# 1H19 Results

Investors presentation

*Segrate, 30 July 2019*

# Disclaimer

*In 2019, the “Adjusted result from discontinued operations" included the net result of Mondadori France in the current year, together with the recognition of the fair value adjustment of the disposal group, to reflect the negotiations in progress.*

*This item also includes the financial expense held by the Parent Company, but attributable to Mondadori France and charged to the latter under the intercompany loan agreement (approximately € 1.3 million).*

*The "Adjusted result from continuing operations" and the "Adjusted result from discontinued operations" therefore differ by this amount from the amounts of the statements attached to this document (equal to € 5.2 million in 1H 2019 and € 3.9 million in 1H 2018), prepared in accordance with IFRS international accounting standards.*

*To enable a like-for-like comparison, 2018 figures have been restated accordingly.*

*As of 1 January 2019 (and to provide a consistent presentation, also for 2018), the Group has adopted the new IFRS 16 - Leases.*

*The new standard provides a new definition of lease (operating leases) and introduces a criterion based on the control (right of use) of an asset to distinguish leases from service contracts, the differences lying in:*

- *the identification of the asset,*
- *the right to replace the asset,*
- *the right to essentially receive all the financial benefits arising from the use of the asset, and*
- *the right to control the use of the asset underlying the contract.*

*The standard introduces a single lessee accounting model, by which an asset under an operating lease is recognized in assets with an offsetting financial liability.*

*P/L will no longer record lease payments as operating/general costs, rather the depreciation of the booked asset and the financial expense implicit in the lease payment.*

*An exception to this accounting model are leases regarding low-value assets and those with a term of 12 months or less.*

AGENDA

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2 - 1H/2Q 2019 Results

3 - 1H 2019 Business

4 - FY 2019 Outlook

# 1H19 Highlights

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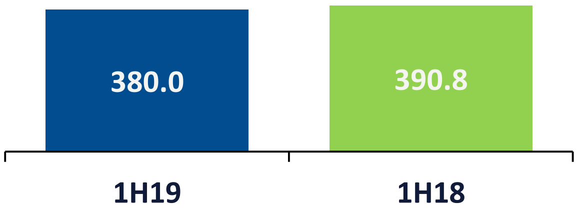
- **Double digit improvement of adj. EBITDA from continuing operations**
- **Restructuring costs lower than 1H 2018**
- **Continuous significant Ordinary Cash Flow generation**

# 1H19 Highlights *(no IFRS 16)*

€ mn

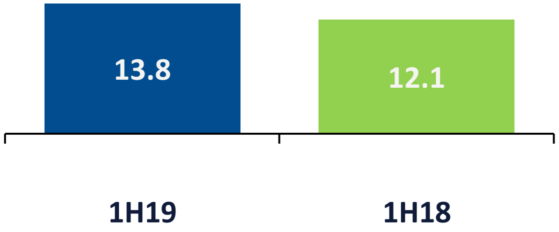
*-2.8%*

**Revenues**



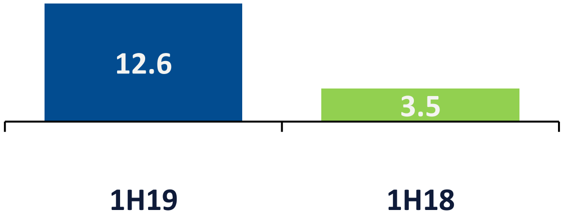

*+1.7 € mn*

**Adj. EBITDA**



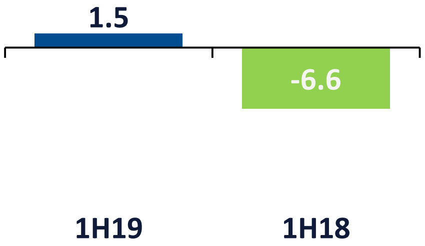

*+9.0 € mn*

**EBITDA**



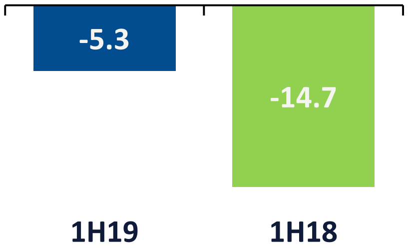

*+8.1 € mn*

**EBIT**



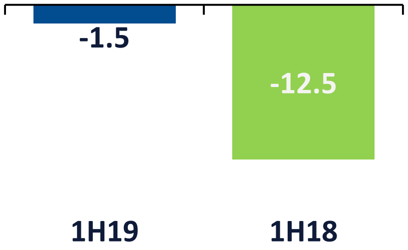

*+9.4 € mn*

**Adj. Result from continuing operations**



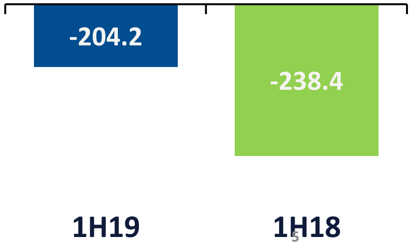

*+11.0 € mn*

**Net Result**




*+34.2 € mn*

**NFP**

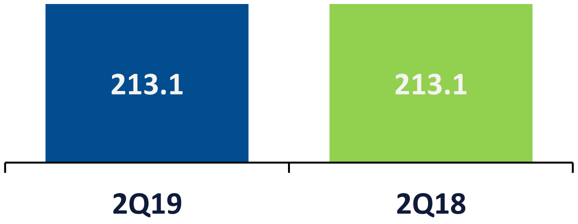


# 2Q19 Highlights *(no IFRS 16)*

€ mn

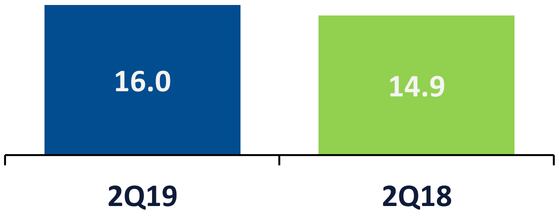
*0.0%*

**Revenues**



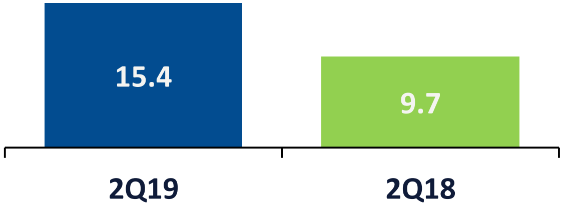

*+1.1 € mn*

**Adj. EBITDA**



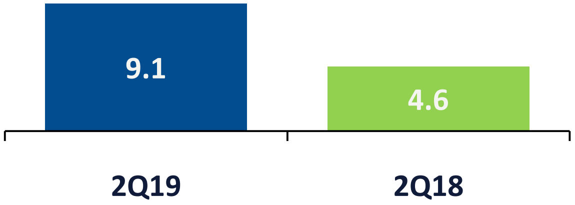

*+5.7 € mn*

**EBITDA**



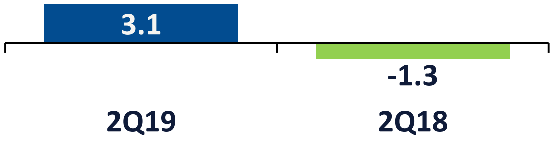

*+4.5 € mn*

**EBIT**



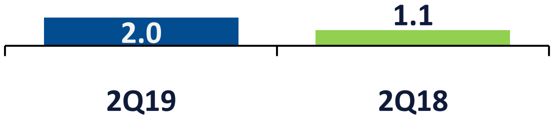

*+4.4 € mn*

**Adj. Result from continuing operations**




*+0.9 € mn*

**Net Result**



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## AGENDA

# 1H19 Revenues and Adj. EBITDA by Business Area

€ mn

## Revenues

| | 1H19 | 1H18 | Var. % | |
|---|---|---|---|---|
| **Books** | 183.8 | 179.0 | ***2.7%*** | |
| **Retail** | 81.4 | 83.1 | ***(2.0%)*** | |
| **Magazines Italy** | 130.9 | 147.5 | ***(11.2%)*** | -3.9% lfl |
| **Corporate & Shared Services** | 19.1 | 17.4 | ***9.7%*** | |
| *Intercompany* | *(35.2)* | *(36.1)* | *(2.5%)* | |
| **Total** | **380.0** | **390.8** | ***(2.8%)*** | 0.1% lfl |

## Adj. EBITDA

| | *1H19 (IFRS16)* | 1H19 (no IFRS16) | 1H18 (no IFRS16) | Var. Lfl | Var. |
|---|---|---|---|---|---|
| **Books** | *16.2* | 15.6 | 13.3 | ***2.3*** | *2.9* |
| **Retail** | *(0.6)* | (4.6) | (3.2) | ***(1.4)*** | *2.6* |
| **Magazines Italy** | *6.9* | 6.8 | 6.8 | ***0.0*** | *0.1* |
| **Corporate & Shared Services** | *(0.7)* | (4.0) | (4.1) | ***0.1*** | *3.4* |
| *Intercompany* | *0.0* | *0.0* | *(0.7)* | *0.7* | *0.7* |
| **Total** | ***21.8*** | **13.8** | **12.1** | ***1.7*** | *9.7* |

# 1H19 Rep. EBITDA and EBIT by Business Area

€ mn

## Rep. EBITDA

| | 1H19 (IFRS16) | 1H19 (no IFRS16) | 1H18 (no IFRS16) | Var. Lfl | Var. |
|---|---|---|---|---|---|
| **Books** | *15.8* | 15.2 | 12.5 | ***2.7*** | *3.3* |
| **Retail** | *(0.9)* | (4.8) | (3.5) | ***(1.3)*** | *2.6* |
| **Magazines Italy** | *6.4* | 6.3 | (0.1) | ***6.5*** | *6.4* |
| **Corporate & Shared Services** | *(0.7)* | (4.1) | (4.7) | ***0.6*** | *4.0* |
| *Intercompany* | *0.0* | *0.0* | *(0.7)* | *0.7* | *0.7* |
| **Total** | ***20.6*** | **12.6** | **3.5** | ***9.1*** | *17.1* |

## EBIT

| | 1H19 (IFRS16) | 1H19 (no IFRS16) | 1H18 (no IFRS16) | Var. Lfl | Var. |
|---|---|---|---|---|---|
| **Books** | *9.7* | 9.7 | 6.8 | ***2.9*** | *2.9* |
| **Retail** | *(6.0)* | (6.2) | (5.1) | ***(1.1)*** | *(0.9)* |
| **Magazines Italy** | *3.7* | 3.7 | (2.2) | ***5.9*** | *5.9* |
| **Corporate & Shared Services** | *(5.3)* | (5.7) | (5.4) | ***(0.3)*** | *0.1* |
| *Intercompany* | *0.0* | *0.0* | *(0.7)* | *0.7* | *0.7* |
| **Total** | ***2.1*** | **1.5** | **(6.6)** | ***8.1*** | *8.7* |

# 2Q19 Revenues and Adj. EBITDA by Business Area

€ mn

**Revenues**

| | 2Q19 | 2Q18 | Var. % | |
|---|---|---|---|---|
| **Books** | 113.6 | 105.4 | ***7.8%*** | |
| **Retail** | 40.0 | 39.8 | ***0.5%*** | |
| **Magazines Italy** | 67.9 | 77.3 | ***(12.2%)*** | -5.0% lfl |
| **Corporate & Shared Services** | 9.7 | 8.6 | ***12.5%*** | |
| *Intercompany* | *(18.1)* | *(18.1)* | *(0.2%)* | |
| **Total** | **213.1** | **213.1** | ***0.0%*** | 2,7% lfl |

**Adj. EBITDA**

| | *2Q19 (IFRS16)* | 2Q19 (no IFRS16) | 2Q18 (no IFRS16) | Var. Lfl | Var. |
|---|---|---|---|---|---|
| **Books** | *16.4* | 16.0 | 14.1 | ***1.9*** | *2.3* |
| **Retail** | *(0.1)* | (2.1) | (1.3) | ***(0.8)*** | *1.2* |
| **Magazines Italy** | *4.3* | 4.2 | 4.7 | ***(0.5)*** | *(0.4)* |
| **Corporate & Shared Services** | *(0.4)* | (2.1) | (2.0) | ***(0.1)*** | *1.6* |
| *Intercompany* | *0.0* | *0.0* | *(0.5)* | *0.5* | *0.5* |
| **Total** | ***20.1*** | **16.0** | **14.9** | ***1.1*** | *5.2* |

# 2Q19 Rep. EBITDA and EBIT by Business Area

€ mn

**Rep. EBITDA**

| | 2Q19 (IFRS16) | 2Q19 (no IFRS16) | 2Q18 (no IFRS16) | Var. Lfl | Var. |
|---|---|---|---|---|---|
| **Books** | 16.1 | 15.7 | 13.5 | **2.2** | 2.6 |
| **Retail** | (0.3) | (2.3) | (1.4) | **(0.9)** | 1.1 |
| **Magazines Italy** | 4.1 | 4.1 | 0.7 | **3.3** | 3.4 |
| **Corporate & Shared Services** | (0.5) | (2.1) | (2.5) | **0.4** | 2.0 |
| *Intercompany* | 0.0 | 0.0 | (0.5) | 0.5 | 0.5 |
| **Total** | **19.5** | **15.4** | **9.7** | **5.8** | 9.7 |

**EBIT**

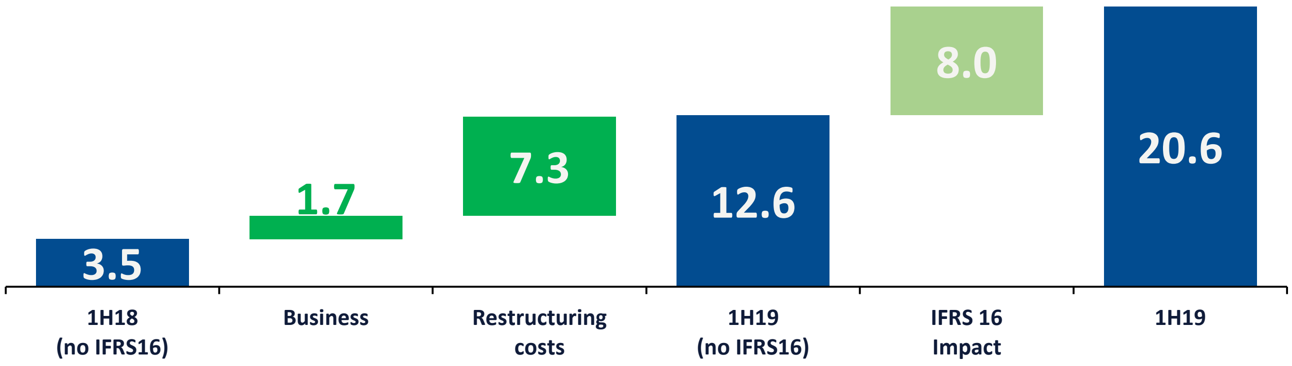
| | 2Q19 (IFRS16) | 2Q19 (no IFRS16) | 2Q18 (no IFRS16) | Var. Lfl | Var. |
|---|---|---|---|---|---|
| **Books** | 12.5 | 12.5 | 10.6 | **1.9** | 1.9 |
| **Retail** | (2.8) | (2.9) | (2.3) | **(0.6)** | (0.5) |
| **Magazines Italy** | 2.7 | 2.7 | (0.4) | **3.1** | 3.1 |
| **Corporate & Shared Services** | (3.0) | (3.2) | (2.9) | **(0.3)** | (0.1) |
| *Intercompany* | 0.0 | 0.0 | (0.5) | 0.5 | 0.5 |
| **Total** | **9.4** | **9.1** | **4.6** | **4.5** | 4.7 |

# 1H19 EBITDA Evolution

€ mn

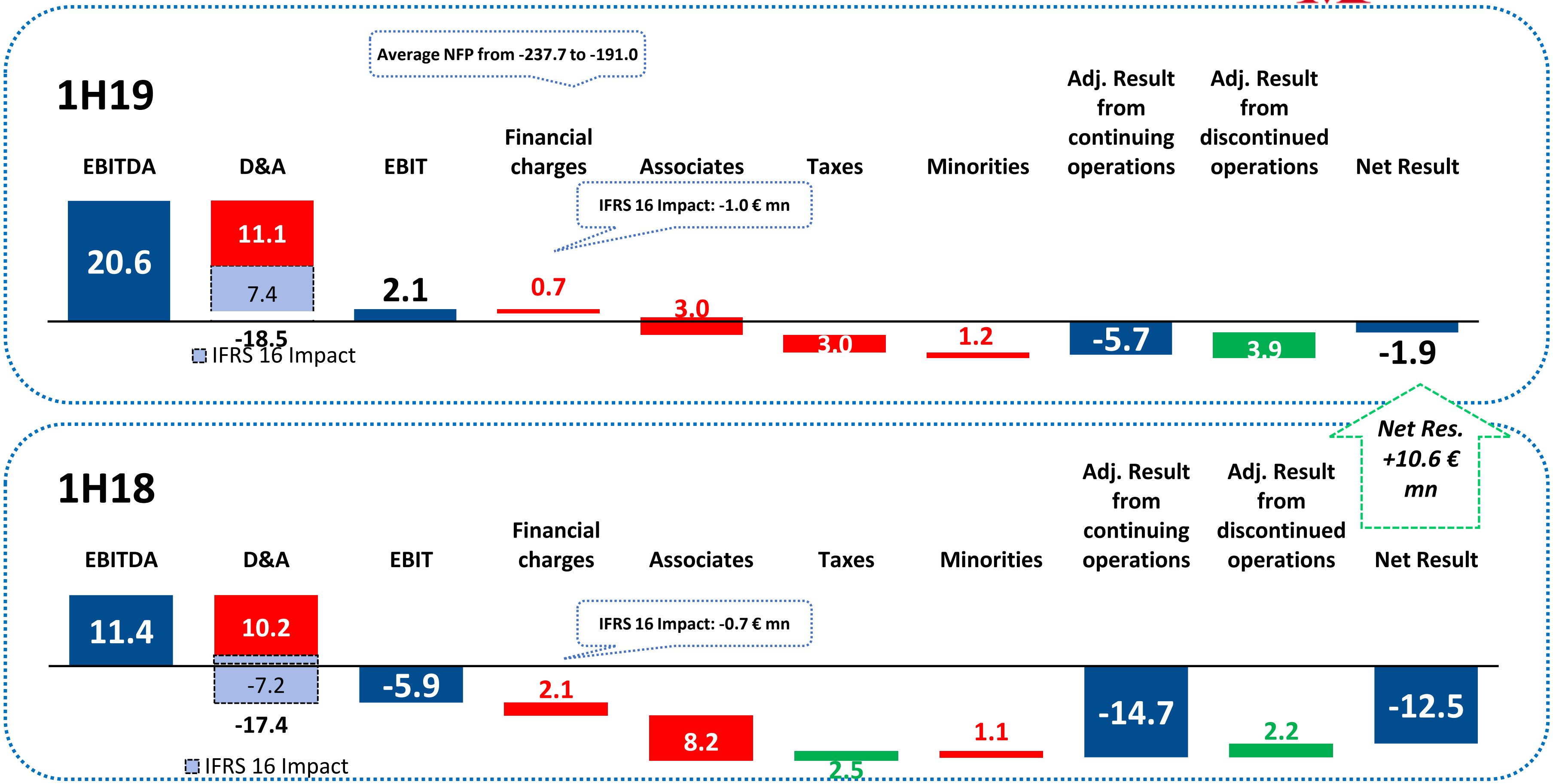
Adj. EBITDA


Rep. EBITDA



# 1H19 from EBITDA to Net Result

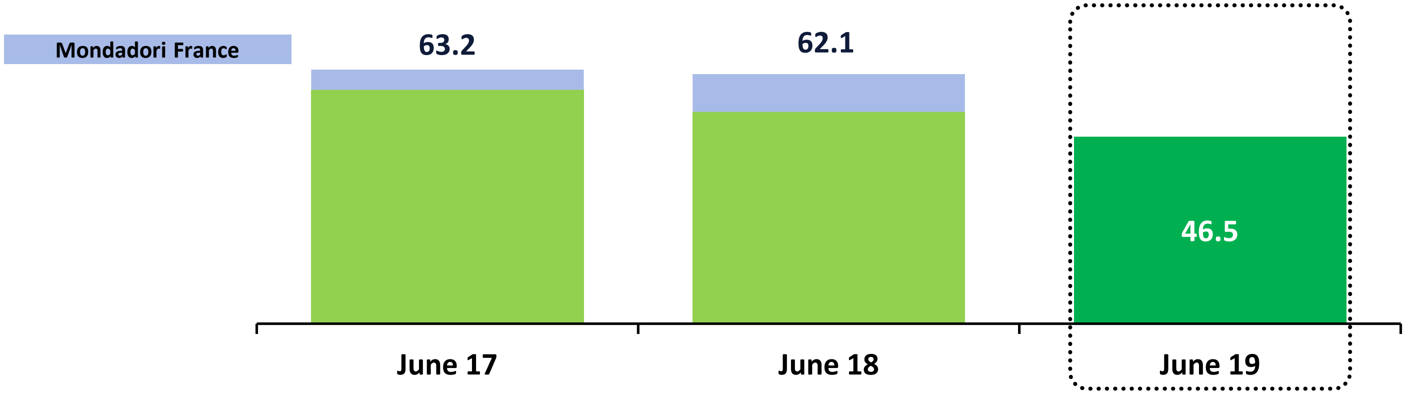
€ mn



# LTM 1H19 Cash Flow

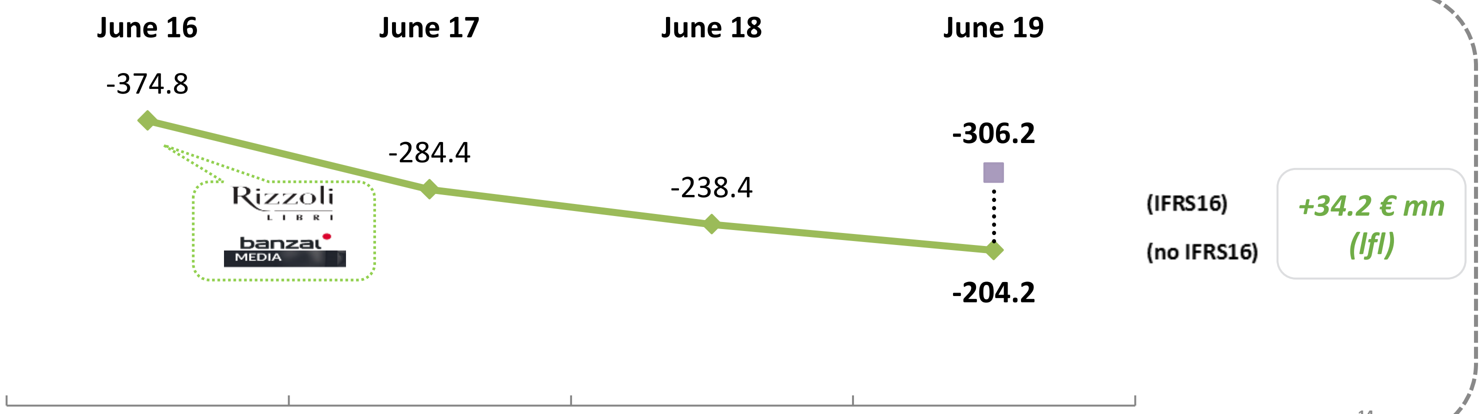
€ mn

## *Positive cash generation from business confirmed*



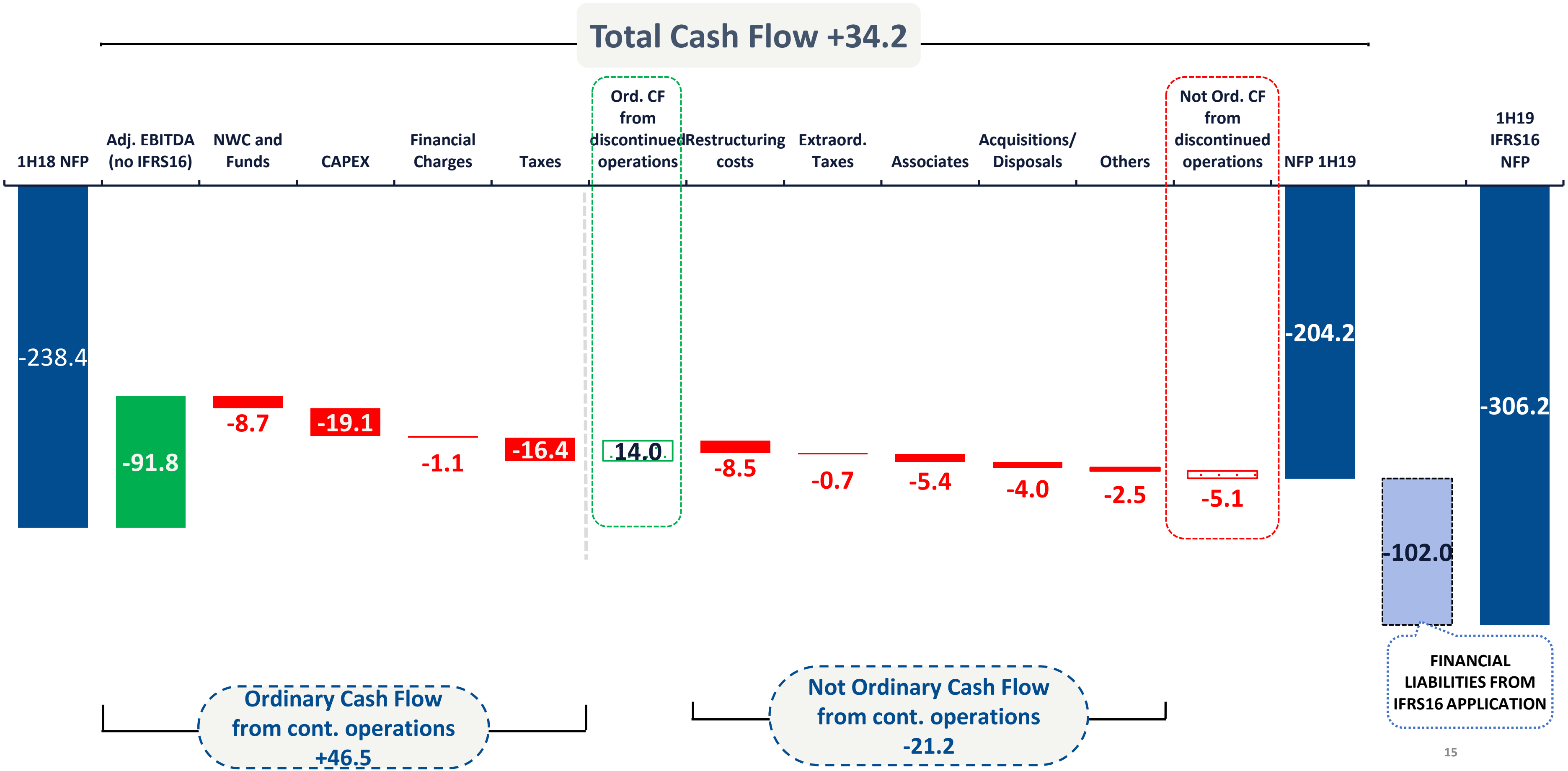

*Ordinary Cash Flow = Operating CF net of taxes, associates and financial charges.*

## *Group NFP*



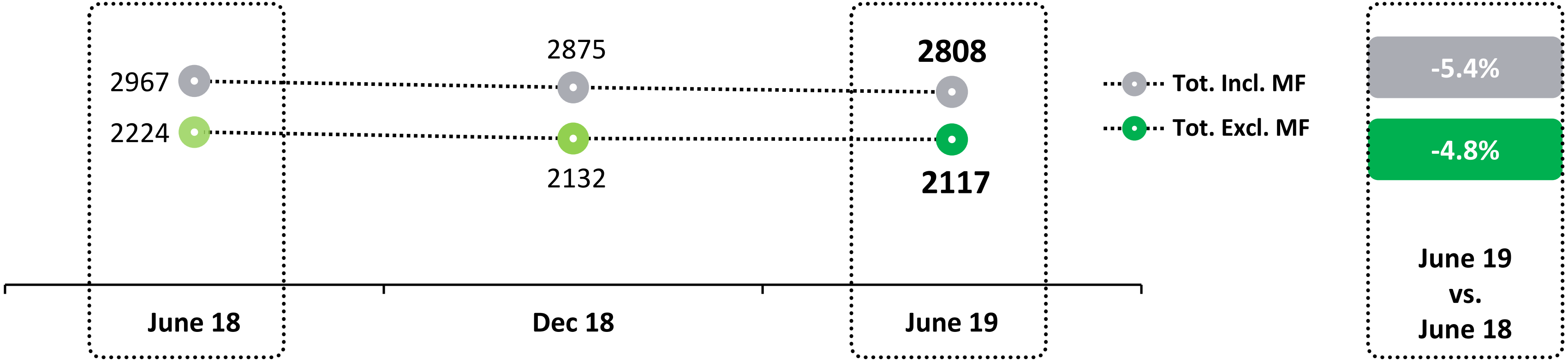
# LTM 1H19 Cash Flow

€ mn

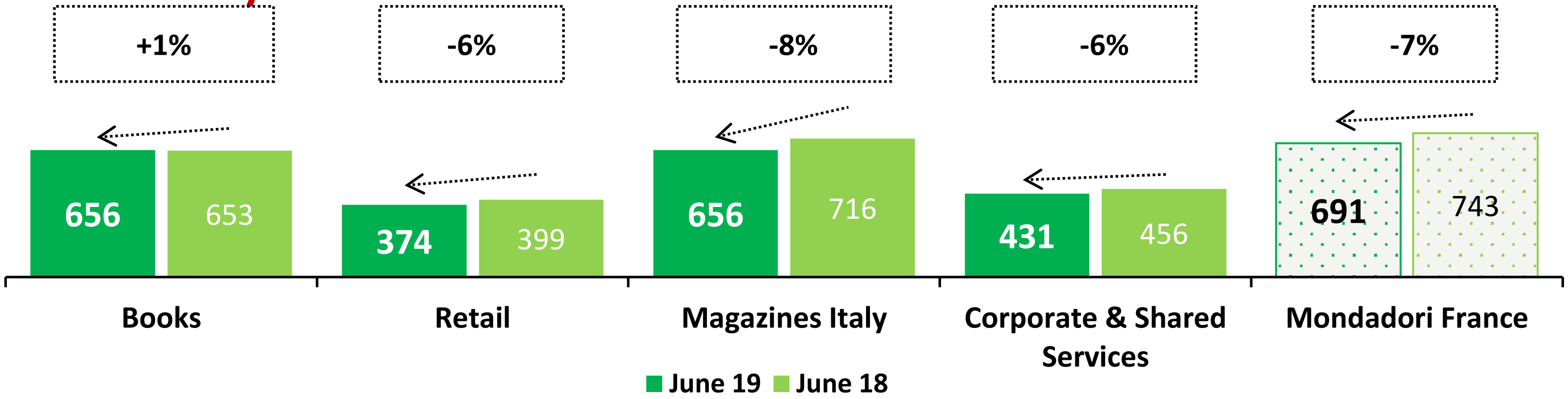


# 1H19 Headcount Evolution

## Group Headcount




## Headcount by BU



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# Market – Trade Books

1H19 market – € 543 mn | **+4.0%**

| | 2019 | 2018 | |
|---|---|---|---|
| Bookstores | 126.0 | 126.9 | -0.6% |
| Chains + E-commerce | 381.3 | 356.7 | +6.9% |
| Large retailers | 35.8 | 39.2 | -8.0% |

## 4 titles in first Top 10 sellers


## 1H19 market shares

| | 2019 | 2018 | | 2019 | 2018 |
|---|---|---|---|---|---|
| GRUPPO MONDADORI | 25.3% | 27.0% | | | |
| GeMS | 10.1% | 10.9% | Newton Compton Editori | 1.6% | 1.9% |
| Giunti | 8.4% | 8.5% | DeAgostini Libri | 1.6% | 1.7% |
| la Feltrinelli | 5.7% | 5.0% | Other | 47.2% | 45.1% |

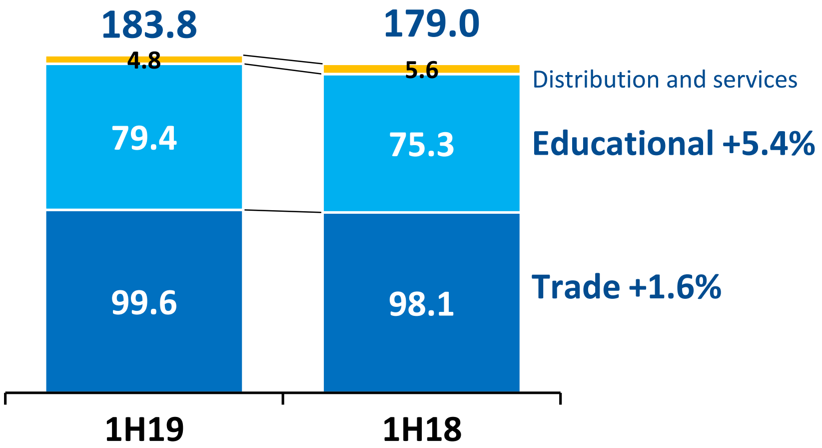
**Source: GFK June 2019 (sell-out market value data).**

**As of May 2019, GfK has expanded its coverage panel by increasing the survey of e-commerce operators; as a result, the overall market value and the YoY deviations have been restated pro-forma and the details by channel have been reviewed by merging book chains and e-commerce.**

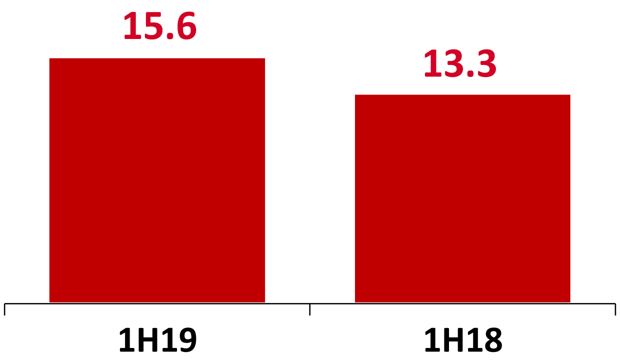
# 1H19 Business – Books

€ mn

**Revenues +2.7%**




**Adj. EBITDA no IFRS16 +2.3 € mn**




## REVENUES

- **Trade:** +1.6% growth vs. 1H18
- **Educational:** +5.4% increase vs. 1H18

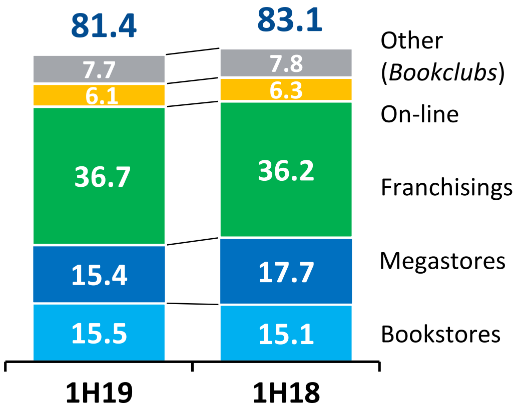
## Adj. EBITDA

Ongoing improvement in operations

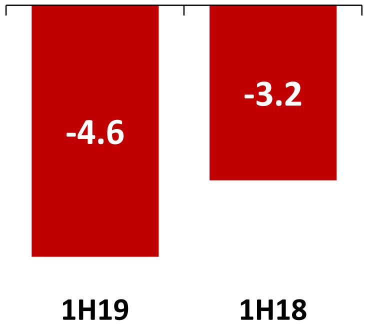
# 1H19 Business – Retail

€ mn

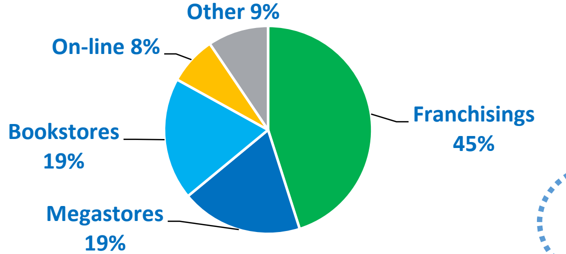
**Revenues -2.0%**



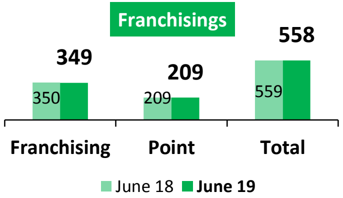

**Adj. EBITDA no IFRS16 -1.4 € mn**

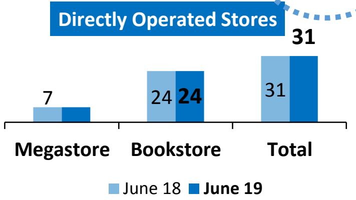



**Revenues by channel***



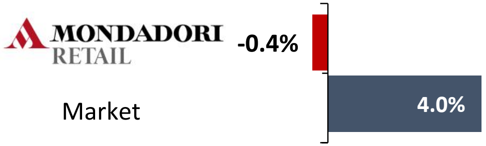

589
-1 PoS




| | |
|---|---|
| **REVENUES** | ▶ ***Bookstores* +1.2%** (-1.8% lfl)<br>▶ ***Megastores*** -12.2% due to *Consumer Electronics* (-11.3% lfl)<br>▶ ***Franchisings*** -0.1% (lfl as well)<br>▶ ***On-line*** -3.4% |
| **Adj. EBITDA** | Performance in declining due to:<br>• less lfl revenues of directly operated stores (with higher marginality)<br>• positive «*one-off*» effect in 1H18 |

**83% revenues in Book market***



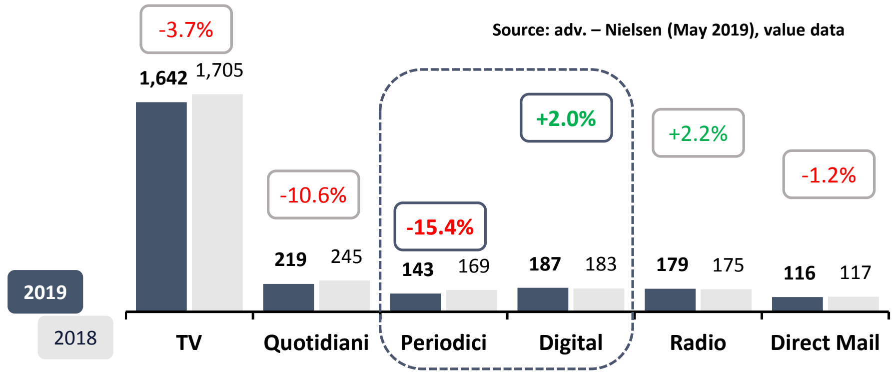

**12.8% market share**

**Source: GFK June 2019 (sell-out market value data)**

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

# Market – Magazines Italy

**Adv. market 5M19 – € 2.6 bn** | **-4.0 %**

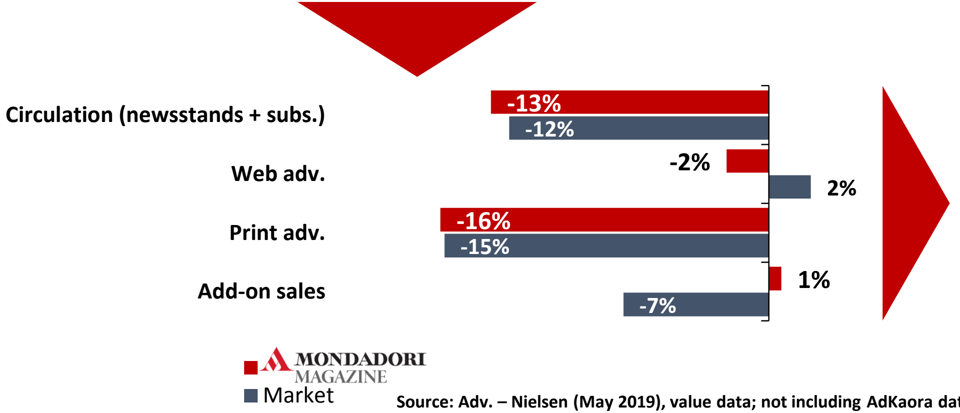



## 5M19 market shares – circulation

| | 2019 | 2018 |
|---|---|---|
| Mondadori Magazine | 28.8% | 31.4% |
| Cairo Editore | 20.4% | 19.6% |
| RCS | 5.5% | 5.4% |
| Casa Editrice Universo | 11.8% | 11.6% |
| Hearst magazines | 5.5% | 5.2% |
| Condé Nast | 3.0% | 3.3% |
| Others | 24.9% | 23.6% |

29.1% (excl. Panorama in 1H18)

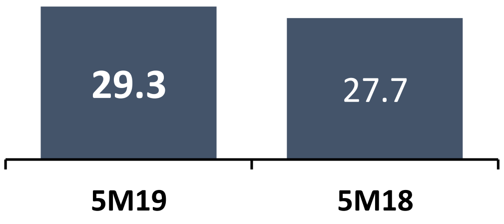
Fonte: diffusioni a valore (canale edicola+abb.) – fonte interna Press-di (Mag. 2019)




Source: Adv. – Nielsen (May 2019), value data; not including AdKaora data.
Circulation by value (newsstands + subs. channels) – internal source Press-di (May 2019)

## *Total Audience – web* (mn/month)

***+6% yoy***




Fonte: comScore (average Jan.–May data)

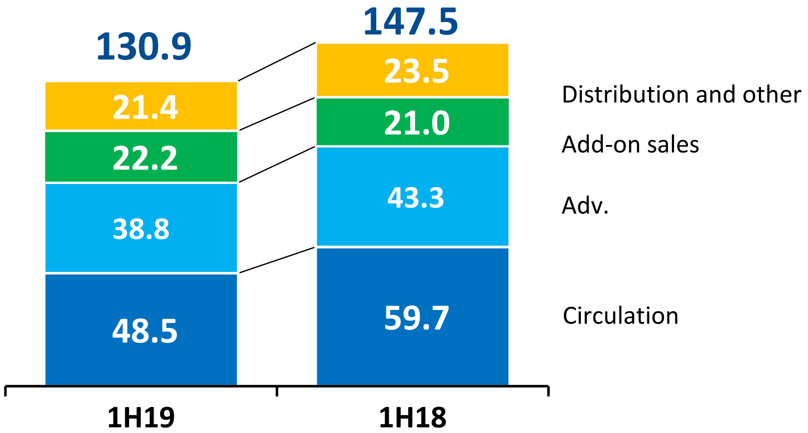
# 1H19 Business – Magazines Italy

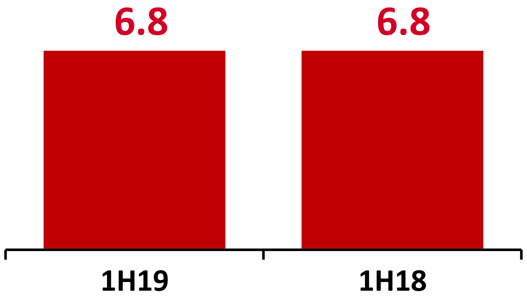
€ mn

**Revenues -11.3%**

-3.9% lfl

**Adj. EBITDA no IFRS16**
**+0,0 € mn**




## REVENUES

- **Circulation revenues** -18.8% (-13.7% lfl)
- **Print + web adv. revenues** -10.2% (-5% lfl):
  - +15% ca. increase in web (including AdKaora – not pointed out in Nielsen data),
  - -21% ca. decrease in print (-15% lfl).
- **Distribution and others** -9.0%, declining due to Inthera disposal.

## Adj. EBITDA

- In improvement as a result of
  - the actions aimed at reducing operating and structural costs,
  - the ongoing improvement in the digital area and
  - the positive effects of the sale of Inthera and Panorama.

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AGENDA

# FY19 Outlook*

## *CONTINUING OPERATIONS SCOPE*

| | | |
|---|---|---|
| **REVENUES** | Slight decrease | = |
| **Adj. EBITDA** | Single digit increase | = |
| **Adj. result from continuing operations** | In increase, expected in the *range* 30-35 € mn | = |
| **Ordinary Cash Flow** | ≈ 45 € mn, creating sustainable conditions for a possible return in the future to the dividend | = |

* Before IFRS 16 (Leasing) adoption

BACKUP

# 1H19 P&L *(IFRS 16)*

€ mn

| €mn | 1H19 | | 1H18 | | % change |
|---|---|---|---|---|---|
| **NET REVENUE** | **380.0** | ***100.0%*** | **390.8** | ***100.0%*** | ***(2.8%)*** |
| INDUSTRIAL COST OF PRODUCT | 121.7 | *32.0%* | 124.9 | *32.0%* | *(2.6%)* |
| VARIABLE PRODUCT COSTS | 54.6 | *14.4%* | 58.9 | *15.1%* | *(7.2%)* |
| OTHER VARIABLE COSTS | 73.4 | *19.3%* | 74.1 | *19.0%* | *(1.0%)* |
| STRUCTURAL COSTS | 28.9 | *7.6%* | 28.5 | *7.3%* | *1.3%* |
| EXTENDED LABOUR COST* | 79.3 | *20.9%* | 85.0 | *21.7%* | *(6.7%)* |
| OTHER EXPENSE AND (INCOME) | 0.2 | *0.1%* | -0.6 | *(0.2%)* | *n.s.* |
| **(ADJUSTED) EBITDA** | **21.8** | ***5.7%*** | **19.9** | ***5.1%*** | ***9.4%*** |
| RESTRUCTURING COSTS | 1.1 | *0.3%* | 5.4 | *1.4%* | *(78.8%)* |
| NEGATIVE (POSITIVE) EXTRAORDINARY ITEMS | 0.1 | *0.0%* | 3.1 | *0.8%* | *(98.3%)* |
| **EBITDA** | **20.6** | ***5.4%*** | **11.4** | ***2.9%*** | ***81.0%*** |
| AMORTIZATION AND DEPRECIATION | 11.1 | *2.9%* | 10.2 | *2.6%* | *9.0%* |
| AMORTIZATION AND DEPRECIATION IFRS16 | 7.4 | *1.9%* | 7.2 | *1.8%* | *3.5%* |
| **EBIT** | **2.1** | ***0.6%*** | **-5.9** | ***(1.5%)*** | ***n.s.*** |
| FINANCIAL EXPENSE AND (INCOME) | -0.3 | *(0.1%)* | 1.4 | *0.4%* | *n.s.* |
| FINANCIAL EXPENSE IFRS16 | 1.0 | *0.3%* | 0.7 | *0.2%* | *49.5%* |
| EXPENSE AND (INCOME) FROM INVESTMENTS | 3.0 | *0.8%* | 8.2 | *2.1%* | *(63.1%)* |
| **EBT** | **-1.6** | ***(0.4%)*** | **-16.1** | ***(4.1%)*** | ***(90.3%)*** |
| TAX EXPENSE AND (INCOME) | 3.0 | *0.8%* | -2.5 | *(0.6%)* | *n.s.* |
| **NON-CONTROLLING INTERESTS** | **1.2** | ***0.3%*** | **1.1** | ***0.3%*** | ***7.9%*** |
| **RESULT FROM CONTINUING OPERATIONS** | **-5.7** | ***(1.5%)*** | **-14.7** | ***(3.8%)*** | ***(61.0%)*** |
| **ADJUSTED RESULT FROM DISCONTINUED OPERATIONS** | **3.9** | ***1.0%*** | **2.2** | ***0.6%*** | ***72.8%*** |
| **NET RESULT** | **-1.9** | ***(0.5%)*** | **-12.5** | ***(3.2%)*** | ***(85.0%)*** |
| | | | | | |
| ***(ADJUSTED) EBITDA EXCLUDING IFRS16*** | ***13.8*** | ***3.6%*** | ***12.1*** | ***3.1%*** | ***13.9%*** |
| ***EBITDA EXCLUDING IFRS16*** | ***12.6*** | ***3.3%*** | ***3.5*** | ***0.9%*** | ***n.s.*** |
| ***EBIT EXCLUDING IFRS16*** | ***1.5*** | ***0.4%*** | ***-6.6*** | ***(1.7%)*** | ***n.s.*** |
| ***EBT EXCLUDING IFRS16*** | ***-1.2*** | ***(0.3%)*** | ***-16.1*** | ***(4.1%)*** | ***(92.9%)*** |

# 2Q19 P&L *(IFRS 16)*

€ mn

| €mn | 2Q19 | | 2Q18 | | % change |
|---|---|---|---|---|---|
| **NET REVENUE** | **213.1** | ***100.0%*** | **213.1** | ***100.0%*** | ***0.0%*** |
| INDUSTRIAL COST OF PRODUCT | 64.5 | *30.3%* | 66.1 | *31.0%* | *(2.3%)* |
| VARIABLE PRODUCT COSTS | 30.9 | *14.5%* | 32.0 | *15.0%* | *(3.3%)* |
| OTHER VARIABLE COSTS | 43.1 | *20.2%* | 41.3 | *19.4%* | *4.5%* |
| STRUCTURAL COSTS | 14.2 | *6.7%* | 13.5 | *6.3%* | *5.8%* |
| EXTENDED LABOUR COST* | 39.9 | *18.7%* | 41.7 | *19.6%* | *(4.3%)* |
| OTHER EXPENSE AND (INCOME) | 0.3 | *0.1%* | -0.4 | *(0.2%)* | *n.s.* |
| **(ADJUSTED) EBITDA** | **20.1** | ***9.4%*** | **18.9** | ***8.9%*** | ***6.2%*** |
| RESTRUCTURING COSTS | 0.6 | *0.3%* | 2.2 | *1.0%* | *(73.7%)* |
| NEGATIVE (POSITIVE) EXTRAORDINARY ITEMS | 0.1 | *0.0%* | 3.0 | *1.4%* | *(98.3%)* |
| **EBITDA** | **19.5** | ***9.1%*** | **13.7** | ***6.5%*** | ***41.7%*** |
| AMORTIZATION AND DEPRECIATION | 6.3 | *3.0%* | 5.1 | *2.4%* | *23.4%* |
| AMORTIZATION AND DEPRECIATION IFRS16 | 3.8 | *1.8%* | 3.6 | *1.7%* | *4.2%* |
| **EBIT** | **9.4** | ***4.4%*** | **5.0** | ***2.4%*** | ***87.3%*** |
| FINANCIAL EXPENSE AND (INCOME) | -0.2 | *(0.1%)* | 0.8 | *0.4%* | *n.s.* |
| FINANCIAL EXPENSE IFRS16 | 0.7 | *0.3%* | 0.4 | *0.2%* | *63.5%* |
| EXPENSE AND (INCOME) FROM INVESTMENTS | 1.2 | *0.6%* | 5.4 | *2.5%* | *(77.0%)* |
| **EBT** | **7.7** | ***3.6%*** | **-1.5** | ***(0.7%)*** | ***n.s.*** |
| TAX EXPENSE AND (INCOME) | 4.4 | *2.1%* | -0.6 | *(0.3%)* | *n.s.* |
| **NON-CONTROLLING INTERESTS** | **0.6** | ***0.3%*** | **0.4** | ***0.2%*** | ***71.4%*** |
| **RESULT FROM CONTINUING OPERATIONS** | **2.7** | ***1.2%*** | **-1.3** | ***(0.6%)*** | ***n.s.*** |
| **ADJUSTED RESULT FROM DISCONTINUED OPERATIONS** | **-1.1** | ***(0.5%)*** | **2.4** | ***1.1%*** | ***n.s.*** |
| **NET RESULT** | **1.6** | ***0.7%*** | **1.1** | ***0.5%*** | ***47.9%*** |
| | | | | | |
| ***(ADJUSTED) EBITDA EXCLUDING IFRS16*** | ***16.0*** | ***7.5%*** | ***14.9*** | ***7.0%*** | ***7.7%*** |
| ***EBITDA EXCLUDING IFRS16*** | ***15.4*** | ***7.2%*** | ***9.7*** | ***4.6%*** | ***58.8%*** |
| ***EBIT EXCLUDING IFRS16*** | ***9.1*** | ***4.3%*** | ***4.6*** | ***2.1%*** | ***98.4%*** |
| ***EBT EXCLUDING IFRS16*** | ***8.0*** | ***3.8%*** | ***-1.5*** | ***(0.7%)*** | ***n.s.*** |

# 1H19 Balance Sheet

GRUPPO MONDADORI

€ mn

| | June 19 | Dec. 18 | June 18 | C19 vs C18 |
|---|---|---|---|---|
| Trade receivables | 223.1 | 219.0 | 227.9 | -2.1% |
| Inventory | 134.6 | 122.3 | 140.7 | -4.4% |
| Trade payables | (319.3) | (333.4) | (340.0) | -6.1% |
| Other assets (liabilities) | 62.1 | 46.1 | 67.3 | -7.7% |
| NWC | 100.5 | 54.1 | 95.9 | 4.7% |
| Intangible assets | 225.8 | 226.7 | 226.2 | -0.2% |
| Property, plant and equipment | 17.6 | 19.1 | 22.1 | -20.6% |
| Property, plant and equipment IFRS 16 | 101.1 | | | |
| Investments | 30.0 | 32.3 | 36.3 | -17.3% |
| NET FIXED ASSETS | 374.5 | 278.2 | 284.6 | 31.6% |
| Provisions and post-employment benefits | (91.7) | (103.3) | (103.6) | -11.4% |
| Assets/liabilities held for sale | 93.5 | 89.1 | 296.4 | -68.4% |
| **NET INVESTED CAPITAL** | **476.8** | **317.9** | **573.3** | **-16.8%** |
| Share capital | 68.0 | 68.0 | 68.0 | 0.0% |
| Reserves | 74.6 | 251.1 | 248.8 | -70.0% |
| Profit (loss) for the year | (1.9) | (177.1) | (12.5) | n.s. |
| Share capital and reserves attributable to non-controlling interests (from assets held for sale) | 29.9 | 28.7 | 30.6 | -2.3% |
| EQUITY | 170.6 | 170.7 | 334.9 | -49.1% |
| NET FINANCIAL POSITION | 204.2 | 147.2 | 238.4 | -14.3% |
| NET FINANCIAL POSITION IFRS 16 | 102.0 | | | |
| **TOTAL EQUITY** | **476.8** | **317.9** | **573.3** | **-16.8%** |

# 1H19 NFP

€ mn

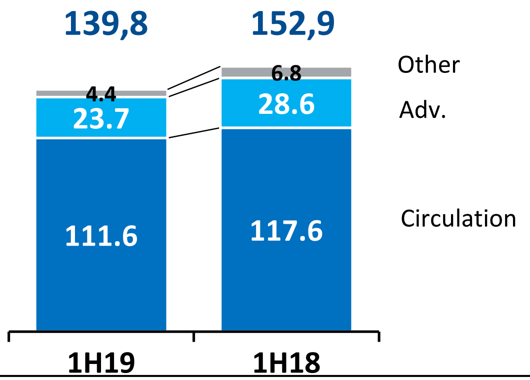
| €mn | 1H 19 LTM | Dec. 18 |
|---|---|---|
| **NFP beginning of period including IFRS 16** | **(347.3)** | **(189.2)** |
| Financial liabilities - application at 01.01.2019 of IFRS16 | (108.9) | |
| **NFP beginning of period excluding IFRS 16** | **(238.4)** | **(189.2)** |
| Adjusted EBITDA (no IFRS16) | 91.8 | 90.1 |
| Change in NWC and provisions | -8.7 | (3.8) |
| Capex | (19.1) | (20.0) |
| Cash flow from operations | 64.0 | 66.3 |
| Financial expense | (1.1) | (2.9) |
| Tax | (16.4) | (7.9) |
| Cash flow from ordinary operations assets held for sale | 14.0 | 15.3 |
| **Cash flow from ordinary operations** | **60.5** | **70.9** |
| Restructuring costs | (8.5) | (11.3) |
| Extraordinary tax amounts / prior years | (0.7) | (1.2) |
| Management of investments in associates | (5.4) | (3.5) |
| Acquisition/disposal of assets | (4.0) | (9.5) |
| Cash flow from extraordinary operations assets held for sale | (5.1) | (3.4) |
| Other extraordinary cash inflows/outflows | (2.5) | |
| Cash flow from non-ordinary operations | (26.3) | (28.9) |
| Total Cash Flow | 34.2 | 42.0 |
| **NFP end of period excluding IFRS 16** | **(204.2)** | **(147.2)** |
| IFRS 16 effects for the period | 6.9 | |
| **NFP end of period including IFRS 16** | **(306.2)** | **(147.2)** |

# 1H19 Business – Magazines France (no IFRS 16)

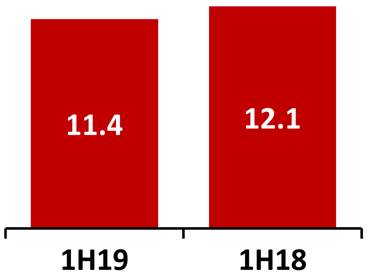
MONDADORI FRANCE

€ mn

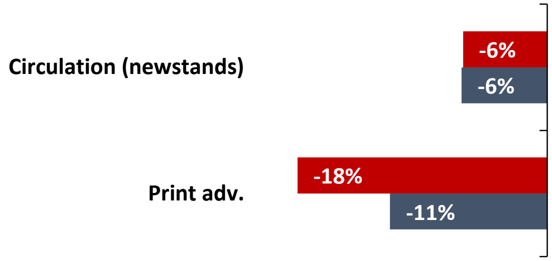
## Revenues -8.6%




## Adj. EBITDA -0.7 € mn




## Mondadori vs market




Source: Circulation – Mondadori France May 2019, Adv. – Net Index Apr. 2019

## 4M19 market shares – adv print (volume data)

| | 2019 | 2018 | | 2019 | 2018 |
|---|---|---|---|---|---|
| MONDADORI FRANCE | 9.4% | 10.0% | | | |
| CMImedia | 10.6% | 10.6% | altice | 3.7% | 3.5% |
| PM | 8.8% | 9.1% | marie claire | 4.3% | 4.3% |
| LE FIGARO | 6.1% | 5.8% | Bayard | 1.8% | 1.8% |
| M | 5.4% | 5.1% | Lagardère | 1.5% | 1.4% |
| CONDÉ NAST | 4.6% | 4.9% | Others | 43.8% | 43.5% |

**REVENUES**

- **Circulation revenues** (80% of the total) down -5.1%:
  - newstands -6.0%,
  - subscriptions -4.0%.
- **Adv. revenues** -17.0% (*print+web*):
  - *print* (87% of the total adv. revenues) -17.8%.

**Adj. EBITDA**

-0.7 Euro mn decrease vs. 1H18

Source: Adv. – Kantar Media Apr. 2019

# 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.

- **Not ord. 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.

## *Forward-looking Statements*

Statements contained in this document, particularly the ones regarding any Mondadori Group possible or assumed future performance, are or may be forward looking statements and in this respect they involve some risks and uncertainties.

Mondadori Group actual results and developments may differ materially from the ones expressed or implied by the above statements depending on a variety of factors.

Any reference to past performance of Mondadori Group shall not be taken as an indication of future performance.

This announcement does not constitute an offer to sell or the solicitation of an offer to buy the securities discussed herein.

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