GRUPPO MONDADORI

1Q18 Results

Investors Presentation

Ernesto Mauri – CEO
Oddone Pozzi – CFO

Segrate, 15 May 2018

GRUPPO MONDADORI

AGENDA

1. **1Q 2018** Results
2. **1Q 2018** Business
3. **1Q 2018** Headcount
4. **FY 2018** Outlook

Disclaimer

*Beginning from 1 January 2018 (and to provide a consistent presentation, also for 2017), the Group has applied the new "**IFRS 15 - Revenue from Contracts with Customers"** - revenue recognition standard, which applies to all contracts stipulated with customers, with the exception of those that fall within the scope of application of other IAS/IFRS standards such as leases, insurance contracts and financial instruments; the new standard provides for:*

- *the booking of circulation revenue based on the cover price or, in any case, on the price actually paid by the purchaser, gross of all commissions paid. Accordingly and unlike the previous accounting treatment, the commission has been recognized separately as distribution cost, no longer as a reduction in revenue.*
  Magazines Italy and France, as a result, saw an increase in revenue;

- *the presentation of revenue from the distribution of third publishers' products, net of relating acquisition costs, previously booked in cost of sold items.*
  The Books Area, as a result, saw a decrease in revenue.

The new IFRS 15 presents revenue and costs differently, with no effect on EBITDA.

Beginning from 2018, the result generated by associates (consolidated at equity), previously classified in adjusted EBITDA, is shown under EBIT; for consistency, 2017 has been reclassified accordingly.

1Q18 Highlights

€ mn

	2018	2017	Yoy var.	
Revenues	253.4	271.6	-6.7%	*t/o -13.6% Magazines Italy*
Adjusted EBITDA	0.5	4.0	-3.5 € mn	*t/o -4.4 € mn Magazines Italy*
EBITDA	-3.0	2.3	-5.3 € mn	*t/o -7.3 € mn Magazines Italy*
Net Result	-13.6	-9.2	-4.4 € mn	
NFP	-221.9	-286.2	+64.3 € mn +22.5%	

1Q18 Revenues and Adj. EBITDA by Business Area

GRUPPO

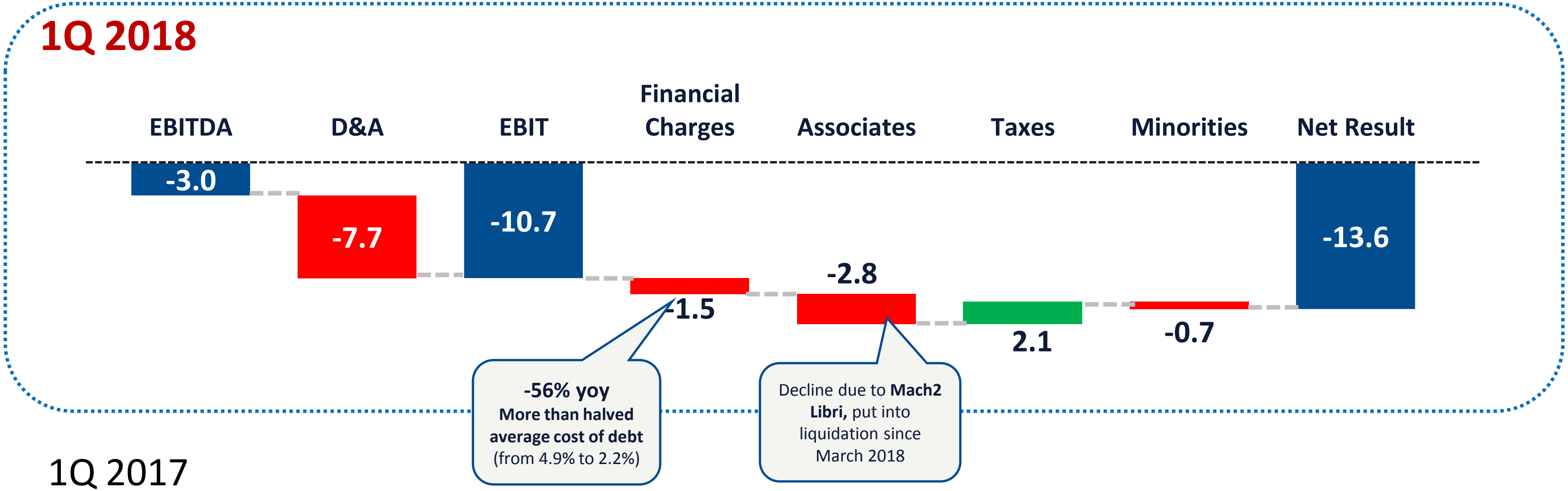
€ mn

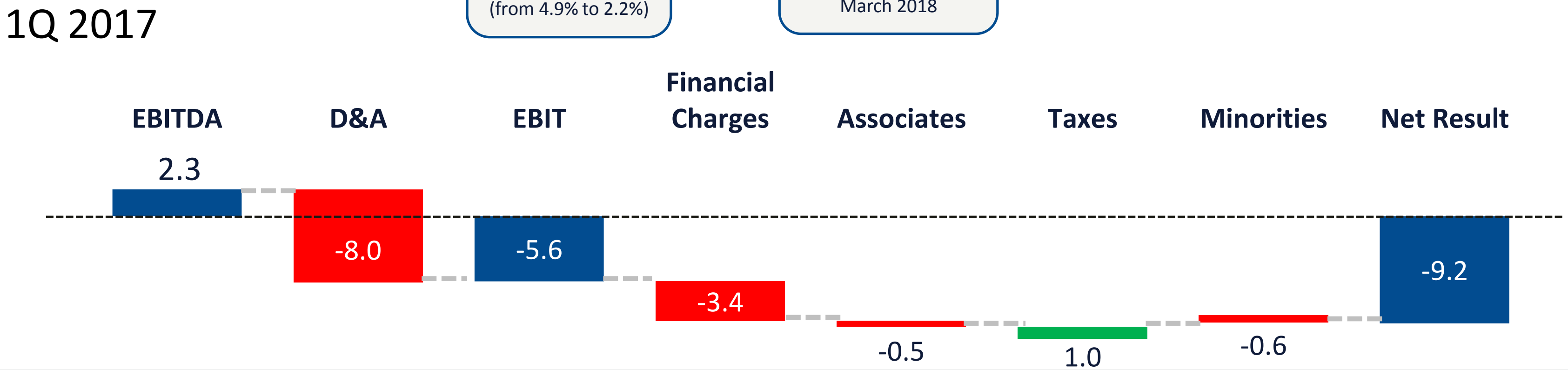
REVENUES	1Q2018	1Q2017	Var. %
Books	**73.4**	72.6	*1.0%*
Retail	**43.2**	42.9	*0.9%*
Magazines Italy	**70.2**	81.2	*(13.6%)*
Magazines France	**75.6**	80.7	*(6.3%)*
Corporate & Shared Services	**8.8**	7.5	*16.4%*
Intercompany	(17.7)	(13.3)	*33.2%*
Total	**253.4**	**271.6**	***(6.7%)***

Adj. EBITDA	1Q2018	1Q2017	Var.
Books	**(0.8)**	(2.9)	*2.1*
Retail	**(1.9)**	(2.1)	*0.2*
Magazines Italy	**2.1**	6.6	*(4.4)*
Magazines France	**3.3**	3.6	*(0.3)*
Corporate & Shared Services	**(2.0)**	(1.8)	*(0.2)*
Intercompany	(0.2)	0.7	*(0.9)*
Total	**0.5**	**4.0**	***(3.5)***

1Q18 from EBITDA to Net Result

€ mn

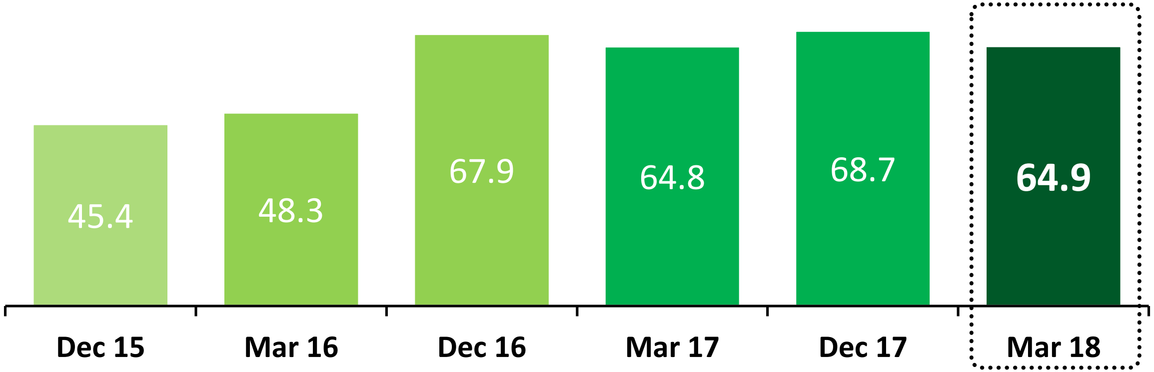




1Q18 LTM Cash Flow

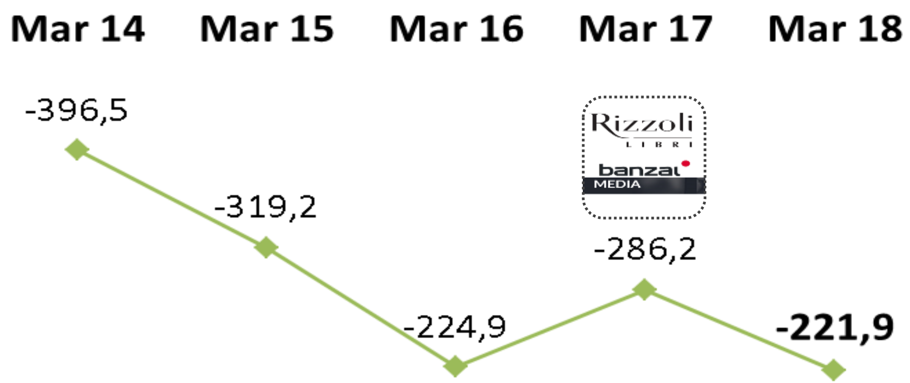
€ mn

Path of positive cash generation from business confirmed



Ordinary Cash Flow = Operating CF net of investments, taxes, associates and financial charges.

Group NFP



More than -22% reduction

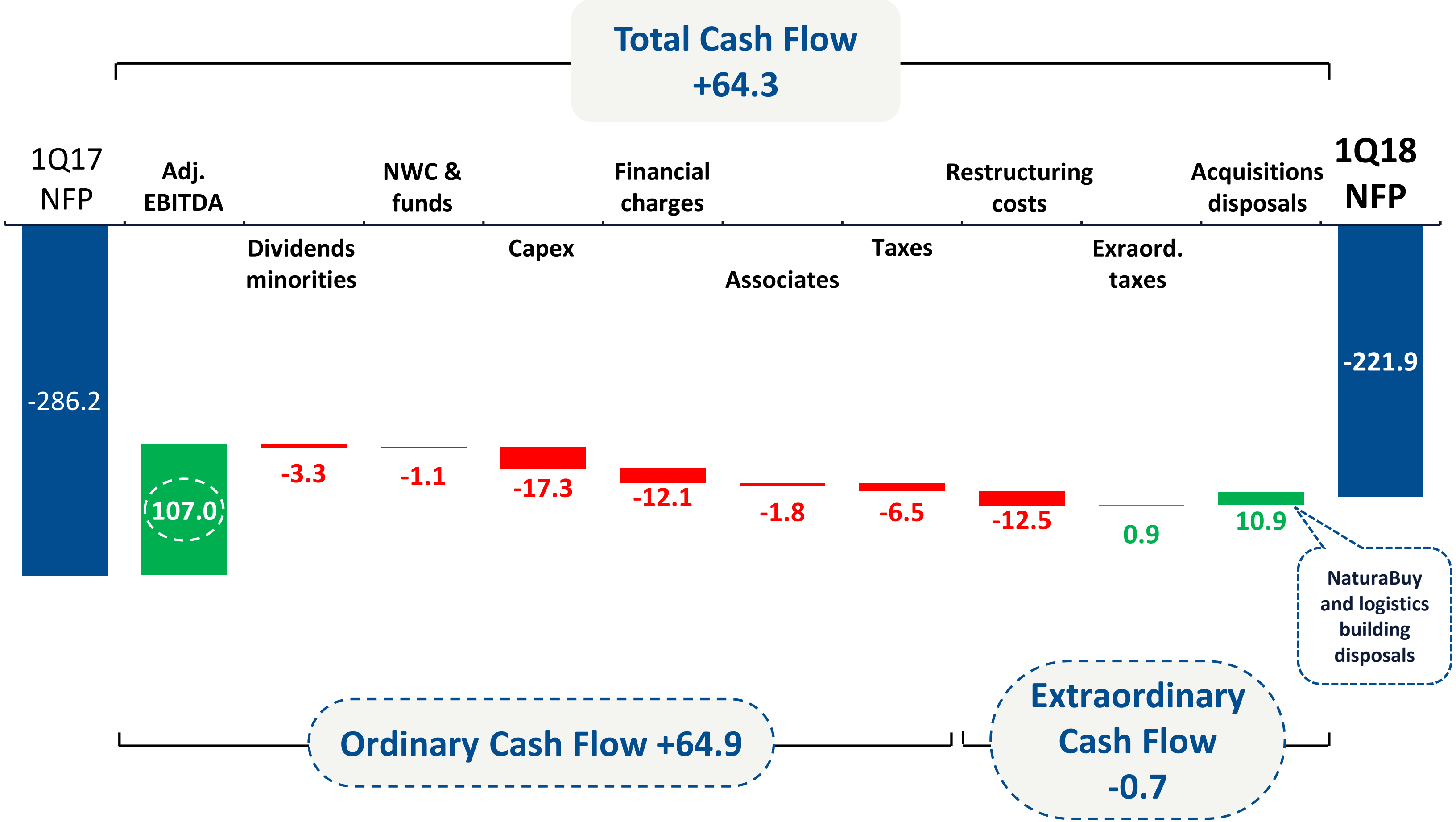
2017

-64.3 € mn

2018

1Q18 LTM Cash Flow

€ mn



GRUPPO MONDADORI

AGENDA

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1Q18 Business – Trade Books

MONDADORI LIBRI
GRUPPO

Trade market – € 259.5 mn

	2018	2017	3M	4M
Total			4.1%	0.6%
Chains	109.8	108.7	+0.8%	-2.0%
Bookstores	65.9	66.8	-1.3%	-3.1%
E-commerce	62.5	51.4	+21.6%	+15.4%
Large retailers	21.3	22.4	-4.5%	-9.5%

Market share Mondadori Group March 2018: 35.7%

Trade market shares

	3M	4M
GRUPPO MONDADORI	27.7%	29.1%
GeMS	9.6%	10.4%
GIUNTI	8.9%	8.2%
la Feltrinelli	4.9%	4.3%
NEWTON COMPTON EDITORI	2.1%	2.5%
DeAGOSTINI LIBRI	1.6%	1.4%
Other	45.2%	44.1%

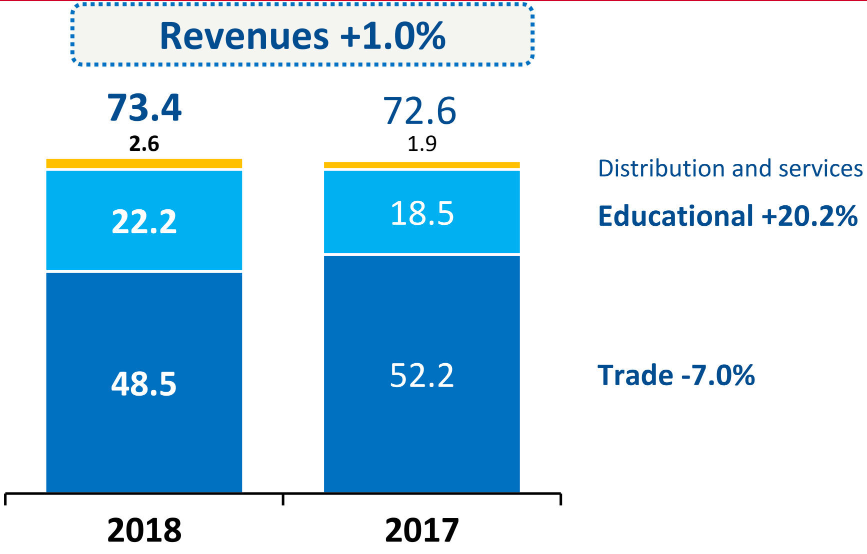
3 titles in first 3 positions of Top 10 sellers

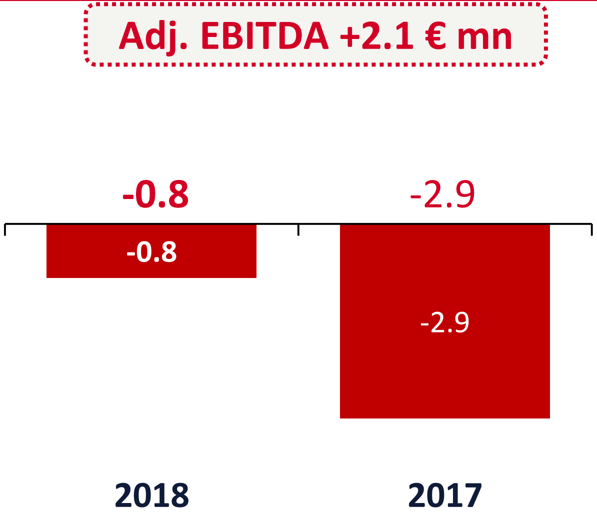
8 titles in Top 10 sellers

 Source: GFK Mar./Apr. 2018 (sell-out market value data)

1Q18 Business – Books

€ mn





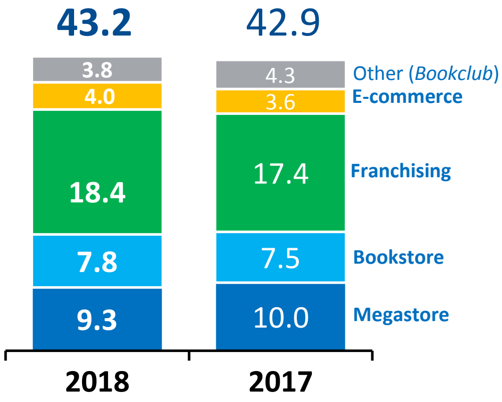
REVENUES	▸ **Decrease in Trade segment** due to the ongoing strategy of new titles selective production and to the contraction registered in the large retail channel ▸ **Increase in Educational segment** in the scholastic business and in the activities of museum management and organization.
Adj. EBITDA	▸ **Relevant improvement** due to: • operative efficiencies deriving from Rizzoli Libri integration and from the business process optimization; • lower logistics costs, thanks to the outsourcing completed during 2017.

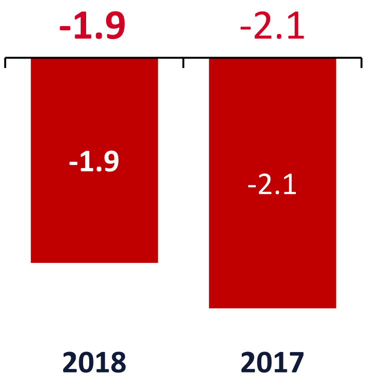
1Q18 Business – Retail

€ mn

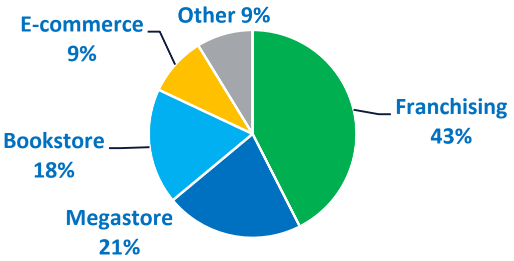
Revenues +0.9%

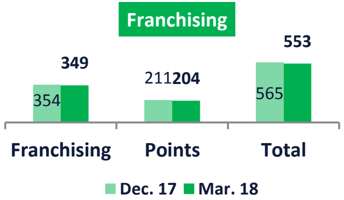
Adj. EBITDA +0.2 € mn

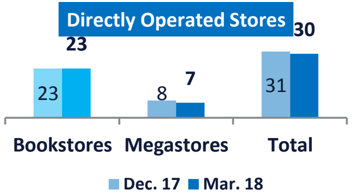




Revenues by channel*







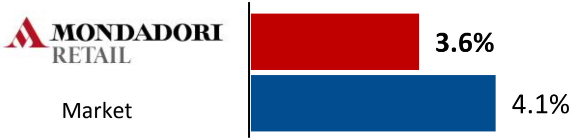
REVENUES

- **Directly-managed Bookstores +4.0%** (+2.5% lfl)
- **Franchised bookstores +5.0%** (lfl too)
- **Megastore** -7.0% due to Consumer Electronics performance and Palermo/S. Pietro all'Orto stores closures, **Book +5.0%**
- **On-line** (e-commerce) **+10.0%**

Adj. EBITDA

- **Improvement** due to the first results of the razionalization project of the directly-managed stores

82% revenues in Book market*



Market share: 14.1%
(-0.1 p.p. vs. Mar. 2017)

 Source: GFK Mar./Apr. 2018 (sell-out market value data)

*"Total Store" revenues; channels do not include Bookclub

1Q18 Business – Magazines Italy

MONDADORI MAGAZINE

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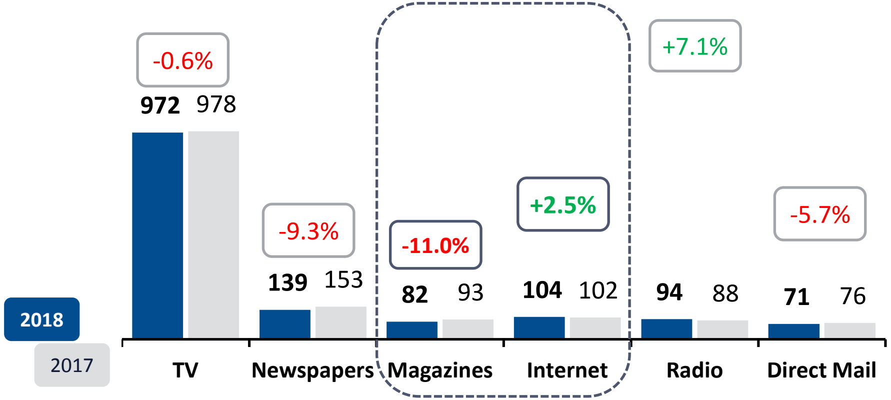
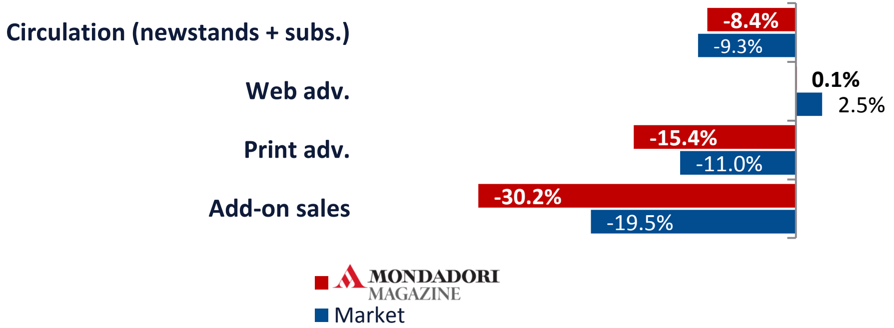
Adv. market – € 1.52 bn

-1.3%



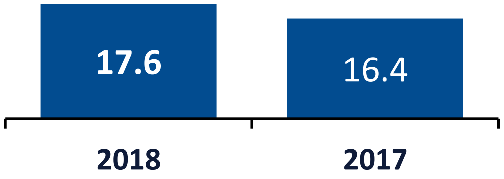
Circulation market shares

	2018	2017
MONDADORI MAGAZINE	30.8%	31.2%
CAIRO EDITORE	19.6%	18.9%
RCS	5.1%	5.1%
Casa Editrice Universo	11.9%	11.6%
HEARST magazines	5.4%	5.3%
CONDÉ NAST	3.3%	3.4%
Other	23.9%	24.5%



Web Unique Users / month (mn)

MONDADORI MAGAZINE + banzai MEDIA



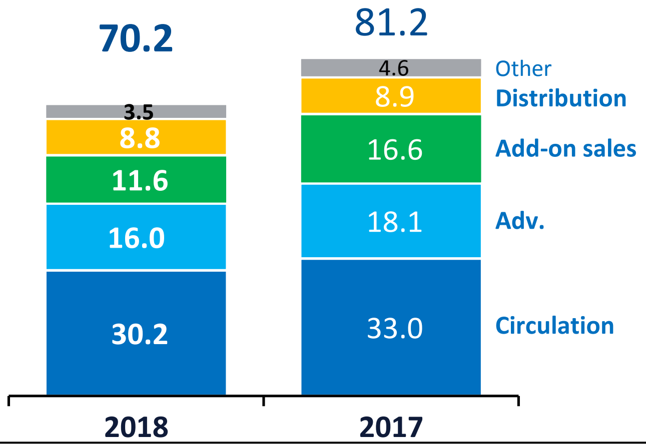
Source: Adv. – Nielsen (Mar. 2018), value data;
circulation by value (newstands+subs. channels) – internal source Press-di (Mar. 2018)

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

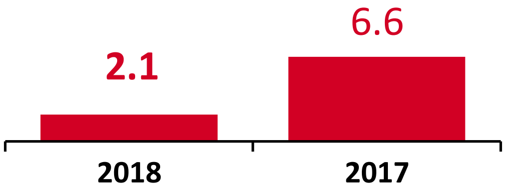
1Q18 Business – Magazines Italy

€ mn

Revenues -13.6%



Adj. EBITDA -4.4 € mn



Finalized disposal

INTHERA

CONTENT DATA MARKETING

Under finalization disposal

TUSTYLE

Confidenze

REVENUES

- **Circulation revenues** -8.4%, slightly better performance vs. market both in newstands and subscriptions channels.
- **Adv. revenues** -11.6% (print+web), with web adv. collection stable vs. 1Q2017; print collection reflects a different timing of some initiatives.
- **Distribution and revenues towards third publishers** -0.8%, stable yoy thanks to the continous commitment in the development of third publishers portfolio.

Adj. EBITDA

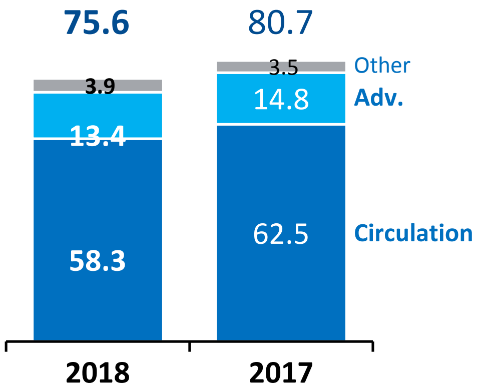
- Negative trend vs. 1Q2017 mainly due to the revenues decrease linked to:
  - shrinking market trends
  - different phasing of some initiatives.

1Q18 Business – Magazines France

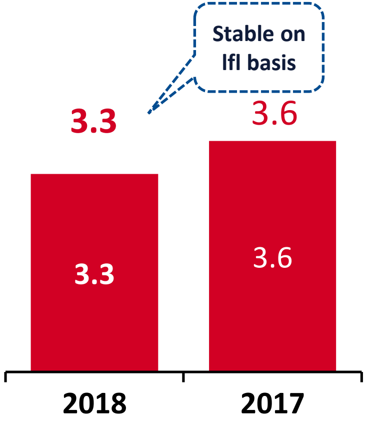
MONDADORI FRANCE · GRUPPO

€ mn

Revenues -6.3%



Adj. EBITDA -0.3 € mn



Mondadori vs market

Print adv. market shares

	2018	2017
Mondadori France	9.0%	9.6%
Lagardère	11.6%	11.9%
PM	9.4%	9.8%
Le Figaro	6.0%	5.6%
Condé Nast	5.8%	5.9%
Marie Claire	4.7%	4.1%
Le Monde	4.3%	4.4%
Altice	3.8%	4.6%
Bayard	2.0%	2.1%
Reworld Media	1.7%	1.8%
Other	41.8%	40.2%

REVENUES

- **Circulation revenues** (75% of the total) decreasing -6.6%
- **Adv. revenues** (print+web) decreasing -9.2%

Adj. EBITDA

- Excluding NaturaBuy contribution in 1Q2017 (company sold in May 2017), the result is **substantially stable** thanks to:
  - industrial costs control
  - advertising and Digital teams reorganization.

Source: Circulation – Presstalis Feb. 2018, Adv. – Kantar Media Feb. 2018 (volume data)

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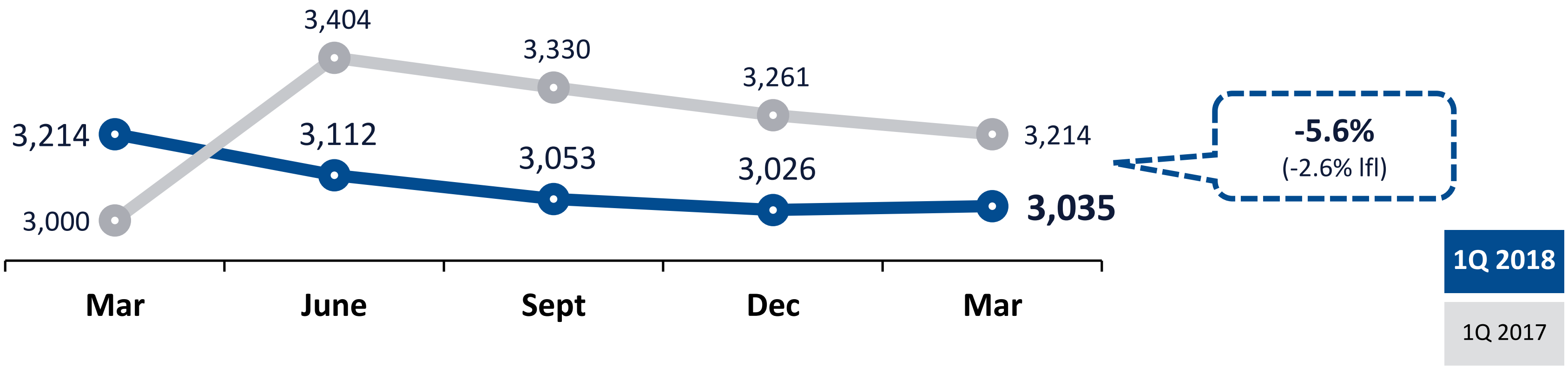
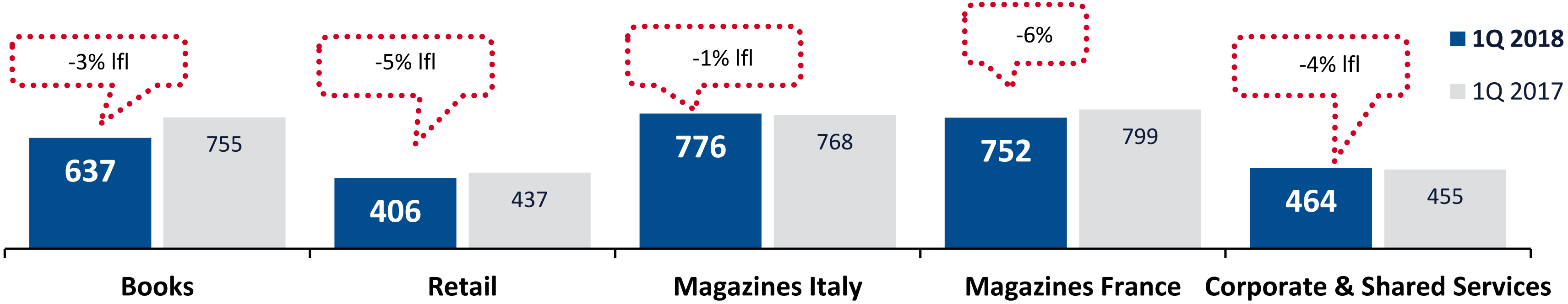
1Q18 Headcount Evolution

Group Headcount



Headcount by BU



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FY18 Outlook

Like-for-like

2018 TARGETS

REVENUES	Slight decrease yoy
Adj. EBITDA	Stable
Net Result	Decrease due to less positive not ordinary components
Ordinary Cash Flow	**€55/€60 mn** (from €50 mn)

BACKUP

1Q18 P&L

€ mn

Euro/millions	1Q 2018	% growth on revenue	1Q 2017	% growth on revenue	Var. %
Revenue from sales and services	**253.4**	***100.0%***	**271.6**	***100.0%***	***-6.7%***
Cost of sold items	69.0	*27.2%*	71.9	*26.5%*	*-4.0%*
Variable costs	105.8	*41.7%*	111.1	*40.9%*	*-4.8%*
Fixed costs	24.2	*9.5%*	28.5	*10.5%*	*-15.2%*
Cost of personnel	58.0	*22.9%*	60.9	*22.4%*	*-4.8%*
Other costs/(income)	-4.1	*-1.6%*	-4.8	*-1.8%*	*-15.8%*
Adjusted EBITDA	**0.5**	***0.2%***	**4.0**	***1.5%***	***-87.3%***
Restructuring costs	-3.4		-1.4		*n.m.*
Positive/(negative) extraordinary items	-0.1		-0.3		*-48.2%*
EBITDA	**-3.0**	***-1.2%***	**2.3**	***0.9%***	***n.m.***
Amortization, depreciation and impairment	7.7	*3.0%*	8.0	*2.9%*	*-3.6%*
EBIT	**-10.7**	***-4.2%***	**-5.6**	***-2.1%***	***n.m.***
Net financial income (costs)	-1.5	*-0.6%*	-3.4	*-1.3%*	*-56.6%*
Result - associates	-2.8	*-1.1%*	-0.5	*-0.2%*	*n.m.*
Income (costs) from other investments	0.0	*0.0%*	0.0	*0.0%*	
Result before taxes for the period	**-14.9**	***-5.9%***	**-9.5**	***-3.5%***	***n.m.***
Income taxes	-2.1	*-0.8%*	-1.0	*-0.4%*	*n.m.*
Result attributable to non-controlling interests	0.7	*0.3%*	0.6	*0.2%*	*21.2%*
Result from continuing operations	**-13.6**	***-5.4%***	**-9.2**	***-3.4%***	***n.m.***
Result from discontinued operations	0.0	*0.0%*	0.0	*0.0%*	
Net result	**-13.6**	***-5.4%***	**-9.2**	***-3.4%***	***n.m.***

1Q18 Balance Sheet

€ mn

	Mar. 18	Dec. 17	Mar. 17
Trade receivables	246.8	298.0	247.4
Inventory	138.2	127.6	151.4
Trade payables	(370.8)	(416.3)	(378.6)
Other assets/ (liabilities)	1.5	(12.1)	3.7
NWC	15.8	(2.8)	23.9
Intangible assets	594.6	593.0	611.8
Property, plant and equipment	25.6	26.9	31.7
Investments	37.3	38.0	42.5
NET FIXED ASSETS	657.5	657.9	686.0
Provisions and post-employment benefits	(119.4)	(120.6)	(114.5)
NET INVESTED CAPITAL	**553.9**	**534.6**	**595.4**
Share capital	68.0	68.0	68.0
Reserves	247.4	246.9	219.3
Profit (loss) for the period	(13.6)	30.4	(9.2)
Minorities equity and reserves	30.2	0.0	31.1
EQUITY	332.0	345.3	309.2
NET FINANCIAL POSITION (DEBT)	221.9	189.2	286.2
TOTAL EQUITY	**553.9**	**534.6**	**595.4**

1Q18 Net Financial Position

€ mn

LTM (€mn)	Mar. 18	Dec. 17
NFP beginning of period	**(286.2)**	**(263.6)**
Adjusted EBITDA	107.0	110.5
Dividends minorities	(3.3)	(3.3)
Change in NWC + provision	(1.1)	3.3
CAPEX	(17.3)	(17.2)
Cash flow from operations	85.3	93.4
Financial costs	(12.1)	(14.0)
Management of investments in associates	(1.8)	(3.1)
Taxes	(6.5)	(7.6)
Cash flow from ordinary operations	**64.9**	**68.7**
Restructuring costs	(12.5)	(13.8)
Extraordinary tax amounts / prior years	0.9	6.8
Acquisition/disposal of assets	10.9	12.6
Cash flow from extraordinary operations	(0.7)	5.6
Total Cash Flow	64.3	74.3
NFP end of period	**(221.9)**	**(189.2)**

1Q18 Reported EBITDA by Business Area

€ mn

Rep. EBITDA	1Q2018	1Q2017	*Var.*
Books	**(1.0)**	(3.1)	*2.2*
Retail	**(2.1)**	(2.9)	*0.8*
Magazines Italy	**(0.8)**	6.5	*(7.3)*
Magazines France	**3.2**	3.0	*0.2*
Corporate & Shared Services	**(2.1)**	(1.8)	*(0.3)*
Intercompany	(0.2)	0.7	*(0.9)*
Total	**(3.0)**	**2.3**	***(5.3)***

Glossary

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- **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).

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

- **LTM Ordinary Cash Flow** cash flow from ordinary operations in the last twelve months.

- **Extraord. 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.

Social Media Contacts

Mondadori Group IR (available on Google Play and App Store)

twitter.com/mondadori

it.linkedin.com/company/mondadori

facebook.com/GruppoMondadori

instagram.com/gruppomondadori

youtube.com/c/mondadori

Upcoming Events, IR Contacts & Shareholders

GRUPPO

Next event

July 31st, 2018

Half-year report at June 30, 2018

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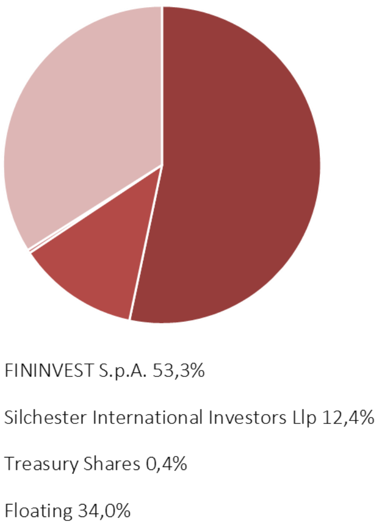
SHAREHOLDING



Source: Consob, Mondadori

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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.