From 17th Oct. | From 31st Oct. | From 10th Nov.

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

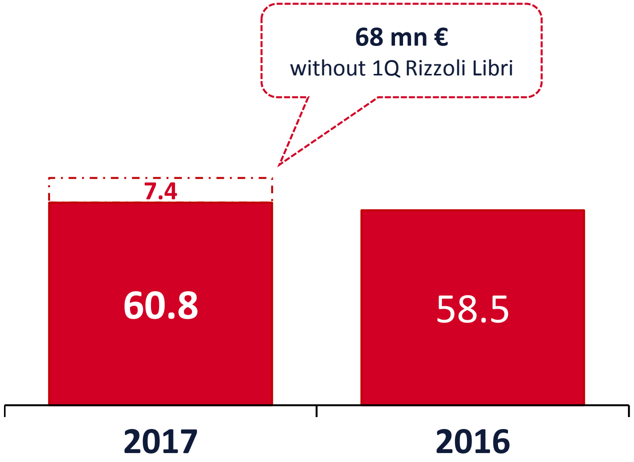
9M17 Business – Books

Revenues +8.4%



Adj. EBITDA +3.4%

+16% (w/o 1Q17 Rizzoli Libri)



REVENUES

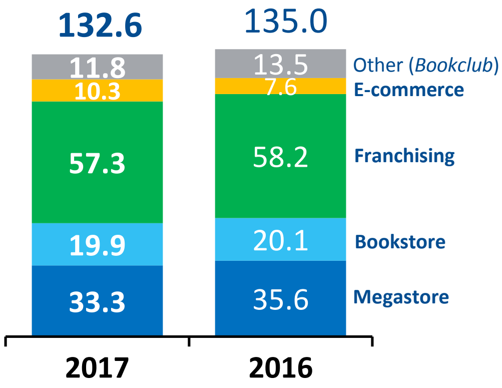
- **Trade** +4.2% for the publication and distribution in Sept. of the bestsellers *La colonna di Fuoco* by K. Follett (Mondadori) and *Origin* by D. Brown (Mondadori)
- **Educational** +8.1% for the positive performance of the school textbooks segment (+1.6%) and the sharp rise by Electa in museum and publishing activities (+16.6%)

ADJ. EBITDA

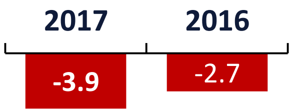
- **+16%** net of the loss reported in 1Q17 by Rizzoli Libri, for:
  - the positive trend of revenue achieved by the Trade segment and by Electa
  - the synergies from the integration process of Rizzoli Libri.

9M17 Business – Retail

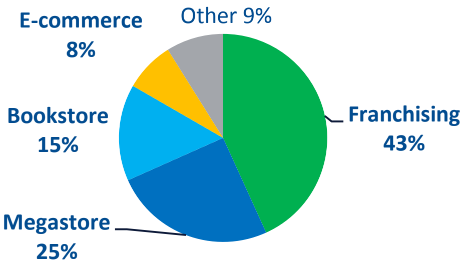
Revenues -1.8%
(+2.5% in 3Q)



Adj. EBITDA -1.2 mn €



Revenues by channel*



Franchising

	Sept 16	Var.	Sept 17
Franchising	317	+17	**334**
Point	221	-8	**213**
TOT PoS	538	+11	**547**

Directly Operated Stores

	Sept 16	Var.	Sept 17
Bookstore	19	+1	**20**
Megastore	10	-	**10**
TOT PoS	29	+1	**30**

REVENUES

- **Megastore** -6.5%, due to Consumer Electronics and to a store closed in Palermo (July 2017);
  Books +3.2%;
- **Directly-managed bookstores** -1% (**+8.9%** on a like-for-like basis in terms of stores)
- **Franchised Bookstores** -1.5% (also on a like-for-like basis in terms of stores)
- **On-line +35.5%** for the positive performance of "18app" (Bonus Cultura)

ADJ. EBITDA

Down as a result of:
- the structural decline in book club channel;
- the temporary decline of the franchised channel, affected by promotions;
- the costs associated with the targeted reduction in the sales of Consumer Electronics

80% of Retail revenues from books*

Mondadori Retail market share
15.3%
(+0.8 p.p. vs. Sept. 2016)

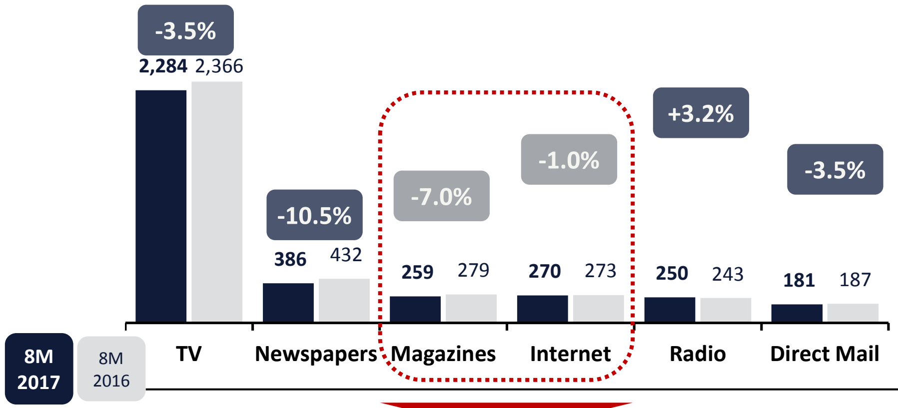
Source: GFK, Sept. 2017 (sell-out market value data)   *"Total Store" Revenues; channels do not include Bookclubs

9M17 Business – Magazines Italy

MONDADORI MAGAZINE
GRUPPO

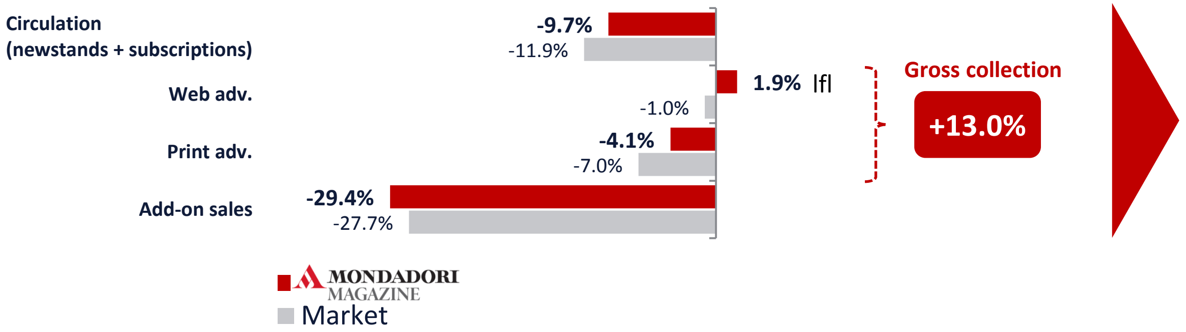
Adv. market (Aug. 2017)
3,777 mn €

-4.0%



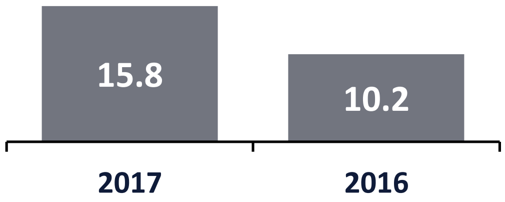
Circulation market shares

	2017	2016
MONDADORI MAGAZINE	31.8%	31.1%
CAIRO EDITORE	19.6%	19.0%
RCS	5.2%	4.8%
Casa Editrice Universo	10.9%	9.6%
HEARST magazines	5.5%	5.3%
CONDÉ NAST	3.3%	3.5%
Other	23.7%	26.7%



Utenti Unici Web / mese (mln)

MONDADORI MAGAZINE + banzai MEDIA



Source: Adv. – Nielsen (Aug. 2017), value data;
circulation (newstands + subscriptions) – internal source Press-di (Aug. 2017), value data

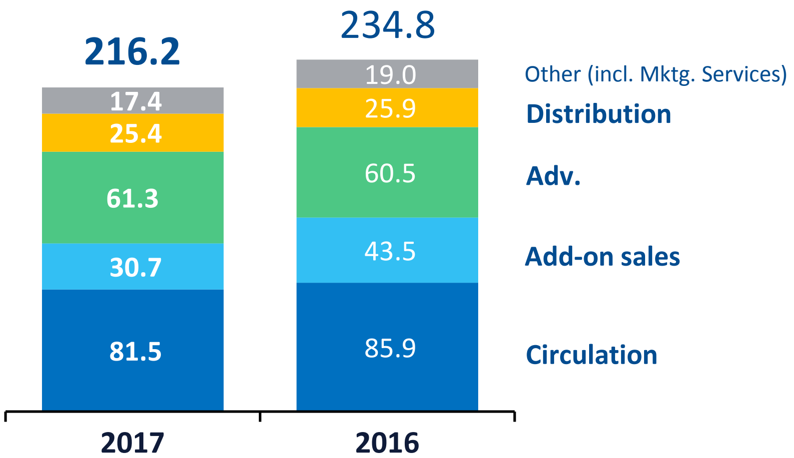
Source: Audiweb (average data Jan. – Aug.)

9M17 Business – Magazines Italy

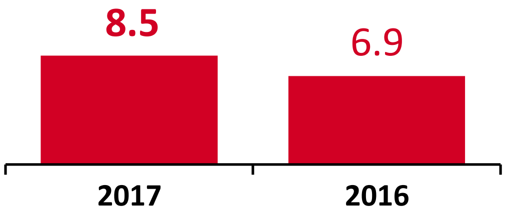
MONDADORI MAGAZINE

GRUPPO

Revenues -7.9%



Adj. EBITDA +23.9%



New magazines

Monthly (out from March), 200k average copies

Weekly (out from 23 June), 200k copies each week

REVENUES

- **Circulation revenue** (newsstands + subscriptions) -5.1%, less than the relevant market trend thanks to the new launches;
- **Adv. revenue +1.4%** (print + web) , of which **digital represents approx. 28%**;
- **Distribution and revenue towards third publishers** -2.1%, trend better than the relevant markets

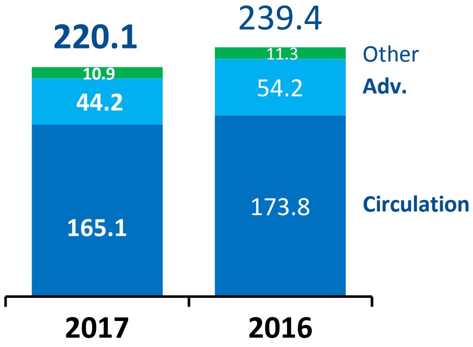
ADJ. EBITDA

- **Improvement of 24%** driven mainly by the **digital team/product integration** between Banzai Media and Mondadori. **Print activities reported a slight decrease**, partially offsetting the trend of the markets, with ongoing optimization actions and reduction of editorial and overhead costs.

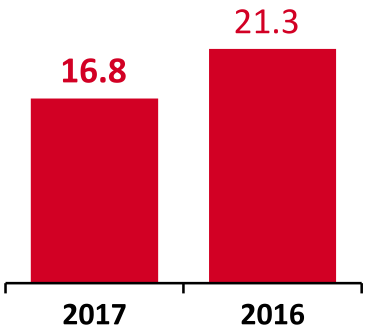
9M17 Business – Magazines France

MONDADORI FRANCE
GRUPPO

Revenues -8%

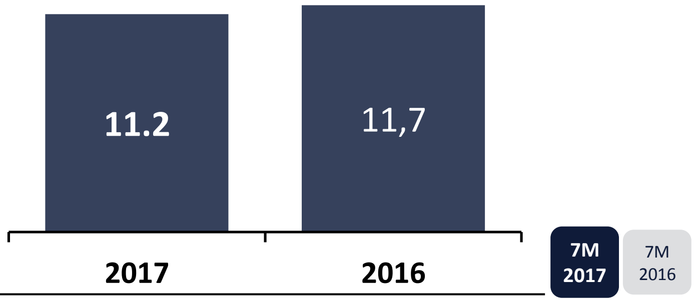


Adj. EBITDA -4.5 mn €



Unique users/month (mn) Web + mobile

-4% yoy



REVENUES

- **Circulation revenue** (approximately 75% of the total) -5%;
- **Adv. revenue** (print+web) -18,5%, mainly due to the digital business affected by the insourcing of advertising sales of the mobile/video segment.

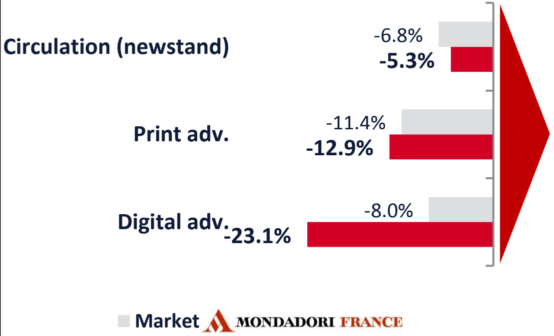
ADJ. EBITDA

Drop mainly attributable to:

- the downturn in circulation revenue and in print and digital advertising
- the increase in circulation expenses;
- the increase in office rental costs and to the deconsolidation from 1 May of NaturaBuy (€-1,5 mln).

-3 mn € business decrease

Mondadori vs market



Print adv. Market shares (by volume, Aug. 17)

MONDADORI FRANCE	10.7%	11.1%
Lagardère	10.7%	11.0%
PM	10.0%	10.8%
LE FIGARO	5.1%	5.2%
M	5.1%	5.4%
Other	58.4%	56.5%

Source: Circulation – internal source Presstalis July 2017, Advertising – Kantar Media Aug. 2017 (volume data)

BACKUP

9M17 Profit & Loss

GRUPPO

Euro/millions	9M 2017	% growth on revenue	9M 2016	% growth on revenue	Var. %
Revenue from sales and services	**924.7**	*100.0%*	**935.3**	*100.0%*	***-1.1%***
Cost of sold items	282.3	*30.5%*	293.3	*31.4%*	*-3.8%*
Variable costs	314.7	*34.0%*	316.2	*33.8%*	*-0.5%*
Fixed costs	74.1	*8.0%*	71.9	*7.7%*	*3.0%*
Cost of personnel	173.9	*18.8%*	175.7	*18.8%*	*-1.0%*
Other costs/(income)	2.1	*0.2%*	2.0	*0.2%*	*2.2%*
Result - associates	-2.5	*-0.3%*	0.0	*0.0%*	*n.s.*
Adjusted EBITDA	***75.2***	***8.1%***	***76.1***	***8.1%***	***-1.3%***
Restructuring costs	-5.0		-3.9		*28.1%*
Positive/(negative) extraordinary items	9.1		-2.0		*n.s.*
EBITDA	**79.3**	***8.6%***	**70.3**	***7.5%***	***12.9%***
Amortization, depreciation and impairment	24.2	*2.6%*	22.3	*2.4%*	*8.6%*
EBIT	**55.1**	***6.0%***	**48.0**	***5.1%***	***14.9%***
Net financial income (costs)	-10.2	*-1.1%*	-12.7	*-1.4%*	*-19.6%*
Income (costs) from other investments	0.0	*0.0%*	0.0		
Result before tax for the period	**44.9**	***4.9%***	**35.3**	***3.8%***	***27.2%***
Income tax	11.8	*1.3%*	16.2	*1.7%*	*-27.3%*
Minority shareholders' result	1.9	*0.2%*	1.9	*0.2%*	*-0.9%*
Result from continuing operations	**31.2**	***3.4%***	**17.2**	***1.8%***	***81.9%***
Result from discontinued operations	0.0	*0.0%*	0.7	*0.1%*	*n.s.*
Net result	**31.2**	***3.4%***	**17.9**	***1.9%***	***74.8%***

*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.

3Q17 Profit & Loss

Euro/millions	3Q 2017	% growth on revenue	3Q 2016	% growth on revenue	Var. %
Revenue from sales and services	**371.8**	*100.0%*	**372.7**	*100.0%*	***-0.3%***
Cost of sold items	115.0	*30.9%*	117.0	*31.4%*	*-1.7%*
Variable costs	119.6	*32.2%*	121.5	*32.6%*	*-1.6%*
Fixed costs	22.7	*6.1%*	23.5	*6.3%*	*-3.2%*
Cost of personnel	54.1	*14.5%*	57.7	*15.5%*	*-6.3%*
Other costs/(income)	4.9	*1.3%*	3.8	*1.0%*	*26.1%*
Result - associates	-1.9	*-0.5%*	0.3	*0.1%*	*n.s.*
Adjusted EBITDA	***53.6***	***14.4%***	***49.5***	***13.3%***	***8.3%***
Restructuring costs	-2.1		-1.5		*39.8%*
Positive/(negative) extraordinary items	0.6		-0.2		*n.s.*
EBITDA	**52.0**	***14.0%***	**47.8**	***12.8%***	***8.9%***
Amortization, depreciation and impairment	8.1	*2.2%*	8.2	*2.2%*	*-1.2%*
EBIT	**43.9**	***11.8%***	**39.5**	***10.6%***	***11.0%***
Net financial income (costs)	-3.1	*-0.8%*	-4.8	*-1.3%*	*-35.8%*
Income (costs) from other investments	0.0	*0.0%*	0.0		
Result before tax for the period	**40.8**	***11.0%***	**34.8**	***9.3%***	***17.5%***
Income tax	13.4	*3.6%*	13.1	*3.5%*	*2.2%*
Minority shareholders' result	0.6	*0.2%*	0.7	*0.2%*	*-18.6%*
Result from continuing operations	**26.9**	***7.2%***	**20.9**	***5.6%***	***28.2%***
Result from discontinued operations	0.0	*0.0%*	0.7	*0.2%*	*n.s.*
Net result	**26.9**	***7.2%***	**21.6**	***5.8%***	***24.1%***

*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.

9M17 Balance Sheet

(€mn)	9M17	2016	9M16
Net receivables	332.4	300.1	342.7
Net inventory	145.2	143.4	165.9
Trade payables	(435.0)	(416.4)	(441.2)
Other assets/(liabilities)	10.2	(14.6)	7.5
NWC and Provisions	**52.8**	**12.5**	**74.9**
Intangible assets	598.0	612.1	599.9
Tangible assets	27.5	33.3	34.0
Investments	41.4	43.0	44.7
Net Fixed Assets	**666.8**	**688.5**	**678.6**
Provisions	(70.5)	(68.6)	(75.5)
Post-employment benefits	(47.5)	(51.0)	(50.1)
Discontinued assets / (liabilities)			10.9
NET INVESTED CAPITAL	**601.5**	**581.4**	**638.8**
Share Capital	68.0	68.0	68.0
Minority shareholders' reserves and equity	246.3	227.3	223.9
Net result	31.2	22.5	17.9
Equity	**345.5**	**317.8**	**309.8**
NFP	**256.0**	**263.6**	**329.0**
TOTAL EQUITY	**601.5**	**581.4**	**638.8**

9M17 Net Financial Position

GRUPPO

€mn	Sept. 17	Sept. 16	LTM
NFP beginning of period	**(263.6)**	**(199.4)**	**(329.0)**
Adjusted EBITDA	75.2	76.0	107.7
Shareholdings/dividends	(1.3)	(4.3)	(1.7)
Change in NWC + provision	(46.5)	(24.3)	(9.5)
CAPEX	(11.5)	(8.8)	(19.9)
Cash flow from operations	**16.0**	**38.6**	**76.6**
Financial costs	(10.2)	(12.7)	(15.2)
Taxes	(6.9)	(10.8)	(9.9)
Ordinary Cash Flow	**(1.1)**	**15.1**	**51.6**
Restructuring costs	(11.0)	(10.8)	(15.1)
Extraordinary tax amounts / prior years	5.4	15.1	5.8
Asset acquisition/disposals	14.3	(148.9)	30.6
Extraordinary Cash Flow	**8.7**	**(144.7)**	**21.3**
Total Cash Flow	**7.5**	**(129.6)**	**72.9**
NFP end of period	**(256.0)**	**(329.0)**	**(256.0)**

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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.

GRUPPO MONDADORI

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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.