INTERIM MANAGEMENT STATEMENT AT 30 SEPTEMBER 2018

GRUPPO MONDADORI

ARNOLDO MONDADORI EDITORE S.p.A.

Share capital € 67,979,168.40

Registered Office in Milan
Administrative Offices in Segrate (Milan)

INTERIM MANAGEMENT STATEMENT
AT 30 SEPTEMBER 2018

Arnoldo Mondadori Editore S.p.A.

CONTENTS

MONDADORI GROUP HIGHLIGHTS IN NINE MONTHS 2018

(Euro/millions)	9M 2018	9M 2017**	*Var. ****
Mondadori Group*			
Revenue	**658.1**	**707.1**	***(49.0)***
Adjusted EBITDA	**62.8**	**60.8**	***2.0***
% on revenue	*9.4%*	*8.5%*	
EBITDA	**53.0**	**63.2**	***(10.2)***
% on revenue	*7.9%*	*8.8%*	
EBIT	**37.5**	**47.8**	***(10.3)***
% on revenue	*5.6%*	*6.7%*	
Adjusted profit from continuing operations	**15.8**	**25.5**	**(9.7)**
Business Areas*			
Revenue	**658.1**	**707.1**	***(49.0)***
Books	339.6	357.2	*(17.6)*
Retail	129.3	132.6	*(3.4)*
Magazines Italy	216.1	243.6	*(27.6)*
Corporate & Shared Services	25.8	20.2	*5.7*
Intercompany	(52.7)	(46.6)	*(6.1)*
ADJ. EBITDA	**62.8**	**60.8**	***2.0***
Books	68.0	62.5	*5.5*
Retail	(3.4)	(3.9)	*0.6*
Magazines Italy	4.1	8.1	*(3.9)*
Corporate & Shared Services	(5.2)	(5.1)	*(0.1)*
Intercompany	(0.7)	(0.6)	*(0.1)*
Balance Sheet			
Equity	163.9	345.5	*(181.6)*
Net financial position	**(209.3)**	**(256.0)**	***46.7***
Human Resources			
End-of-period headcount	**2,930**	**3,053**	***(123)***

** Comparative scope for continuing operations. See Note on page 12 of this Statement.*
*** 2017 revenue: comparative amounts reclassified under IFRS 15.*
**** Changes in this document were calculated on amounts expressed in Euro thousands.*

COMPOSITION OF CORPORATE BODIES

*Board of Directors**

Chairman
Marina Berlusconi

CEO
Ernesto Mauri

Directors
Pier Silvio Berlusconi
Paolo Ainio
Elena Biffi**
Francesco Currò
Patrizia Michela Giangualano**
Martina Forneron Mondadori**
Danilo Pellegrino
Roberto Poli
Oddone Pozzi
Angelo Renoldi**
Mario Resca
Cristina Rossello**

*Board of Statutory Auditors**

Chairman
Sara Fornasiero

Standing Auditors
Flavia Daunia Minutillo
Ezio Simonelli

Substitute Auditors
Mario Civetta
Annalisa Firmani
Francesco Vittadini

** The Board of Directors and the Board of Statutory Auditors currently in office were appointed by the Shareholders' Meeting of 24 April 2018*
*** Independent Director*

MONDADORI GROUP STRUCTURE

ARNOLDO MONDADORI EDITORE S.P.A.

Books	Retail	Magazines Italy	Magazines France**	Other business
Mondadori Libri S.p.A. **100%**	Mondadori Retail S.p.A. **100%**	AdKaora S.r.l. **100%**	Mondadori France S.a.s. **100%**	Società Europea di Edizioni S.p.A. **36,89%**
Giulio Einaudi editore S.p.A. **100%**		Mondadori International Business S.r.l. **100%**		Monradio S.r.l. **20%**
Edizioni EL S.r.l. **50%**		Attica Publications S.A. **41,98%**		
Mondadori Education S.p.A. **100%**		Press-di S.r.l. **100%**		
Mondadori Electa S.p.A. **100%**		Mondadori Scienza S.p.A. **100%**		
Rizzoli Education S.p.A. **99,99%**		Press-di Abbonamenti S.p.A. **100%**		
Mach 2 Libri S.p.A.* **44,91%**		Mediamond S.p.A. **50%**		
		Mondadori Seec (Beijing) Advertising Co.Ltd **50%**		

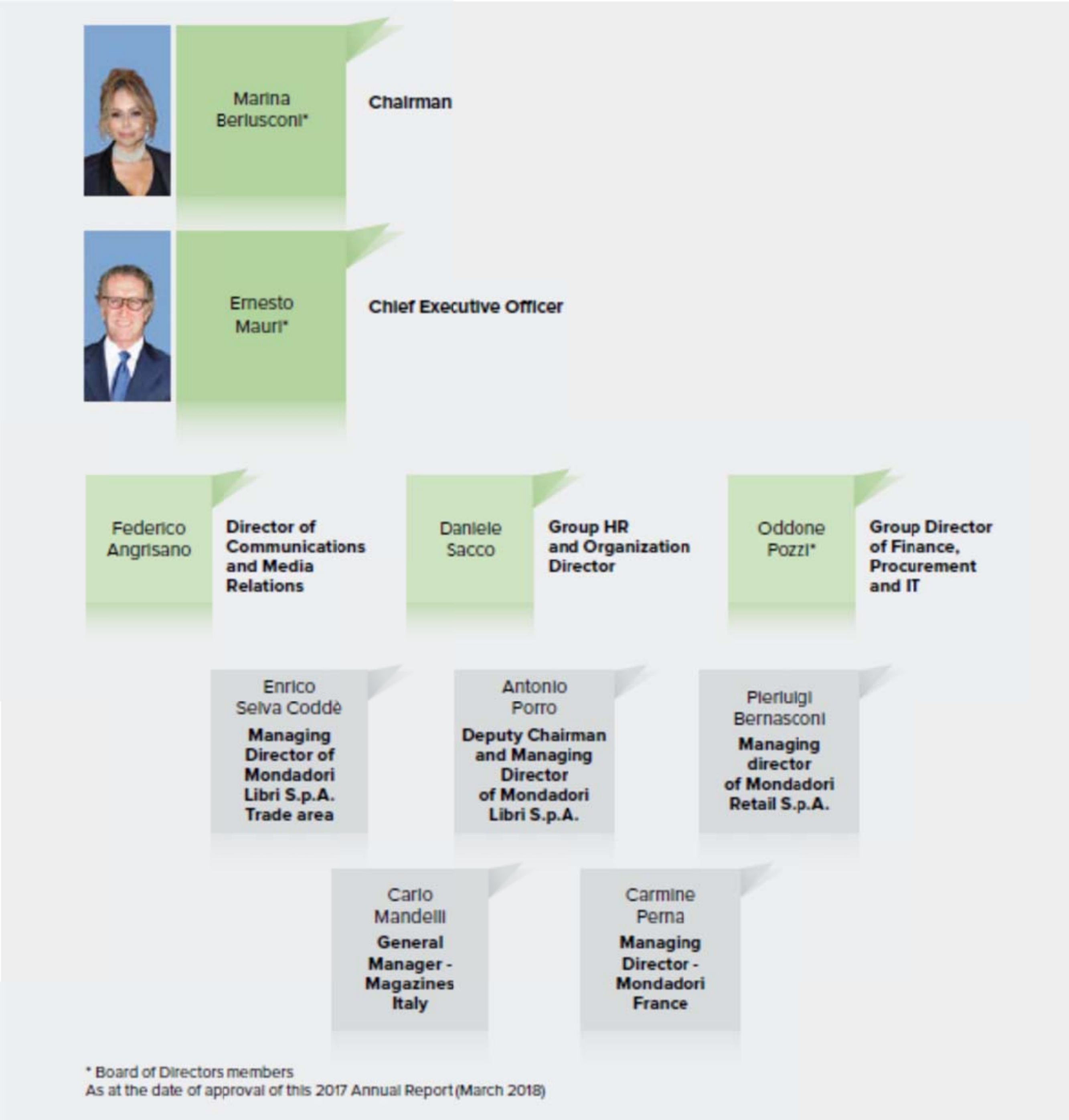
Legenda:

Affiliated companies | Subsidiary companies

** Put into liquidation.*
*** Assets held for sale.*

Situation at 14 November 2018

MONDADORI GROUP ORGANIZATION CHART



*Members of the Board of Directors

DIRECTORS' REPORT ON OPERATIONS AT 30 SEPTEMBER 2018

DIRECTORS' REPORT ON OPERATIONS AT 30 SEPTEMBER 2018

On 26 September 2018, the Board of Directors of Arnoldo Mondadori Editore S.p.A. authorized the Chief Executive Officer to open exclusive negotiations with Reworld Media SA for a possible disposal of Mondadori France.

The disposal of French operations is part of the Group's strategy to refocus on the more solid business of Books; by increasing the availability of financial resources, this will help support the strategic lines of development and the competitiveness of its core businesses, also through potential new investments.

At the date of this Interim Management Statement, as the activities leading up to the disposal are in progress, and the Directors have considered the requirements of the international accounting standards met, the transaction is classified as a discontinued operation, in accordance with IFRS 5, given that the successful outcome of the negotiations would imply an exit by the Mondadori Group from the French magazine publishing market.

In the first nine months of 2018, the Group, net of the French assets held for sale, recorded a **3% increase** in **adjusted EBITDA** versus the prior year, in line with the scheduled operating plans, and **improving significantly in the performance of the Books Area**.

In the period under review, the Magazines Italy Area recorded, as expected, restructuring and reorganization costs functional to the structural reduction in operating costs, as well as the disposal of non-strategic and non-profitable businesses (including the disposal of Inthera and the *Panorama* newsmagazine business units).

Including the results of Mondadori France in the period under review, consolidated revenue would have amounted to € 884.5 million, dropping by 7.2% versus the prior year, while total adjusted EBITDA would have come to € 78.4 million, increasing by +1% versus the figure at 30 September 2017.

This trend, together with the **enduring positive performance of cash generation** from ordinary operations, makes the **achievement of the targets** set and disclosed for the whole 2018 financial year increasingly feasible.

CONSOLIDATED FINANCIAL HIGHLIGHTS IN NINE MONTHS 2018

€ millions	9 months 2018	Percentage on revenue	9 months 2017	Percentage on revenue	Var. %
Revenue from sales and services	**658.1**	*100.0%*	**707.1**	*100.0%*	***-6.9%***
Cost of sold items	201.3	*30.6%*	213.7	*30.2%*	*-5.8%*
Variable costs	221.4	*33.6%*	245.9	*34.8%*	*-10.0%*
Fixed costs	51.9	*7.9%*	59.6	*8.4%*	*-12.9%*
Cost of personnel *	120.7	*18.3%*	127.1	*18.0%*	*-5.1%*
Adjusted EBITDA	**62.8**	***9.5%***	**60.8**	***8.6%***	***3.2%***
Restructuring costs	6.0		2.2		*n.s.*
Negative/(positive) extraordinary items	3.8		-4.6		*n.s.*
EBITDA	**53.0**	***8.1%***	**63.2**	***8.9%***	***-16.1%***
Amortization, depreciation and impairment	15.5	*2.4%*	15.4	*2.2%*	*0.9%*
EBIT	**37.5**	***5.7%***	**47.8**	***6.8%***	***-21.6%***
Net financial expense (income)	2.1	*0.3%*	4.9	*0.7%*	*-57.4%*
Expense (income) from associates	9.9	*1.5%*	2.2	*0.3%*	*n.s.*
Expense (income) from other investments	0.0	*0.0%*	0.0	*0.0%*	
Result before taxes for the period	**25.6**	***3.9%***	**40.8**	***5.8%***	***-37.3%***
Income taxes	9.8	*1.5%*	15.3	*2.2%*	*-36.3%*
Adjusted result from continuing operations	**15.8**	***2.4%***	**25.5**	***3.6%***	***-38.0%***
Adjusted result from discontinued operations	-195.7	*-29.7%*	7.7	*1.1%*	*n.s.*
Result attributable to non-controlling interests	1.6	*0.2%*	1.9	*0.3%*	*-15.8%*
Net result	**-181.5**	***-27.6%***	**31.2**	***4.4%***	***n.s.***

* Cost of personnel includes costs for collaborations and temporary employment.

*** In 2018, the "Adjusted result from discontinued operations" includes the net result of Mondadori France in the first nine months of the current year, together with the recognition of the fair value adjustment of the assets being sold, in line with the negotiations currently underway, previously measured at value in use. The item also includes the financial expense charged to Mondadori France under the intercompany loan agreement.*

The "Adjusted result from continuing operations" and the "Adjusted result from discontinued operations" therefore differ in this amount from the amounts appearing in the statements attached to this Report (€ -193.3 million in 9M 2018 and € 12.8 million in 9M 2017), prepared in accordance with IFRS international accounting standards.

For the purposes of a like-for-like comparison, figures for the first nine months of 2017 have been restated accordingly.

Beginning from 1 January 2018 (and to provide a consistent presentation, also for 2017), the Group has adopted 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. The Magazines Italy and Magazines France areas, 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, considering the nature of associates (consolidated at equity), their result, previously classified in EBITDA, is shown under EBIT; for consistency, 2017 has been reclassified accordingly.

ALTERNATIVE PERFORMANCE MEASURES

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 provide a better understanding of the operating and financial performance of the Group, the definition of which is explained in the section "Glossary of terms and alternative performance measures used".

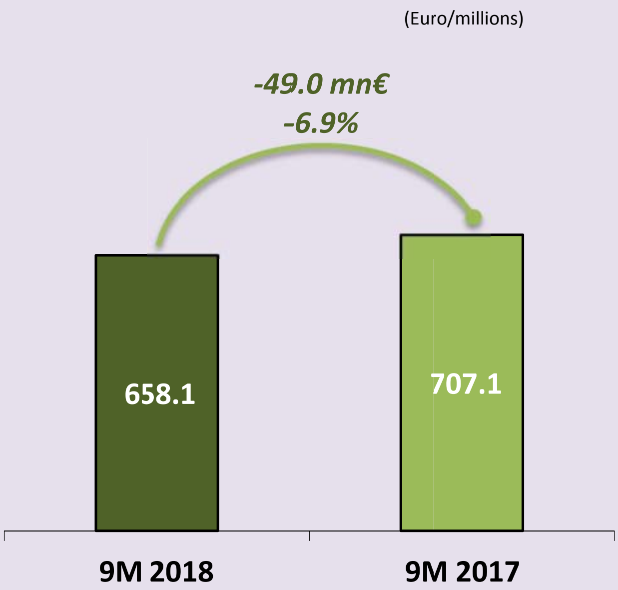
INCOME STATEMENT

REVENUE

Consolidated revenue in the first nine months of 2018 amounted to approximately **€ 658 million**, down by 6.9% versus the prior year, due mainly to the performance of **Magazines Italy**, attributable to the persisting negative trends of the relevant markets, in terms of both circulation and advertising.

In the **Books** Area, revenue in the first nine months of 2018 fell by approximately 5%, due to the Trade segment, which had benefited in third quarter 2017 from the publication of the year's bestselling titles by Ken Follett and Dan Brown.

The **Retail** Area saw a slight fall in revenue as a result of the closure of two Megastores.



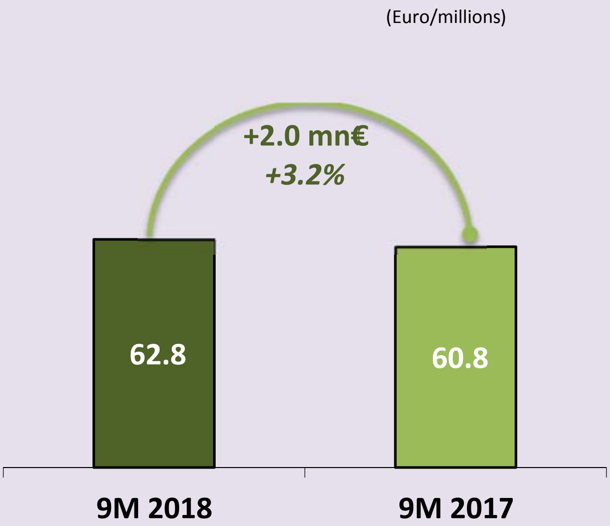
Revenue by Business Area *(Euro/millions)*	**9 months 2018**	**9 months 2017**	***Var. %***
Books	339.6	357.2	*(4.9%)*
Retail	129.3	132.6	*(2.5%)*
Magazines Italy	216.1	243.6	*(11.3%)*
Corporate & Shared Services	25.8	20.2	*28.0%*
Total aggregate revenue	**710.8**	**753.7**	***(5.7%)***
Intercompany revenue	(52.7)	(46.6)	*13.0%*
Total consolidated revenue	**658.1**	**707.1**	***(6.9%)***

EBITDA

Adjusted EBITDA in the period under review came to **€ 62.8 million**, **up by 3.2%** versus the prior year (€ 60.8 million) - with a percentage on revenue growing **from 8.6% to 9.5%** and with different trends reported by the various businesses:

- a sharp rise in the **Books** Area, driven by further operating efficiencies in both the Trade and Educational segments;
- a gradual improvement in the **Retail** Area, as a result of the rationalization of directly-managed stores, specifically of Megastores;
- a drop in the **Magazines Italy** Area reported in the first half, while in the third quarter the ongoing actions to cut operating and structural costs, and the disposal of non-profitable businesses mitigated the effects of the decline in revenue triggered by the trend of the traditional markets.

The Group also continued with its effective measures to curb fixed overheads, which reduced their impact on revenue from 8.4% to 7.9%.



Adjusted EBITDA by Business Area *(Euro/millions)*	**9 months 2018**	**9 months 2017**	***Var.***
Books	68.0	62.5	*5.5*
Retail	(3.4)	(3.9)	*0.6*
Magazines Italy	4.1	8.1	*(3.9)*
Corporate & Shared Services	(5.2)	(5.1)	*(0.1)*
Intercompany	(0.7)	(0.6)	*(0.1)*
Total adjusted EBITDA	**62.8**	**60.8**	***2.0***

Consolidated EBITDA decreased versus the prior year from € 63.2 million to € 53.0 million.

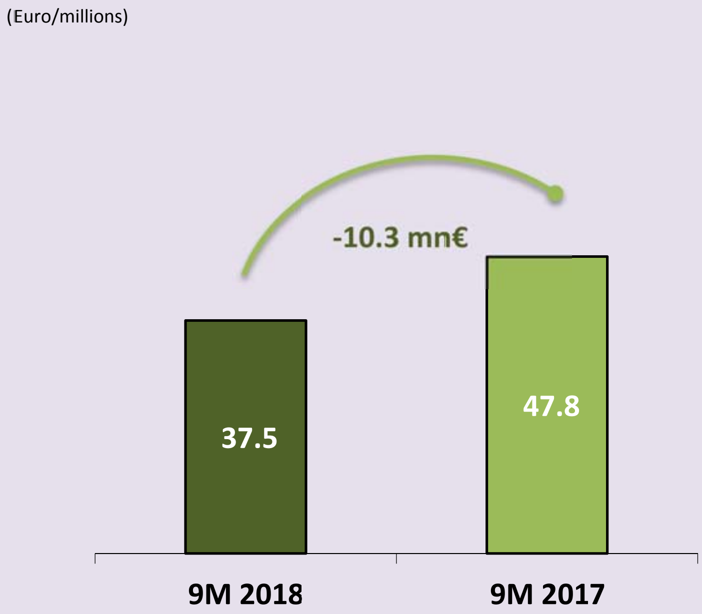
The downturn reflects:

- less positive non-ordinary items versus the first nine months of 2017, which had benefited from gains of approximately € 4 million from the disposal of a property (in the Corporate & Shared Services Area);
- a loss (approximately € 2 million) by the Magazines Italy Area, due to the disposal of Inthera;
- higher restructuring costs in the period for the Magazines Italy Area, functional to the reorganization and revision of the operating and overhead costs structure.

Consolidated EBITDA by Business Area *(Euro/millions)*	**9 months 2018**	**9 months 2017**	***Var.***
Books	66.8	62.0	*4.9*
Retail	(3.7)	(4.6)	*0.9*
Magazines Italy	(3.0)	7.6	*(10.6)*
Corporate & Shared Services	(6.3)	(1.1)	*(5.2)*
Intercompany	(0.7)	(0.6)	*(0.1)*
Total consolidated EBITDA	**53.0**	**63.2**	***(10.2)***

EBIT

Consolidated EBIT at 30 September 2018 amounted to € 37.5 million versus € 47.8 million at 30 September 2017, due to the dynamics of the above non-ordinary items, and includes amortization, depreciation and write-downs of € 15.5 million, in line with the prior year.



Consolidated EBIT by Business Area *(Euro/millions)*	**9 months 2018**	**9 months 2017**	***Var.***
Books	58.1	53.6	*4.5*
Retail	(6.2)	(7.4)	*1.2*
Magazines Italy	(6.2)	4.6	*(10.8)*
Corporate & Shared Services	(7.5)	(2.4)	*(5.1)*
Intercompany	(0.7)	(0.6)	*(0.1)*
Total EBIT	**37.5**	**47.8**	***(10.3)***

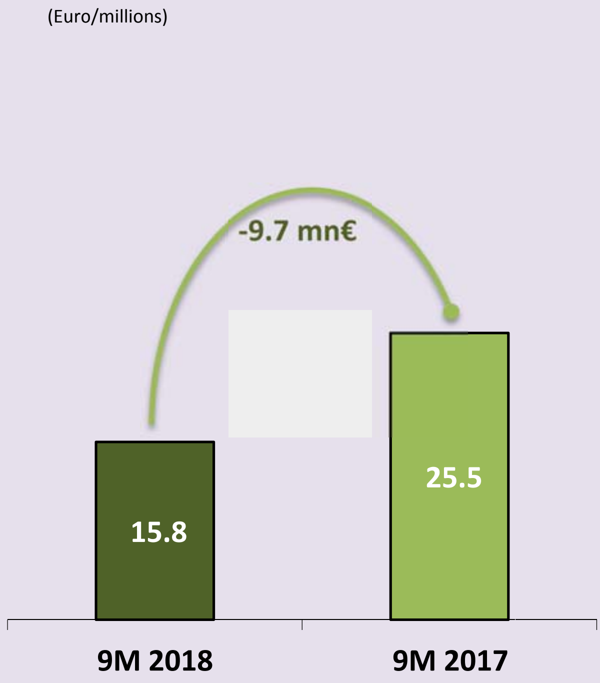
ADJUSTED PROFIT FROM CONTINUING OPERATIONS

Consolidated profit before taxes came to approximately € 25.6 million and includes:

- the **sharp drop in financial expense** (from € 4.9 to € 2.1 million), as a result of an **average interest rate that is half** the rate of the prior year (from **4.00%** to **2.01%**), and of a **lower average net debt**;
- a negative performance by associates (consolidated at equity), down from € -2.2 million to € -9.9 million, due in particular to Mach2 Libri, active in the distribution of books in the Large Retailers channel and put into liquidation in 2018.

The overall tax burden in the period came to € -9.8 million versus € 15.3 million in 2017. The taxable result, net of the result of associates, and of the non-ordinary components deriving from the disposal or write-down of equity investments (fiscally neutral), was down by approximately 15% versus the prior year.

Adjusted profit from continuing operations therefore amounted to € 15.8 million versus € 25.5 million at 30 September 2017.



NET RESULT

Mondadori France recorded net revenue in the period of € 226.4 million, down by 8.1%, and an adjusted EBITDA of € 15.6 million, down by 7% versus the prior year.

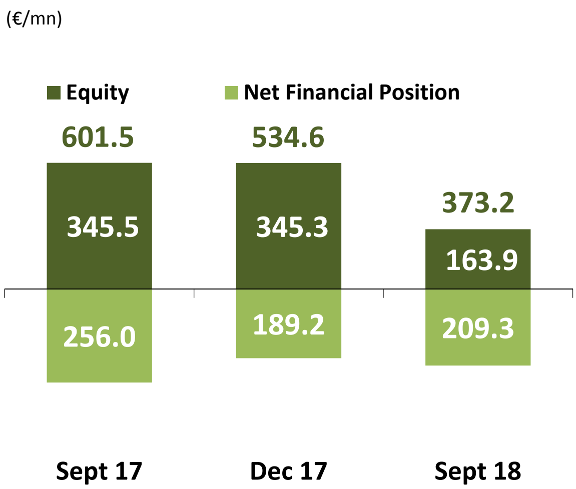
In the third quarter, an adjustment of € 198.1 million was made to the fair value of the assets being sold, in line with the current negotiations underway, previously valued at value in use.

Accordingly, the adjusted net result from discontinued operations came to € -195.7 million, including € 2.4 million from the net result of Mondadori France (€ +7.7 million in 9M2017, which had benefited from the capital gains of € 3.7 million net of tax effects from the disposal of NaturaBuy).

The **net result of the Group,** following the fair value adjustment of French operations**,** came to € -181.5 million versus € 31.2 million at 30 September 2017.

FINANCIAL RESULTS

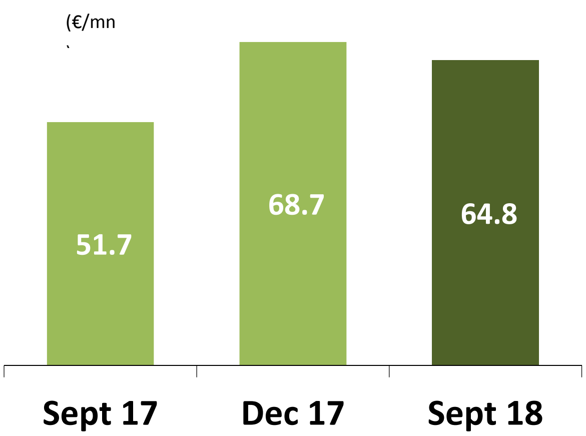
NET INVESTED CAPITAL



The **Group's net invested capital** at 30 September 2018 amounted to **€ 373.2 million, decreasing** versus € 601.5 million at 30 September 2018 and € 534.6 million at end 2017, due mainly due to the dynamics of the assets/liabilities of Mondadori France, held for sale, which recorded an adjustment to *fair value* of part of goodwill, as explained above.

The **Group's net financial position** at 30 September 2018 stood at **€ -209.3 million**, **improving by approximately 18%** versus € -256.0 million at 30 September 2017, due to the **positive cash generation** of the Group of approximately **€ 47 million**.

LTM CASH FLOW



Cash flow from continuing operations came to approximately € -13 million as a result of:

- a negative balance of acquisitions/disposals for a total of € 6 million;

- restructuring costs of approximately € 8 million

while cash flow from ordinary operations of discontinued operations came to € -4.8 million, due mainly to outlays for restructuring costs.

Cash flow from ordinary operations (after outlays for financial expense, management of investments and taxes for the period) - which includes the cash flow generated by discontinued operations - amounted to **€ 64.8 million** (of which € 11.3 million from discontinued operations), confirming the strong path of **cash generation and financial improvement of the Group**.

CONSOLIDATED FINANCIAL HIGHLIGHTS IN THIRD QUARTER 2018

€ millions	3° quarter 2018	Percentage on revenue	3° quarter 2017	Percentage on revenue	Var. %
Revenue from sales and services	**267.2**	100.0%	**298.8**	100.0%	**-10.6%**
Cost of sold items	81.6	30.5%	88.4	29.6%	-7.8%
Variable costs	79.2	29.6%	97.9	32.8%	-19.1%
Fixed costs	19.8	7.4%	23.0	7.7%	-13.9%
Cost of personnel *	35.9	13.4%	38.3	12.8%	-6.3%
Adjusted EBITDA	**50.7**	19.0%	**51.1**	17.1%	**-0.7%**
Restructuring costs	0.6		0.4		43.9%
Negative/(positive) extraordinary items	0.7		-0.6		n.s.
EBITDA	**49.5**	18.5%	**51.3**	17.2%	**-3.5%**
Amortization, depreciation and impairment	5.3	2.0%	5.2	1.7%	3.1%
EBIT	**44.1**	16.5%	**46.1**	15.4%	**-4.2%**
Net financial expense (income)	0.7	0.3%	1.5	0.5%	-53.7%
Expense (income) from associates	1.7	0.6%	1.9	0.6%	-9.5%
Expense (income) from other investments	0.0	0.0%	0.0	0.0%	
Result before taxes for the period	**41.7**	15.6%	**42.7**	14.3%	**-2.2%**
Income taxes	12.3	4.6%	14.2	4.7%	-13.5%
Adjusted result from continuing operations	**29.5**	11.0%	**28.5**	9.5%	**3.3%**
Adjusted result from discontinued operations	-198.0	-74.1%	-1.1	-0.4%	n.s.
Result attributable to non-controlling interests	0.5	0.2%	0.6	0.2%	-13.1%
Net result	**-169.0**	-63.2%	**26.9**	9.0%	**n.s.**

* Cost of personnel includes costs for collaborations and temporary employment.

*** In 2018, the "Adjusted result from discontinued operations" includes the net result of Mondadori France in the third quarter of the current year, together with the recognition of the fair value adjustment of the assets being sold, in line with the negotiations currently underway, previously measured at value in use. The item also includes the financial expense charged to Mondadori France under the intercompany loan agreement.*

The "Adjusted result from continuing operations" and the "Adjusted result from discontinued operations" therefore differ in this amount from the amounts appearing in the statements attached to this Report (€ -197.2 million in 3Q 2018 and € 0.5 million in 3Q 2017), prepared in accordance with IFRS international accounting standards.

For the purposes of a like-for-like comparison, figures for the first nine months of 2017 have been restated accordingly.

Beginning from 1 January 2018 (and to provide a consistent presentation, also for 2017), the Group has adopted 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

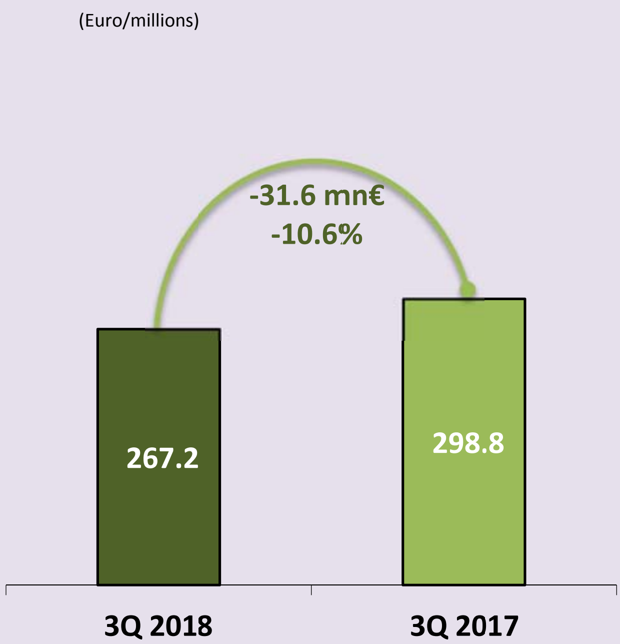
has been recognized separately as distribution cost, no longer as a reduction in revenue. The Magazines Italy and Magazines France Area, as a result, saw an increase in revenue;

- 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.

Consolidated revenue in third quarter 2018 amounted to approximately **€ 267.2 million**, down by 10.6% versus the prior year, attributable to both the Magazines Italy Area and the Books Area, whose performance in the quarter under review was affected by unfavourable timing in the Educational segment and by the presence in the Trade segment in 2017 of the publication of the bestsellers of the year by Ken Follett and Dan Brown.



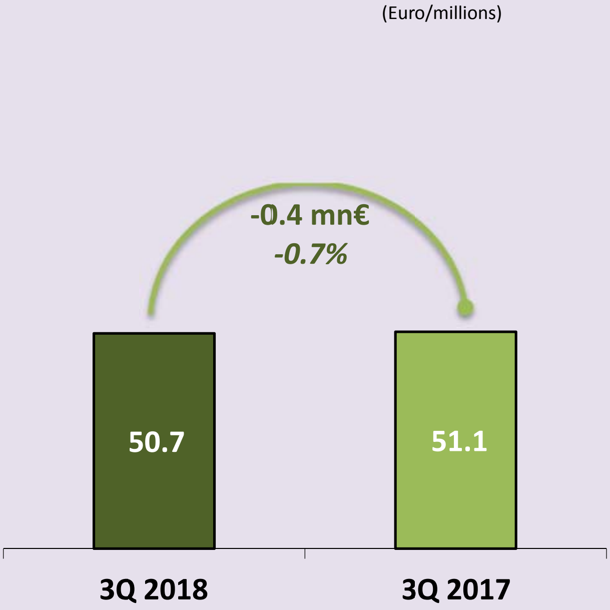
Revenue by Business Area *(Euro/millions)*	**3° quarter 2018**	**3° quarter 2017**	***Var. %***
Books	161.1	185.6	*(13.2%)*
Retail	46.2	48.0	*(3.7%)*
Magazines Italy	68.5	78.0	*(12.1%)*
Corporate & Shared Services	8.5	7.2	*17.9%*
Total aggregate revenue	**284.3**	**318.6**	***(10.8%)***
Intercompany revenue	(17.1)	(19.8)	*(13.6%)*
Total consolidated revenue	**267.2**	**298.8**	***(10.6%)***

EBITDA

Adjusted EBITDA in third quarter 2018 amounted to **€ 50.7 million**, basically steady versus € 51.1 million in the same period of 2017, despite the different scheduling of revenue in the Books Area versus last year, and reflects the effects of the constant improvement in Group operations.

In the Magazines Italy Area, the lower drop in overall revenue, triggered by the trend of the traditional markets, as a result of the benefits arising from portfolio review actions, and of the reduction in operating and structural costs, helped regain € 0.3 million on the third quarter of 2017 (from € -3.0 million to € -2.7 million).

At a consolidated level, in the quarter under review, the percentage margin on revenue increased from 17.1% in 2017 to **19.0%** in 2018.



Adjusted EBITDA by Business Area *(Euro/millions)*	**3° quarter 2018**	**3° quarter 2017**	***Var.***
Books	54.7	56.5	*(1.8)*
Retail	(0.1)	(0.2)	*0.0*
Magazines Italy	(2.7)	(3.0)	*0.3*
Corporate & Shared Services	(1.1)	(1.4)	*0.3*
Intercompany	(0.0)	(0.8)	*0.7*
Total adjusted EBITDA	**50.7**	**51.1**	***(0.4)***

The trend of **consolidated EBITDA** (from € 51.3 million to € 49.5 million) reflects higher negative non-recurring items recorded in the quarter versus 3Q 2017.

Consolidated EBITDA by Business Area *(Euro/millions)*	**3° quarter 2018**	**3° quarter 2017**	***Var.***
Books	54.3	56.4	*(2.1)*
Retail	(0.2)	0.3	*(0.6)*
Magazines Italy	(2.9)	(3.2)	*0.3*
Corporate & Shared Services	(1.6)	(1.4)	*(0.3)*
Intercompany	(0.0)	(0.8)	*0.7*
Total consolidated EBITDA	**49.5**	**51.3**	***(1.8)***

Profit before taxes (from € 42.7 million to € 41.7 million) fell by approximately 2% versus 3Q 2017, less than the trend of EBITDA, due to the marked reduction in financial expense.

The Group's **adjusted profit from continuing operations** in the third quarter of the current year (€ 29.5 million) was **approximately 3% higher** than in the same period of 2017, due to a further reduction in the tax burden.

PERFORMANCE BY BUSINESS AREA

(Euro/millions)	Revenue		Adjusted EBITDA		EBITDA		Amortization, depreciation and impairment		EBIT	
	9 months 2018	9 months 2017	9 months 2018	9 months 2017	9 months 2018	9 months 2017	9 months 2018	9 months 2017	9 months 2018	9 months 2017
Books	339.6	357.2	68.0	62.5	66.8	62.0	8.7	8.3	58.1	53.6
Retail	129.3	132.6	(3.4)	(3.9)	(3.7)	(4.6)	2.5	2.7	(6.2)	(7.4)
Magazines Italy	216.1	243.6	4.1	8.1	(3.0)	7.6	3.1	3.0	(6.2)	4.6
Corporate & Shared Services	25.8	20.2	(5.2)	(5.1)	(6.3)	(1.1)	1.2	1.3	(7.5)	(2.4)
Adjustments and cancellations	(52.7)	(46.6)	(0.7)	(0.6)	(0.7)	(0.6)			(0.7)	(0.6)
TOTAL	**658.1**	**707.1**	**62.8**	**60.8**	**53.0**	**63.2**	**15.5**	**15.4**	**37.5**	**47.8**

The breakdown of performance by business area reflects the system used by Management to oversee Group performance, in accordance with IFRS 8.

BOOKS

Mondadori Libri S.p.A. is the company at the head of all Group activities in the Books Area.

The Mondadori Group is Italy's market leader in the **Trade** Books Area: the publishing products that traditionally make up the core business are fiction, non-fiction, and books for young readers, both in print and electronic format; the Mondadori Group operates under various publishing brands: **Mondadori**, **Giulio Einaudi Editore**, **Piemme**, **Sperling & Kupfer**, **Rizzoli**, **BUR**, and **Fabbri Editori**.

In the **Educational** segment, the Group is present in the Italian school textbooks and university publishing market through the publications of Mondadori Education and of the Rizzoli Education brands (such as Fabbri, Etas, La Nuova Italia, Sansoni, and Tramontana), and in art and illustrated book publishing, management of museum concessions, and organization of exhibitions and cultural events through Mondadori Electa.

The Group is also active in the United States through Rizzoli International Publications under the Rizzoli Electa, Rizzoli New York and Universe brands, and in retail management, with the Rizzoli Bookstore in Broadway (NYC) and with five corners managed at the Eataly locations in the United States.

Relevant market performance

The **Trade Books** market was **basically steady** in the first nine months of the year versus the same period of the prior year **(-0.4%)**[1].

Sales channels continued the trends seen in the last quarters:

- bookstore chains (approximately 45% of the total market) were down **(-1.3%**), while independent bookstores (approximately 25% of the market) dropped by **-3.5%**;
- e-commerce **increased by +12.9%**, making for approximately 23% of the total market;
- large retailers continued the downward trend recorded over the last few quarters, **dropping by 16.7%** and making for approximately 8% of the market.

As for products, hardcovers (approximately 82% of the market at 30 September) closed the nine months **in line** with the same period of the prior year, while catalogue products (*Paperbacks*) **dropped by -2.4%**.

Trade Market Shares

	30 September 2018	30 September 2017
Mondadori Group	**27.4%**	**29.6%**
GeMS Group	9.7%	10.4%
Giunti Group	8.7%	8.2%
Feltrinelli	5.1%	4.8%
Other	49.0%	47.0%

Source: GFK, September 2018 (figures in terms of market value)

[1] Source: GFK, September 2018 (figures in terms of market value)

Mondadori Libri was, once again, market leader, boasting an overall **27.4% market share,** down versus 29.6% at 30 September 2017, due to both the ongoing downtrend of the Large Retailers channel, where the Group has long maintained a larger portion of the market, and to the fact that the comparative quarter, in September 2017, had benefited from the publication of K. Follett's bestseller (already appearing in the month's top ten); the Group continues to hold a total of **5 positions out of the ten bestselling titles** in terms of value in the first nine months of the year:

#	Title	Author	Publisher
1	*Il metodo Catalanotti*	Camilleri Andrea	SELLERIO EDITORE PALERMO
2	***Storie della buonanotte per bambine ribelli 2. Ediz. A colori***	**Cavallo Francesca, Favilli Elena**	**MONDADORI**
3	*La scomparsa di Stephanie Mailer*	Dicker Joël	LA NAVE DI TESEO
4	***Storie della buonanotte per bambine ribelli. 100 vite di donne straordinarie. Ediz. A colori***	**Cavallo Francesca, Favilli Elena**	**MONDADORI**
5	**Divertiti con Luì e Sofì. Il fantalibro dei Me contro Te**	**Me contro Te**	**MONDADORI ELECTA**
6	***Quando tutto inizia***	**Volo Fabio**	**MONDADORI**
7	*La ragazza con la Leica*	Janeczek Helena	GUANDA
8	***Origin***	**Brown Dan**	**MONDADORI**
9	*Wonder*	Palacio R. J.	GIUNTI EDITORE
10	*L'amica geniale*	Ferrante Elena	E/O

Source: GFK, September 2018 (ranking in terms of cover value)

Education Market Shares

	2018	2017
Mondadori Group	**22.9%**	**23.7%**
Zanichelli	22.3%	21.6%
Pearson	14.3%	14.2%
De Agostini	10.8%	10.5%
Other	29.7%	30.0%

Source: AIE, October 2018 (adopted sections)

Performance of the Books Area

<u>Revenue</u>

Books *(Euro/millions)*	**9 months 2018**	**9 months 2017**	***Var.***
Revenue	339.6	357.2	*(17.6)*
Adjusted EBITDA	68.0	62.5	*5.5*
EBITDA	66.8	62.0	*4.9*
EBIT	58.1	53.6	*4.5*

(Euro/millions) Books Revenue	9 months 2018	9 months 2017	Var. %
Total TRADE	**132.6**	**152.0**	***(12.8%)***
EDUCATION	**140.6**	**137.7**	***2.1%***
Mondadori Electa	38.7	40.0	*(3.3%)*
Rizzoli International Publications	21.0	19.9	*5.6%*
Intercompany	(0.9)	(0.6)	*48.7%*
Total EDUCATIONAL	**199.4**	**197.0**	***1.2%***
Distribution and other services	7.6	8.2	*(6.8%)*
Total revenue	**339.6**	**357.2**	***(4.9%)***

Revenue in the first nine months of 2018 amounted to **€ 339.6 million**, **dropping by an overall 4.9%** versus the same period of 2017, as a result of the expected decline in the Trade Area.

- **Trade Books Revenue**: revenue in the nine months from the Trade Area (€ 132.6 million) was down by 12.8% versus the same period of the prior year, due mainly to the decline in the Large Retailers channel, to the presence in third quarter 2017 of the bestsellers by D. Brown and K. Follett, and to the enduring success of last year's literary awards (Strega for *Le Otto Montagne* by P. Cognetti, and Campiello for *L'Arminuta* by D. Di Pietrantonio).

  In the **Hardcover** segment, the five main publishers released the following titles.

  - **Mondadori**: the main bestselling titles were *Storie della buonanotte per bambine ribelli 2. 100 vite di donne straordinarie* by F. Cavallo and E. Favilli, *Storia della mia ansia* by Daria Bignardi, *La Grande Truffa* by John Grisham and *Ventuno giorni per rinascere* by Berrino/Lumera/Mariani.
    The top rankings in this year's sales charts continued, however, to be held by the 2017 bestsellers *Origin* by D. Brown, *La colonna di fuoco* by K. Follet and *Quando tutto inizia* by Fabio Volo.
  - **Einaudi**: *Il morso della reclusa* by F. Vargas, *Divorare il cielo* by P. Giordano, *Il purgatorio dell'angelo* by M. De Giovanni, and *Resto qui* by Marco Balzano, were the main success titles in the first nine months.
  - **Piemme**: the new noteworthy titles of 2018 include *Il lato oscuro dell'addio* by M. Connelly and *Dio è giovane* by Pope Francis.
  - **Sperling & Kupfer**: the bestselling titles include *Ogni respiro* by N. Sparks, *La scatola dei bottoni di Gwendy* by S. King and R. Chizmar, and *Suite 405* by Sveva Casati Modignani.
  - **Rizzoli**: the main new publications include *Un capitano,* the biography by Francesco Totti, a four-handed title written with sports journalist P. Condò. Other new success books include *Sara al tramonto* by M. De Giovanni *and #Ops* by young youtuber Elisa Maino.

  In the **Paperback** segment, the Group's performance was in line with the market, thanks also to the contribution of a number of promotional campaigns *(I miti* and *Hits*) and to the republication of the pocket-sized version of the 2017 bestsellers *(Origin* by D. Brown, and *La colonna di fuoco* by K. Follett).

- **Revenue from Education***:* in the first nine months of 2018, the Area achieved revenue of € 199.4 million, up by 1.2% versus the same period of 2017 (€ 197 million).

    - **School Textbooks**: **Mondadori Education and Rizzoli Education**. In the period under review, Mondadori Education generated **revenue** of **€ 68 million**, up by **2.9%** versus the first nine months of the prior year, while Rizzoli Education achieved **revenue** of **€ 72.6 million**, **basically in line** with the prior year.
    The school business reported **overall revenue of € 140.6 million**, up by **+2%** versus € 137.7 million in the same period of the prior year.

    - **Mondadori Electa**: in the first nine months of 2018, total **revenue** amounted to **€ 38.7** million, down by **-3.3%** versus the prior year, due to the presence in 2017 of the Naples/Pompeii exhibitions.
        - Publication of books and catalogues. The company increased its performance thanks to the results of *Me contro te* (over 100,000 copies), of Iris Ferrari (over 65,000 copies), and to the enduring success of the children's series *Cube Kids*;
        - Management and organization of exhibitions. The first nine months of 2018 continued the positive trend, driven by the performance of exhibitions in Rome, Milan and Bergamo.

    - In the first nine months of 2018, **Rizzoli International Publications** posted revenue of **€ 21 million** versus **€ 19.9 million** in the same period of 2017, up by **+5.6%** and increasing in both the publishing and retail businesses.

- **Revenue from distribution and services on behalf of Third Publishers**: revenue, which amounted to **€ 7.6 million** and, regarding the distribution of titles of third-party publishers outside the Group, is expressed "at a premium", i.e. net of the relating purchase cost in compliance with international accounting standards (“IFRS 15"), fell by -6.8% versus the same period of the prior year, following termination of certain distribution agreements.

E-books

Revenue from the download of e-books **fell by 2.7%**, accounting for **6.9% of revenue**.

The main digital titles were *Origin* by D. Brown and *La colonna di fuoco* by K. Follet (Mondadori), *Il morso della reclusa* by F. Vargas*, Il purgatorio dell'angelo* by M. De Giovanni and *Divorare il cielo* by P. Giordano (Einaudi), and *Il lato oscuro dell'addio* by M. Connelly (Piemme).

In the first nine months of the year, Mondadori Libri published new digital titles, increasing the digital catalogue to over 23,000 titles.

EBITDA

Adjusted EBITDA for the Books Area amounted to **€ 68.0 million**, **improving** versus the same period of the prior year (€ 62.5 million), due to the ongoing operating efficiencies and to the different revenue mix of the Education Area, with proprietary products contributing more than third-party products versus 2017.

EBITDA amounted to **€ 66.8 million**, in line with the trend of adjusted EBITDA (€ 62.0 million at 30 September 2017).

RETAIL

The Mondadori Group operates in Italy with a network of approximately 590 bookshops composed of directly-managed bookstores, megastores, franchised bookstores (including under the *Mondadori Point* sign), in addition to shop-in-shops, the web channel (www.mondadoristore.it) and book clubs.

Relevant market performance

The relevant market for the Retail Area is **books (approximately 80% of revenue[2])**, which were basically steady in the nine months (-0.4%) versus the prior year, with bookstore chains losing -1.3%[3].

In the period under review, the **market share** of Mondadori Retail in the Books segment stood at **14.6%** (15.0% at 30 September 2017).

Mondadori Retail network trend

STORES	**Sept. 2018**	**Dec. 2017**	**Sept. 2017**	***Var. YoY***
Megastores	7	8	8	*-1*
Directly-managed bookstores	24	23	23	*+1*
Franchised bookstores	553	565	547	*+6*
TOTAL	**584**	**596**	**578**	***+6***

Performance of the Retail Area

Retail *(Euro/millions)*	**9 months 2018**	**9 months 2017**	***Var.***
Revenue	129.3	132.6	*(3.4)*
Adjusted EBITDA	(3.4)	(3.9)	*0.6*
EBITDA	(3.7)	(4.6)	*0.9*
EBIT	(6.2)	(7.4)	*1.2*

[2] Store revenue on a like-for-like basis
[3] Source: GFK, September 2018 (figures in terms of market value)

Revenue

In the first nine months of the year, the Retail Area recorded revenue of € 129.3 million, down slightly (approximately -2.5%) versus the same period of the prior year, with a performance by **Books** of **-2.6%** (or -2.5% on a like-for-like basis in terms of stores).

(Euro/millions) **Retail**	**9M 2018**	**9M 2017**	***Var. %***
Directly-managed bookstores	23.7	23.1	*2.5%*
Megastores	26.8	30.1	*(10.9%)*
Franchised bookstores	57.9	57.3	*1.0%*
Online	9.9	10.3	*(3.5%)*
Stores	**118.3**	**120.8**	***(2.0%)***
Book clubs and other	11.0	11.8	*(6.8%)*
Total revenue	**129.3**	**132.6**	***(2.5%)***

Revenue from **Stores** fell by **-2.0%** versus the nine months of 2017.

The detail by channel shows the following:

- a 2.5% **increase** by directly-managed bookstores, driven by the **positive performance of Books (+2.0%)**;
  the opening in the period under review of two new stores (April 2018 in Rome in the Valle Aurelia shopping centre, September 2018 in Taranto) and closure of the Palermo store;
  on a like-for-like basis in terms of stores, a drop by -2.5%;
- an approximately 11% drop by Megastores, due not only to the shrinking sales in Consumer Electronics, but also to the closure of the Palermo and San Pietro all'Orto stores, net of which the performance would be basically steady versus the prior year.
  The Books category, on a like-for-like basis in terms of stores, achieved a positive performance of 0.3%;
- a **positive performance** of **+1.0%** in the period of **Franchised Bookstores,** with a steady performance on a like-for-like basis in terms of stores (-0.4%); the Group continued its strategy to focus on developing this channel by strengthening the network with new openings (+6 shops net balance between openings and closures versus 30 September 2017);
- a slight drop in online sales (-3.5%), attributable to lower sales related to *App18*, due to the extension this year of the bonus to other product categories that partly replaced book purchases;
- a lower drop reported by the book clubs than last year.

At product level, the period under review saw an increase versus the prior year in the stationery and media product categories, attributable to the extension of these categories in the various sales channels, also through strategic partnerships with a number of suppliers.

EBITDA

In the first nine months of the year, Mondadori Retail's **adjusted EBITDA improved** to reach **€ -3.4 million (**€ -3.9 million at 30 September 2017), as a result of the project to rationalize directly-managed stores, specifically in the Megastores channel, and of greater management efficiency.
EBITDA came to **€ -3.7 million**, rebounding versus the nine months of 2017 (€ -4.6 million), as a result of lower restructuring costs.

MAGAZINES ITALY

Relevant market performance

Relevant markets in the first nine months of 2018 reported a sharp downward trend.

- The advertising market ended at breakeven overall (+0.0%), with growth reported by the television channel (+1.2%), and a drop in print media (newspapers -6.2%, magazines -8.9%); growth continued in the Internet channel (+4.0%), positively[4] affected by advertising sales related to the FIFA World Cup, net of which estimates point to a figure around +2.0%[5].
- The magazine circulation market dropped by -9.0%, with a slowdown in both the newsstands and subscriptions channels;
  in this context, Mondadori retained its **leadership** with a **30.9% market share** (31.9% in September 2017)[6].
- The add-ons market in the first 9 months of the year delivered a rather negative performance (-10.8%), though improving versus the trend seen in 2017.

Performance of Magazines Italy

Magazines Italy *(Euro/millions)*	**9 months 2018**	**9 months 2017**	***Var.***
Revenue	216.1	243.6	*(27.6)*
Adjusted EBITDA	4.1	8.1	*(3.9)*
EBITDA	(3.0)	7.6	*(10.6)*
EBIT	(6.2)	4.6	*(10.8)*

Revenue

Magazines Italy posted **revenue** of **€ 216.1 million**, down by 11.3% versus the same period of the prior year, due also to the sharp drop in add-on sales.
Net of the disposal of Inthera in May, the decline would have come to 9.7%:

[4] Source: Nielsen, cumulative figures at September 2018
[5] Internal estimate
[6] Internal source: Press-Di, cumulative figures at September 2018 (newsstands + subscriptions) in terms of value

(Euro/millions) **Magazines Italy**	**9 months 2018**	**9 months 2017**	***Var. %***
Circulation	93.3	104.3	*(10.5%)*
Add-on sales	32.7	41.7	*(21.6%)*
Advertising	56.4	59.0	*(4.3%)*
Distribution and revenue towards third publishers	24.4	25.4	*(3.8%)*
Other revenue	9.2	13.2	*(30.5%)*
Total revenue	**216,1**	**243.6**	***(11.3%)***

- **Circulation** revenue (newsstands + subscriptions) was down by 10.5%, affected by the rather poor trend of *Panorama* and of the Kitchen segment, which had benefited in 2017 from the launch of *Giallo Zafferano*.
- **Advertising** revenue (*print +web*) was **down by 4.3%**;
  web advertising revenue grew by approximately 7% versus the first nine months of 2017, as a result of a series of co-marketing initiatives managed directly by the publisher**,** while print advertising sales were basically in line with the market.
  The percentage of **digital advertising sales** on the total increased to **30.5%** (from 28% in nine months 2017).
- Revenue from **add-on products** (DVDs, CDs, books and gadgets), sold in attachment to Mondadori magazines**,** dropped sharply (-21.6%) versus the same period of 2017, especially in the Home-Video and Music products categories.
- **Press-Di distribution and revenue towards third parties** in the nine months was down by 3.8% versus the prior year, less than the market, as a result of increased services provided to third-party publishers held in the portfolio of the subscriptions channel.
- Other revenue include **international operations**, whose revenue dropped in the period, due to the decline in licensing activities, and ***Digital Marketing Services*** activities, which fell following the disposal of Inthera (on 2 May 2018).

The **Mondadori Group** reaches a **total audience of 27.9 million users/month**[7], **up by +19%** versus 2017**.** The Group retained its position as **Italy's top traditional publisher also in the digital segment**, leader in high-value vertical segments such as women, food, wellness, fashion and education.

[7] Source: comScore, average figure Jan.-Aug. 2018

EBITDA

In the nine months, **adjusted EBITDA** from the Magazines Italy Area reported a negative trend versus 2017 (€ -3.9 million), partly recovering in the third quarter (€ +0.3 million) versus the first half of the year, caused by the sharp fall in revenue in the print area, only partly offset by the positive results from the review of the portfolio of activities and from the actions taken to reduce operating and structural costs; moreover, the **digital** area continued on its path of improvement.

The Area's **reported EBITDA** (€ -6.2 million versus € 4.6 million in the first nine months of 2017) reflects higher restructuring costs recorded in the period from the necessary accelerated structural reorganization and cost reduction process, and the loss generated by the disposal of Inthera.

MAGAZINES FRANCE (ASSETS HELD FOR SALE)

Relevant market performance

In the period under review, Mondadori France's relevant markets continued to decline versus the prior year:

- in newsstand sales **(-7.0%** at August)[8];
- in print advertising sales **(-10.7%** at June)[9].

Performance of Magazines France

Magazines France *(Euro/millions)*	**9 months 2018**	**9 months 2017**	***Var.***
Revenue	226.4	246.4	*(20.0)*
Adjusted EBITDA	15.6	16.8	*(1.2)*
EBITDA	14.3	18.2	*(3.9)*
EBIT	(191.6)	9.4	*(201.1)*

Revenue

In the first nine months of 2018, revenue from Mondadori France amounted to **€ 226.4 million**, down by -8.1% versus the same period of 2017.

(Euro/millions)	**9 months 2018**	**9 months 2017**	***Var. %***
Circulation	177.0	189.8	*(6.8%)*
Advertising	40.2	44.2	*(9.0%)*
Other revenue	9.2	12.4	*(25.8%)*
Total revenue	**226.4**	**246.4**	***(8.1%)***

Circulation revenue, accounting for approximately 75% of the total, fell by **6.8%** versus the prior year; revenue from the newsstands channel fell by -8.2%, while revenue from the subscriptions channel dropped by -5.1%.

[8] Source: Mondadori France + Presstalis, figure at August 2018
[9] Source: Net Index, cumulative figures in terms of value at June 2018

Advertising revenue fell by an overall **-9.0%** versus the same period of 2017; print advertising, accounting for 88% of total advertising revenue, dropped by **-8.7%** in the reporting period, less than the drop reported by the relevant market (-10.7%).

EBITDA

Adjusted EBITDA amounted to **€ 15.6 million**, down by € 1.2 million versus € 16.8 million in the first nine months of the prior year, or by € -0.8 million net of the discontinuity deriving from *NaturaBuy* (sold in May 2017).

Reported EBITDA amounted to **€ 14.3 million**, down versus € 18.2 million in the first nine months of 2017, which had benefited from the gains of € 4.3 million from the abovementioned disposal.

CORPORATE & SHARED SERVICES

The ***Corporate & Shared Services*** segment includes - besides the Group's top management organizations - the Shared Services functions providing services to Group companies and the different business areas.
These services are mainly associated with activities regarding: Administration, Management Control and Planning, Treasury and Finance, Purchasing, IT, Human Resources, Legal and Corporate Affairs, and External and Institutional Relations.

Revenue refers mainly to amounts billed for Shared Services to subsidiaries and associates as well as other entities using the above services.

Adjusted EBITDA of the **Corporate & Shared Services** Area - which includes corporate costs not charged to the business areas, came to an overall € -6.0 million, basically steady versus € -5.8 million in the first nine months of 2017, despite the costs incurred to comply with the GDPR *(General Data Protection Regulation*)[10], as a result of further efficiencies and ongoing actions to reduce structural costs.

The Area EBITDA shows a loss of € -7.0 million versus € -1.7 million in the first nine months of 2017, which had benefited from a gain of € 4.2 million from the disposal of a property in Verona, aimed also at outsourcing logistics activities.

The segment also includes the results of the minority interests in Monradio S.r.l. (20%) and Società Europea di Edizioni S.p.A., publisher of the daily *Il Giornale* (included in "Result - associates").

[10] Regulation (EU) 2016/679 of the European Parliament on the protection of natural persons with regard to the processing and free movement of personal data.

BALANCE SHEET

The average cost of the Mondadori Group's net debt at 30 September 2018 was **2.01%** versus 4.00% at 30 September 2017, due mainly to the renegotiation of committed lines in December 2017.

The Mondadori Group's net financial position at 30 September 2018 stood at € -209.3 million, down versus € -256.0 million at September 2017 (the comparison with € -189.2 million at December 2017 is affected by the seasonal nature of the business).

Net financial position *(Euro/millions)*	**30 September 2018**	**30 September 2017**	**31 December 2017**
Cash and cash equivalents	78.4	88.1	66.6
Assets (liabilities) from derivative instruments	(0.3)	(1.1)	(0.3)
Other financial assets (liabilities)	(7.0)	(5.2)	(10.0)
Loans (short and medium/long term)	(287.7)	(337.9)	(245.4)
Financial assets held for sale	7.3		
Net financial position	**(209.3)**	**(256.0)**	**(189.2)**

The overall credit lines available to the Group at 30 September 2018 amounted to € 661.7 million, € 450.0 million of which committed, the latter unchanged versus 31 December 2017.

The Group's short-term loans, totaling € 211.7 million, € 42.9 million of which drawn down at 30 September, included overdraft credit lines on current accounts, advances subject to collection and "hot money" flows.

At 30 September, the € 450.0 million pool consisted of:

(Euro/millions)	Bank pool		of which: unutilized	of which: with interest rate hedge
Term Loan A	150.0	(1)	-	100.0
Term Loan B	100.0	(2)	-	75.0
RCF	100.0	(3)	100.0	-
Acquisition Line C	100.0	(4)	100.0	
Total loans	**450.0**		**200.0**	**175.0**

(1) Maturity dates: € 15.0 million December 2018, € 17.5 million December 2019, € 22.5 million December 2020, € 27.5 million December 2021, € 67.5 million December 2022
(2) Maturity dates: (a) bullet 30/6/2019, or (b) where the extension option in favour of Mondadori is exercised, € 5.0 million December 2019 and December 2020, € 7.5 million December 2021, € 82.5 million December 2022
(3) bullet loan, coming to maturity in December 2022
(4) bullet loan, coming to maturity in December 2022

The Group's net financial position and the relating LTM cash flow are detailed below:

LTM (€mn)	Sept. 18	Dec. 17
NFP beginning of period	**(256.0)**	**(263.6)**
Adjusted EBITDA	86.5	110.5
Dividends minorities	0.0	(3.3)
Change in NWC + provisions	(0.2)	4.2
CAPEX	(20.3)	(19.3)
Cash flow from operations	66.1	92.2
Financial expense	(4.2)	(14.0)
Management of investments in associates	(2.8)	(1.8)
Taxes	(5.6)	(7.6)
Cash flow from ordinary operations of assets held for sale	11.3	
Cash flow from ordinary operations	**64.8**	**68.7**
Restructuring costs	(7.9)	(13.8)
Extraordinary tax amounts / prior years	0.2	6.8
Acquisition/disposal of assets	(5.6)	12.7
Cash flow from extraordinary operations of assets held for sale	(4.8)	
Cash flow from non-ordinary operations	(18.1)	5.7
Total Cash Flow	46.7	74.4
NFP end of period	**(209.3)**	**(189.2)**

In the last twelve months, the Group's net financial position improved by approximately € 46.7 million, with net financial debt decreasing to reach **€ 209.3 million** versus € -256.0 million at 30 September 2017.

Cash generation in the last 12 months is structured as follows:

- **cash flow from ordinary operations stood at € 64.8 million**, € 66.1 million of which from continuing operations minus taxes and financial expense of € 9.8 million, and the management of investments in associates. Mondadori France assets, held for sale, generated approximately € 11 million in cash flow from ordinary operations in the same period, net of intragroup components, relating specifically to financial expense.

  Cash flow from operations is the result of the positive operating income of € 86.5 million, alleviated by investments of approximately € 20 million and a steady trend in net working capital (including provisions) versus September 2017, despite the drop recorded in the Magazines Italy Area which, in light of the persisting decline in revenue and a negative structural NWC, recorded an absorption of working capital;

- **cash flow from non-ordinary operations came to approximately € -13 million**, net of the contribution from assets held for sale, and included:

- outlays for **restructuring costs** of approximately € 8 million;
- financial outflows from the disposal of Inthera in May 2018, as well as a number of minor acquisitions (including Direct Channel) in Magazines Italy.

Cash flow from non-ordinary operations from Mondadori France assets came to € -4.8 million, due mainly to payment of restructuring costs.

For the purposes of a like-for-like comparison, balance sheet figures at 30 September and 31 December 2017 have been reclassified to reflect the separate recognition of Mondadori France assets/liabilities.

	Sept. 18	Dec. 17	Sept. 17
Trade receivables	259.9	254.1	289.7
Inventory	132.7	120.8	137.6
Trade payables	(354.2)	(368.0)	(377.1)
Other assets (liabilities)	64.9	46.4	62.1
NWC	103.3	53.3	112.3
Intangible assets	224.3	224.5	225.7
Property, plant and equipment	21.8	23.1	23.4
Investments	36.5	37.6	40.9
NET FIXED ASSETS	282.7	285.2	289.9
Provisions and post-employment benefits	(107.5)	(101.7)	(102.0)
Assets/liabilities held for sale	94.8	297.7	301.2
NET INVESTED CAPITAL	**373.2**	**534.6**	**601.5**
Share capital	68.0	68.0	68.0
Reserves	249.2	217.4	217.4
Profit (loss) for the period	(181.5)	30.4	31.2
Share capital and reserves attributable to non-controlling interests	28.2	29.5	28.8
EQUITY	163.9	345.3	345.5
NET FINANCIAL POSITION (DEBT)	209.3	189.2	256.0
TOTAL EQUITY	**373.2**	**534.6**	**601.5**

Trend of key balance sheet figures in the last twelve months:

- net working capital at 30 September 2018 decreased further versus 30 September 2017, specifically:
  - **trade receivables** fell more than the revenue trend, due to the positive management of receipts in the last 12 months;
  - **inventories**, as well as **trade payables**, fell, due basically to slower business in the period;
  - **other assets (liabilities)** were basically steady versus the prior year;
- **fixed assets** decreased by approximately € 7 million, due, in addition to the customary trend in depreciation (€ 21.7 million) and capital expenditure (€ 20.3 million) made in the period, also to the write-downs booked at 31 December 2017 relating to certain associates;

- **provisions and post-employment benefits** increased by approximately € 5 million versus 30 September 2017, due to higher provisions for onerous contracts relating to the cultural heritage business and to the provision set up to cover the estimated liquidation costs of Mach 2 Libri S.p.A..

Assets/liabilities held for sale decreased by over € 200 million, as a result of the fair value adjustment of part of goodwill of Mondadori France, as explained earlier.

As a result, Group equity decreased by approximately € 180 million.

PERSONNEL

Human resources

At 30 September 2018, Group employees with a fixed-term and permanent labour contract amounted to **2,930 units**, **down by 4%** from 3,053 units at 30 September 2017, as a result mainly of the disposal of the subsidiary Inthera, despite the acquisition of Direct Channel, and of the ongoing restructuring and efficiency improvement measures involving each of the Group's business areas.

Net of these discontinuities, the **drop would have been around 2.6%**.

Group Employees at 30 September 2018:

	30 September 2018	30 September 2017
Arnoldo Mondadori Editore S.p.A.:	970	934
- Managers, journalists, office staff	964	929
- Blue collars	6	5
Italian subsidiaries:	1,179	1,304
- Managers, journalists, office staff	1,172	1,295
- Blue collars	7	9
Foreign subsidiaries:	781	815
- Managers, journalists, office staff	781	815
- Blue collars	-	-
Total	**2,930**	**3,053**

Headcount by Business Area	30 September 2018	30 September 2017	Var. %
Books	646	649	*(0.5%)*
Retail	392	410	*(4.4%)*
Magazines Italy	708	768	*(7.8%)*
Corporate & Shared Services	451	459	*(1.7%)*
Total	**2,197**	**2,286**	***(3.9%)***
Magazines France	733	767	*(4.4%)*
Total	**2,930**	**3,053**	***(4.0%)***

In the **Books** Area, the workforce was basically steady versus September 2017.

Magazines Italy's trend reflects both the disposal of Inthera in May 2018 and the acquisition of Direct Channel, leader in Italy in subscription selling, net of which the reduction would amount to -2.1%.

The decrease in the **Retail** Area reflects both structural efficiency and the effects of the closure of a number of stores.

The **Corporate & Shared Services** Area saw an approximately 1.7% decrease in headcount, despite the effects of the insourcing from RCS MediaGroup of the IT services and administrative activities of Rizzoli Libri; net of these effects, headcount would be down by approximately -3.8%.

Cost of personnel[11] in the first nine months amounted to € 120.7 million, **down by approximately 5%** versus the same period of 2017, as a result of the ongoing reduction in headcount, of the outsourcing of logistics activities, completed on 1 May 2017, and of the disposal of Inthera from May 2018.

Net of these transactions, the **organic drop in cost of personnel** would amount to **-2.7%**.

	30/09/2018	**30/09/2017**	***Var. %***
Euro/millions			
Cost of enlarged personnel (before restructuring)	**120.7**	127.1	*(5.1%)*

[11] *Cost of enlarged personnel includes costs for collaborations and temporary employment*.

SIGNIFICANT EVENTS IN THE REPORTING PERIOD

Creation of a single business area covering the Group's book activities

On **1 February 2018**, the Mondadori Group adopted a new organizational structure hinged on a single business area covering the whole range of book activities, from the trade area to school textbooks, from illustrated books and international publications to art and exhibitions.

Head of the new area is Antonio Porro, also appointed as Deputy Chairman and Managing Director of Mondadori Libri S.p.A., a company chaired by Ernesto Mauri, CEO of the Parent Arnoldo Mondadori Editore S.p.A..

Acquisition of Direct Channel

On **1 February 2018**, the Mondadori Group, through Press-Di Abbonamenti S.p.A., leader in Italy in subscription selling, expanded its offering and services for third-party publishers by acquiring Direct Channel, specialized in marketing-related database management and information systems through the development of management systems and CRM for magazine subscription selling and the planning of marketing and fundraising activities for important non-profit bodies.

Appointment of new corporate bodies

On **24 April 2018**, the Ordinary Shareholders' Meeting appointed the new corporate bodies of the Company:

APPOINTMENT OF THE BOARD OF DIRECTORS

The Meeting appointed the new Board of Directors; the 14 members will remain in office for three years until approval of the financial statements for the year ending 31 December 2020.

The Board was elected on the basis of the lists submitted by the shareholder Fininvest S.p.A., holder of 53.299% of the share capital for a total of no. 139,355,950 shares, and by a grouping of shareholders formed by asset management companies and institutional investors holding a total of no. 8,065,686 shares, equal to 3.084% of the share capital.

The members of the new Board of Directors are:

- **Marina Berlusconi** (Chairman), **Ernesto Mauri, Pier Silvio Berlusconi, Oddone Maria Pozzi, Paolo Guglielmo Ainio, Elena Biffi, Francesco Currò, Martina Forneron Mondadori, Danilo Pellegrino, Roberto Poli, Angelo Renoldi, Mario Resca, Cristina Rossello** (from the majority list submitted by the shareholder Fininvest S.p.A.);

- **Patrizia Michela Giangualano** (from the minority list submitted by a group of shareholders formed by asset management companies and institutional investors).

The majority list received 69.245% of votes.

The Board of Directors of Arnoldo Mondadori Editore S.p.A., convened at the end of the Meeting and chaired by Marina Berlusconi, confirmed **Ernesto Mauri as CEO**, vesting him with the relevant powers of management.

In accordance with the provisions of the Corporate Governance Code, Ernesto Mauri was identified as "Director in charge of the internal control and risk management system".

Directors Elena Biffi, Angelo Renoldi, Cristina Rossello and Patrizia Michela Giangualano declared that they met the **independence requirements** set out in art. 148, par. 3, of Legislative Decree No. 58/1998 and in the Corporate Governance Code for Listed Companies.
Director Martina Forneron Mondadori declared that she met the independence requirements set out in art. 148, par. 3, of Legislative Decree no. 58/1998.
The composition of the Board of Directors complies with the provisions on gender equality set out in art. 147-ter, par. 1-ter, of Legislative Decree no. 58/1998.
The Board of Directors also appointed the members of the following committees in compliance with the principles established by the Governance Code adopted:

- **Control and Risk Committee**: Cristina Rossello, as Chairman (independent); Angelo Renoldi (independent); Patrizia Michela Giangualano (independent);
- **Remuneration and Appointments Committee**: Angelo Renoldi as Chairman (independent); Cristina Rossello (independent); Elena Biffi (independent);
- **Committee for Related Party Transactions**: Angelo Renoldi, as Chairman (independent); Cristina Rossello (independent); Elena Biffi (independent).

The Board also confirmed, until expiry of its term, therefore, until approval of the financial statements for the year ending 31 December 2020:

- Cristina Rossello as Lead Independent Director;
- Oddone Maria Pozzi as Financial Reporting Manager.

The executive Directors are: Marina Berlusconi, Ernesto Mauri, Oddone Pozzi and Mario Resca.

The CVs of the members of the new Board of Directors and the additional documentation required by current legislation are available in the Governance section of www.mondadori.it.

APPOINTMENT OF THE BOARD OF STATUTORY AUDITORS

The Shareholders' Meeting also appointed the Board of Statutory Auditors, composed as follows:

- **Sara Fornasiero** as **Chairman** (elected based on the minority list submitted by a group of shareholders formed by asset management companies and institutional investors);
- **Ezio Simonelli** and **Flavia Daunia Minutillo** as **Standing Auditors** (elected based on the majority list submitted by the shareholder Fininvest S.p.A.);
- **Francesco Vittadini** and **Annalisa Firmani** as **Alternate Auditors** (elected based on the majority list submitted by the shareholder Fininvest S.p.A.);
- **Mario Civetta** as **Alternate Auditor** (elected based on the minority list submitted by a group of shareholders formed by asset management companies and institutional investors).

The majority list received 85.558% of votes.

The Chairman of the Board of Statutory Auditors, Sara Fornasiero, declared that she met the **independence requirements** set out in art. 148, par. 3, of Legislative Decree no. 58/1998 and in the Corporate Governance Code for Listed Companies.

Standing Auditors Flavia Daunia Minutillo and Ezio Simonelli declared that they met the independence requirements set out in art. 148, par. 3, of Legislative Decree no. 58/1998.

The composition of the Board of Statutory Auditors complies with the provisions on gender equality set out in art. 148, par. 1-*bis* of Legislative Decree no. 58/1998.

The CVs of the members of the Board of Statutory Auditors and the additional documentation required by current legislation are available in the Governance section of www.mondadori.it.

Disposal of Inthera

On **2 May 2018**, Arnoldo Mondadori Editore S.p.A. concluded an agreement on the disposal of 100% of the share capital of Inthera S.p.A., specialized in strategy, planning and development of content & data driven marketing solutions, CRM, database analysis and management, for a price of € 1.8 million. The agreement contains a price adjustment clause equal to the difference between equity (net of fixed assets) at 12/31/2017 and equity at 30/04/2018.

In the most recently approved financial statements (2017), the company achieved revenue of € 11.1 million and adjusted EBITDA of € -1.8 million.

Agreement with journalists' trade unions

On **15 June**, the Board of Directors of Arnoldo Mondadori Editore S.p.A. resolved not to accept the binding offers received from European Network for the acquisition of the *Tustyle* and *Confidenze* magazines. The Company has identified a new organizational and cost management structure aimed at achieving improvement targets for the two magazines. An agreement has been reached on a reduction of the remuneration package for *Tustyle* and *Confidenze* journalists from 1 July 2018, consistent with the structural decline of the market, and on the application of a solidarity contract for journalists from the other publications in the Magazines Italy Area, in force until 31 December 2018.

The Company and the trade unions have underwritten their commitment to make the cost structure and the organization of the work of Magazines Italy consistent with market trends by the end of the year, in order to safeguard sustainability.

Start of purchase of treasury shares

On **25 June**, the Group announced the start of a share buyback plan - under art. 5 of Regulation (EU) No. 596/2014 - on the Electronic Stock Market (MTA) to provide the Company with 1.24 million shares to service the Incentive Plan named "2018 - 2020 Performance Share Plan" approved by the Shareholders' Meeting on 24 April 2018, and to service the continuation of the "2017 - 2019 Performance Share Plan".

On **2 July**, the Company announced the purchase, in the period from 25 to 29 June, of 27,500 ordinary shares (equal to 0.011% of the share capital) at an average unit price of € 1.3006, for a total amount of € 35,766.85.

On **9 July**, the Group announced the purchase, in the period from 2 to 6 July, of a further 16,000 ordinary shares (equal to 0.006% of the share capital) at an average unit price of € 1.3530, for a total amount of € 21,648.10.

On **16 July**, the Group announced the purchase, in the period from 9 to 13 July, of a further 17,500 ordinary shares (equal to 0.007% of the share capital) at an average unit price of € 1.4700, for a total amount of € 25,725.70.

On **23 July**, the Group announced the purchase, in the period from 16 to 20 July, of a further 17,500 ordinary shares (equal to 0.007% of the share capital) at an average unit price of € 1.5102, for a total amount of € 26,428.50.

On **30 July**, the Group announced the purchase, in the period from 23 to 27 July, of a further 27,000 ordinary shares (equal to 0.010% of the share capital) at an average unit price of € 1.4606, for a total amount of € 39,435.25.

On **6 August**, the Group announced the purchase, in the period from 30 July to 3 August, of a further 21,000 ordinary shares (equal to 0.008% of the share capital) at an average unit price of € 1.4466, for a total amount of € 30,377.80.

On **13 August**, the Group announced the purchase, in the period from 6 to 10 August, of a further 24,500 ordinary shares (equal to 0.009% of the share capital) at an average unit price of € 1.4326, for a total amount of € 35,098.50.

On **20 August**, the Group announced the purchase, in the period from 13 to 17 August, of a further 14,000 ordinary shares (equal to 0.005% of the share capital) at an average unit price of € 1.3569, for a total amount of € 18,996.65.

On **27 August**, the Group announced the purchase, in the period from 20 to 24 August, of a further 15,000 ordinary shares (equal to 0.006% of the share capital) at an average unit price of € 1.3568, for a total amount of € 20,351.35.

On **3 September**, the Group announced the purchase, in the period from 27 to 31 August, of a further 15,700 ordinary shares (equal to 0.006% of the share capital) at an average unit price of € 1.3375, for a total amount of € 20,999.31.

On **10 September**, the Group announced the purchase, in the period from 3 to 7 September, of a further 16,000 ordinary shares (equal to 0.006% of the share capital) at an average unit price of € 1.3397, for a total amount of € 21,434.75.

On **17 September**, the Group announced the purchase, in the period from 10 to 14 September, of a further 14,500 ordinary shares (equal to 0.006% of the share capital) at an average unit price of € 1.4256, for a total amount of € 20,671.90.

On **24 September**, the Group announced the purchase, in the period from 17 to 21 September, of a further 16,000 ordinary shares (equal to 0.006% of the share capital) at an average unit price of € 1.4791, for a total amount of € 23,665.10.

On **1 October**, the Group announced the purchase, in the period from 24 to 28 September, of a further 21,500 ordinary shares (equal to 0.008% of the share capital) at an average unit price of € 1.4854, for a total amount of € 31,935.50.

At 30 September 2018, Arnoldo Mondadori Editore S.p.A. held 1,183,700 treasury shares, representing 0.453% of the share capital.

Exclusive negotiations for a possible disposal of Mondadori France

On 27 September, Arnoldo Mondadori Editore S.p.A. announced the opening of exclusive negotiations with Reworld Media SA for a possible disposal of its subsidiary Mondadori France SAS.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Purchase of treasury shares

On **8 October**, the Group announced the purchase, in the period from 1 to 5 October, of a further 17,500 ordinary shares (equal to 0.007% of the share capital) at an average unit price of € 1.4831, for a total amount of € 25,954.35.

On **15 October**, the Group announced the purchase, in the period from 8 to 12 October, of a further 19,500 ordinary shares (equal to 0.007% of the share capital) at an average unit price of € 1.4099, for a total amount of € 27,493.70.

On **22 October**, the Group announced the purchase, in the period from 15 to 19 October, of a further 15,500 ordinary shares (equal to 0.006% of the share capital) at an average unit price of € 1.4439, for a total amount of € 22,380.10.

On **29 October**, the Group announced the purchase, in the period from 22 to 26 October, of a further 12,500 ordinary shares (equal to 0.005% of the share capital) at an average unit price of € 1.4655, for a total amount of € 18,318.70.

Disposal of Panorama newsmagazine business units

On **1 November**, Arnoldo Mondadori Editore S.p.A. sold the business units of the newsmagazine *Panorama to* La Verità S.r.l..

Purchase of treasury shares

On **5 November**, the Group announced the purchase, in the period from 29 October to 2 November, of a further 13,000 ordinary shares (equal to 0.005% of the share capital) at an average unit price of € 1.5272, for a total amount of € 19,853.35.

On **12 November**, the Group announced the purchase, in the period from 5 to 9 November, of a further 13,000 ordinary shares (equal to 0.005% of the share capital) at an average unit price of € 1.5785, for a total amount of € 20,520.85.

Following the purchases made so far, Arnoldo Mondadori Editore S.p.A. holds, at the date of approval of this Interim Management Statement, 1,274,700 treasury shares, equal to 0.488% of the share capital (including the approximately 80,000 shares purchased in the period from 30 November to 2 December 2016, as per disclosure to the market on 6 December 2016).

OTHER INFORMATION

Adhesion to the legislative simplification process adopted by Consob resolution No. 18079 of 20 January 2012. Disclosure pursuant to art. 70, par. 8, and art. 71, par. 1-bis, of Consob Regulation No. 11971/99 as subsequently amended

On and effective from 13 November 2012, the Board of Directors of Arnoldo Mondadori Editore S.p.A., pursuant to art. 3 of Consob Resolution no. 18079 of 20 January 2012, and in relation to the provisions set out in art. 70, par. 8, and art. 71, par. 1-bis, of Consob Regulation no. 11971/1999, resolved to avail itself of the faculty of waiving the obligation of disclosure envisaged by the abovementioned Consob Regulation on the occasion of significant transactions relating to mergers, spin-offs and capital increases through contribution of assets in nature, acquisitions and transfers.

GLOSSARY OF TERMS AND ALTERNATIVE PERFORMANCE MEASURES USED

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 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): EBITDA, or gross operating profit, is equal to earnings before interest, taxes, depreciation and amortization. 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 expense of a non-ordinary nature such as:

(i) income and expense from restructuring, reorganization and business combinations;

(ii) clearly identified income and expense not directly related to the ordinary course of business;

(iii) as well as any income and expense from non-ordinary events and transactions as set out in Consob communication DEM6064293 of 28/07/2006.

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

Restructuring costs for a total amount of € 2.2 million, included in "Cost of personnel" in the income statement;

Income of a non-ordinary nature totaling € 5 million, attributable mainly to gains from the disposal of assets: € 4.2 million from the disposal of the former logistics property, and € 0.7 million from disposals made in the Retail Area;

Expense of a non-ordinary nature for a total of € 0.4 million, included mainly in "Cost of services".

With reference to adjusted EBITDA in the first nine months of 2018, the following items were excluded from EBITDA:

a) restructuring costs for a total of € 6 million, included in "Cost of personnel" in the income statement;

b) expense of a non-ordinary nature totaling € 3.8 million, of which € 2.1 million attributable to losses from the disposal of investments, € 0.4 million to expense from the disposal of Monradio, posted under "Other (income) expense", and the rest mainly to legal advice fees referring to restructuring and extraordinary operations, under "Cost of services".

Operating profit (**EBIT**): net result for the period before income taxes, and other income and expense.

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).

Cash flow from ordinary operations: cash flow from operations as explained above, net of financial expense, taxes paid in the period, and income/expense from investments in associates.

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.

BUSINESS OUTLOOK

In light of the discontinuity produced by the French operations, the current relevant context and operations in the first nine months of the year, estimates for **2018**, previously disclosed to the market, show for the scope of continuing operations:

- **a slight increase in adjusted EBITDA,**
- **profit from continuing operations** reduced by approximately € 7 million over the entire year versus 2017, due to higher negative non-ordinary items.
- **cash flow from ordinary operations** in the year of **around € 50 million** (around € 55/60 million including discontinued operations).

Versus the previous estimate, **consolidated revenue** is expected to **fall by a high single-digit percentage** versus the prior year, due mainly to the performance of Magazines Italy, triggered by the negative trends of the relevant markets.

For the Board of Directors

The Chairman

Marina Berlusconi

The Financial Reporting Manager - Oddone Pozzi - hereby declares, pursuant to art. 154 bis, par. 2, of the Consolidated Finance Law, that the accounting information contained in this Interim Management Statement corresponds to the Company's accounting entries, books and results.

The Financial Reporting Manager

(Oddone Pozzi)

Consolidated Financial Statements at 30 September 2018

Consolidated balance sheet

Assets (Euro/thousands)	**30 September 2018**	**31 December 2017**
Intangible assets	**224,343**	**593,004**
Investment property	**2,770**	**2,831**
Land and buildings	3,244	3,389
Plant and equipment	3,178	5,828
Other tangible assets	12,623	14,837
Property, plant and equipment	**19,045**	**24,054**
Equity-accounted investees	36,077	37,139
Other investments	439	902
Total investments	**36,516**	**38,041**
Non-current financial assets	**500**	**1,772**
Pre-paid tax assets	**57,980**	**64,933**
Other non-current assets	**1,392**	**2,102**
Total non-current assets	**342,546**	**726,737**
Tax receivables	**18,139**	**29,373**
Other current assets	**98,963**	**86,945**
Inventories	**132,676**	**127,607**
Trade receivables	**259,923**	**298,012**
Other current financial assets	**2,054**	**1,683**
Cash and cash equivalents	**78,442**	**66,585**
Total current assets	**590,197**	**610,205**
Assets held for sale	**238,273**	**-**
Total assets	**1,171,016**	**1,336,942**

Consolidated balance sheet

Liabilities (Euro/thousands)	**30 September 2018**	**31 December 2017**
Share capital	**67,979**	**67,979**
Share premium reserve	**-**	**-**
Treasury shares	**(2,043)**	**(1,654)**
Other reserves and profit/(loss) carried forward	**251,212**	**219,072**
Profit (loss) for the period	**(181,461)**	**30,417**
Group equity	**135,687**	**315,814**
Share capital and reserves attributable to non-controlling interests	**28,248**	**29,500**
Total equity	**163,935**	**345,314**
Provisions	**71,718**	**73,110**
Post-employment benefits	**35,775**	**47,505**
Non-current financial liabilities	**231,634**	**232,736**
Deferred tax liabilities	**38,273**	**60,597**
Other non-current liabilities	**-**	**-**
Total non-current liabilities	**377,400**	**413,948**
Income tax payables	**8,603**	**5,750**
Other current liabilities	**157,636**	**221,844**
Trade payables	**261,301**	**323,538**
Payables to banks and other financial liabilities	**66,004**	**26,548**
Total current liabilities	**493,544**	**577,680**
Liabilities held for sale	**136,137**	**-**
Total liabilities	**1,171,016**	**1,336,942**

Consolidated income statement

(Euro/thousands)	**30 September 2018**	**30 September 2017**
Revenue from sales and services	**658,119**	**707,074**
Decrease (increase) in inventory	(11,167)	(2,525)
Cost of raw and ancillary materials, consumables and goods	123,473	125,037
Cost of services	372,971	404,385
Cost of personnel	116,145	118,250
Other (income) expense	3,698	(1,253)
EBITDA	**52,999**	**63,180**
Depreciation and impairment loss on property, plant and equipment	3,672	3,789
Amortization and impairment loss on intangible assets	11,828	11,571
EBIT	**37,499**	**47,820**
Financial income (expense)	(4,468)	(10,023)
Income (expense) from investments	(9,866)	(2,161)
Result before taxes	**23,165**	**35,636**
Income taxes	9,757	15,320
Result from continuing operations	**13,408**	**20,316**
Result from discontinued operations	(193,285)	12,800
Net result	**(179,877)**	**33,116**
Attributable to:		
- Non-controlling interests	**1,584**	**1,884**
- Parent Company shareholders	**(181,461)**	**31,232**
Net earnings per share (in Euro units)	(0.697)	0.120
Diluted net earnings per share (in Euro units)	(0.695)	0.120

Consolidated income statement - third quarter

(Euro/thousands)	**Third quarter 2018**	**Third quarter 2017**
Revenue from sales and services	**267,203**	**298,806**
Decrease (increase) in inventory	8,569	14,669
Cost of raw and ancillary materials, consumables and goods	42,749	40,715
Cost of services	129,320	152,168
Cost of personnel	33,283	34,951
Other (income) expense	3,797	5,034
EBITDA	**49,485**	**51,269**
Depreciation and impairment loss on property, plant and equipment	1,253	1,246
Amortization and impairment loss on intangible assets	4,096	3,942
EBIT	**44,136**	**46,081**
Financial income (expense)	(1,449)	(3,059)
Income (expense) from investments	(1,712)	(1,893)
Result before taxes	**40,975**	**41,129**
Income taxes	12,263	14,173
Result from continuing operations	**28,712**	**26,956**
Result from discontinued operations	(197,194)	475
Net result	**(168,482)**	**27,431**
Attributable to:		
- Non-controlling interests	**499**	**574**
- Parent Company shareholders	**(168,982)**	**26,856**

Consolidated comprehensive income statement

(Euro/thousands)	30 September 2018	30 September 2017
Net result	**(179,877)**	**33,116**
Items reclassifiable to income statement		
Profit (loss) from the conversion of currency denominated financial statements of foreign companies	691	(2,448)
Other profit (loss) from companies measured at equity	28	(46)
Effective part of profit (loss) on cash flow hedge instruments (cash flow hedge)	52	556
Profit (loss) from held-for-sale assets (fair value)	-	-
Tax effect on other profit (loss) reclassifiable to income statement	(12)	(133)
Items reclassified to income statement		
Profit (loss) on cash flow hedge instruments	226	300
Profit (loss) from held-for-sale assets (fair value)	-	-
Tax effect on other profit (loss) reclassified to income statement	(54)	(72)
Items not reclassifiable to income statement		
Actuarial profit (loss)	(239)	320
Tax effect on other profit (loss) not reclassifiable to income statement	53	(85)
Total other profit (loss) net of tax effect	745	(1,608)
Comprehensive result for the period	**(179,132)**	**31,508**
Attributable to:		
- Non-controlling interests	**1,584**	**1,884**
- Parent Company shareholders	**(180,716)**	**29,964**

For the Board of Directors

The Chairman

Marina Berlusconi