GRUPPO MONDADORI

9M19 Results

Investors Presentation

Ernesto Mauri – CEO
Oddone Pozzi – CFO

Segrate, 13 November 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 € 1.6 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 € 0.4 million in 9M 2019 and € -193.3 million in 9M 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.

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AGENDA

9M19 Highlights

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- Stable revenues
- Significant improvement of Adj. EBITDA, partially temporary
- Lower restructuring costs
- Continuous significant Ordinary Cash Flow generation
- Mondadori France disposal finalized on 31th July

Mondadori France disposal

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In Q3 Mondadori Group finalized the disposal of the 100% stake held in Mondadori France

MONDADORI FRANCE

Sept. 2018	Feb. 2019	Apr. 2019	July 2019
Exclusive negotiations for possible disposal	Put option underwriting	Signing	Closing

NFP impact: **61.3 mn**

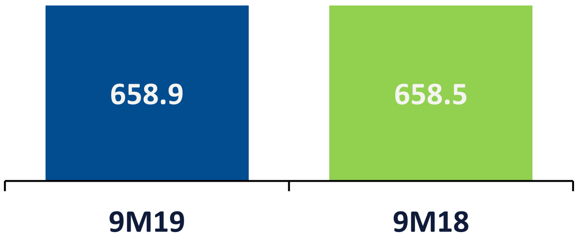
- **Disposal consideration:** €70mn + €5mn earn-out, cash and debt free
- **Price payment:**
  - i. €50mn cash at the closing date
  - ii. €10mn cash 24 months from the closing date
  - iii. €10mn through issue of new RWM shares
- **Other conditions:** subscription by AME (until 31/1/2020) of a capital increase in RWM for max €12.6mn

9M19 Highlights *(no IFRS 16)*

€ mn

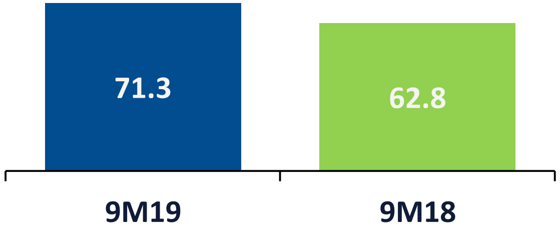
+0.1%

Revenues



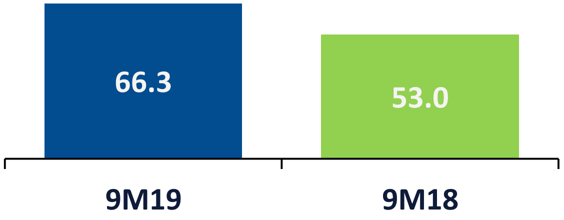
+8.5 € mn

Adj. EBITDA



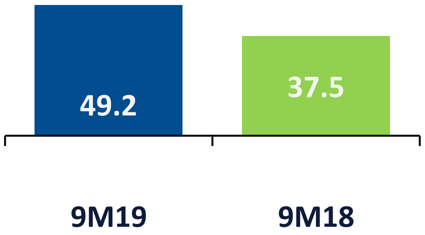
+13.3 € mn

EBITDA



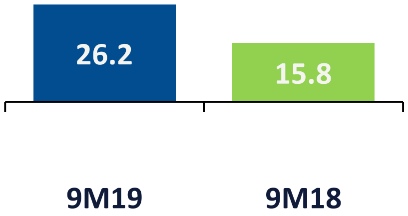
+11.7 € mn

EBIT



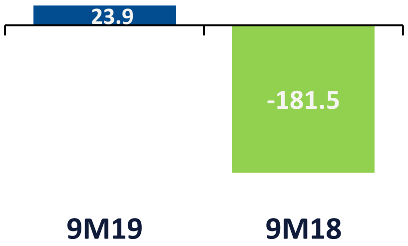
+10.4 € mn

Adj. Result from continuing operations



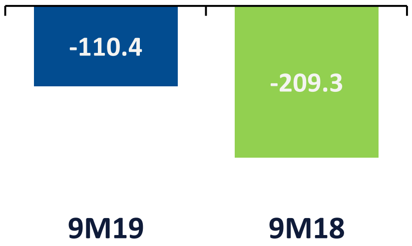
+205.4 € mn

Net Result



+98.9 € mn

NFP

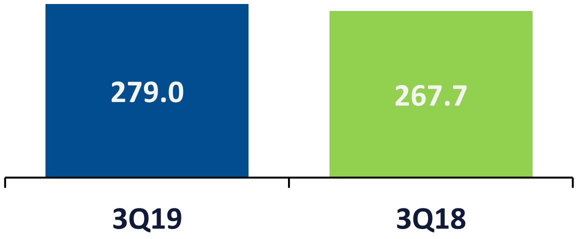


3Q19 Highlights *(no IFRS 16)*

€ mn

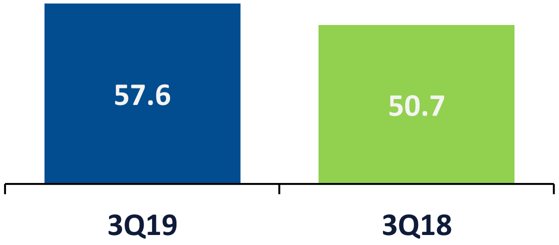
+4.2%

Revenues



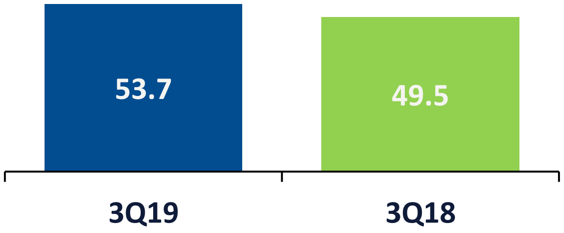
+6.9 € mn

Adj. EBITDA



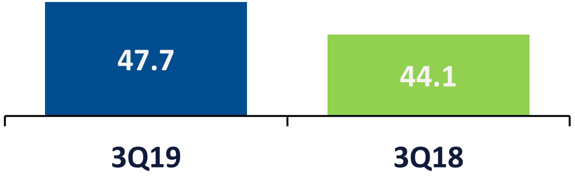
+4.3 € mn

EBITDA



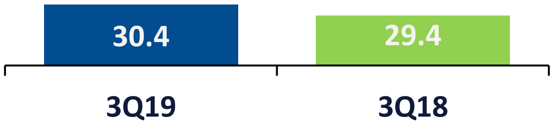
+3.6 € mn

EBIT



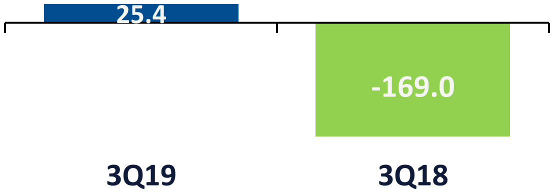
+1.0 € mn

Adj. Result from continuing operations



+194.4 € mn

Net Result



AGENDA

9M19 Revenues and Adj. EBITDA by Business Area

€ mn

Revenues

	9M19	9M18	Var. %	
Books	366.0	340.3	***7.5%***	(partially temporary)
Retail	126.6	129.3	***(2.1%)***	
Magazines Italy	191.2	216.1	***(11.5%)***	-5.0% lfl
Corporate & Shared Services	28.7	28.0	***2.5%***	
Intercompany	*(53.6)*	*(55.2)*	*(2.9%)*	
Total	**658.9**	**658.5**	***0.1%***	1.5% lfl

Adj. EBITDA

	9M19 (IFRS16)	9M19 (no IFRS16)	9M18 (no IFRS16)	***Var.*** *Lfl*	*Var.*	
Books	*78.6*	77.6	68.0	***9.6***	10.6	(partially temporary)
Retail	*0.8*	(5.2)	(3.4)	***-1.8***	4.2	
Magazines Italy	*5.5*	5.4	4.1	***1.3***	1.4	
Corporate & Shared Services	*(0.5)*	(5.5)	(5.2)	***-0.3***	4.7	
Intercompany	*(1.0)*	*(1.0)*	*(0.7)*	***-0.3***	-0.3	
Total	***83.4***	**71.3**	**62.8**	***8.5***	*20.6*	

9M19 Rep. EBITDA and EBIT by Business Area

€ mn

Rep. EBITDA

	9M19 (IFRS16)	9M19 (no IFRS16)	9M18 (no IFRS16)	Var. Lfl	Var.
Books	78.1	77.1	66.8	**10.3**	11.3
Retail	0.5	(5.5)	(3.7)	**-1.8**	4.2
Magazines Italy	2.6	2.5	(3.0)	**5.5**	5.6
Corporate & Shared Services	(1.8)	(6.8)	(6.3)	**-0.5**	4.5
Intercompany	(1.0)	(1.0)	(0.7)	**-0.3**	-0.3
Total	**78.4**	**66.3**	**53.0**	**13.3**	25.4

EBIT

	9M19 (IFRS16)	9M19 (no IFRS16)	9M18 (no IFRS16)	Var. Lfl	Var.
Libri	68.5	68.5	58.1	**10.4**	10.4
Retail	(7.3)	(7.6)	(6.2)	**-1.4**	-1.1
Magazines Italy	(1.4)	(1.4)	(6.2)	**4.7**	4.8
Corporate & Shared Services	(8.6)	(9.3)	(7.5)	**-1.8**	-1.2
Intercompany	(1.0)	(1.0)	(0.7)	**-0.3**	-0.3
Total	**50.2**	**49.2**	**37.5**	**11.7**	12.7

3Q19 Revenues and Adj. EBITDA by Business Area

€ mn

Revenues

	3Q19	3Q18	Var. %	
Libri	182.2	161.3	***12.9%***	(partially temporary)
Retail	45.2	46.2	***(2.2%)***	
Magazines Italy	60.4	68.6	***(11.9%)***	-7.3% lfl
Corporate & Shared Services	9.6	10.6	***(9.9%)***	
Intercompany	*(18.4)*	*(19.0)*	*(3.4%)*	
Total	**279.0**	**267.7**	***4.2%***	5.6% lfl

Adj. EBITDA

	3Q19 (IFRS16)	3Q19 (no IFRS16)	3Q18 (no IFRS16)	Var. Lfl	*Var.*
Books	*62.4*	62.1	54.7	***7.4***	*7.7*
Retail	*1.4*	(0.6)	(0.1)	***-0.4***	*1.5*
Magazines Italy	*(1.4)*	(1.5)	(2.7)	***1.2***	*1.3*
Corporate & Shared Services	*0.2*	(1.5)	(1.1)	***-0.3***	*1.3*
Intercompany	*(1.0)*	*(1.0)*	*(0.0)*	***-1.0***	*-1.0*
Total	***61.6***	**57.6**	**50.7**	***6.9***	*10.9*

3Q19 Rep. EBITDA and EBIT by Business Area

€ mn

Rep. EBITDA

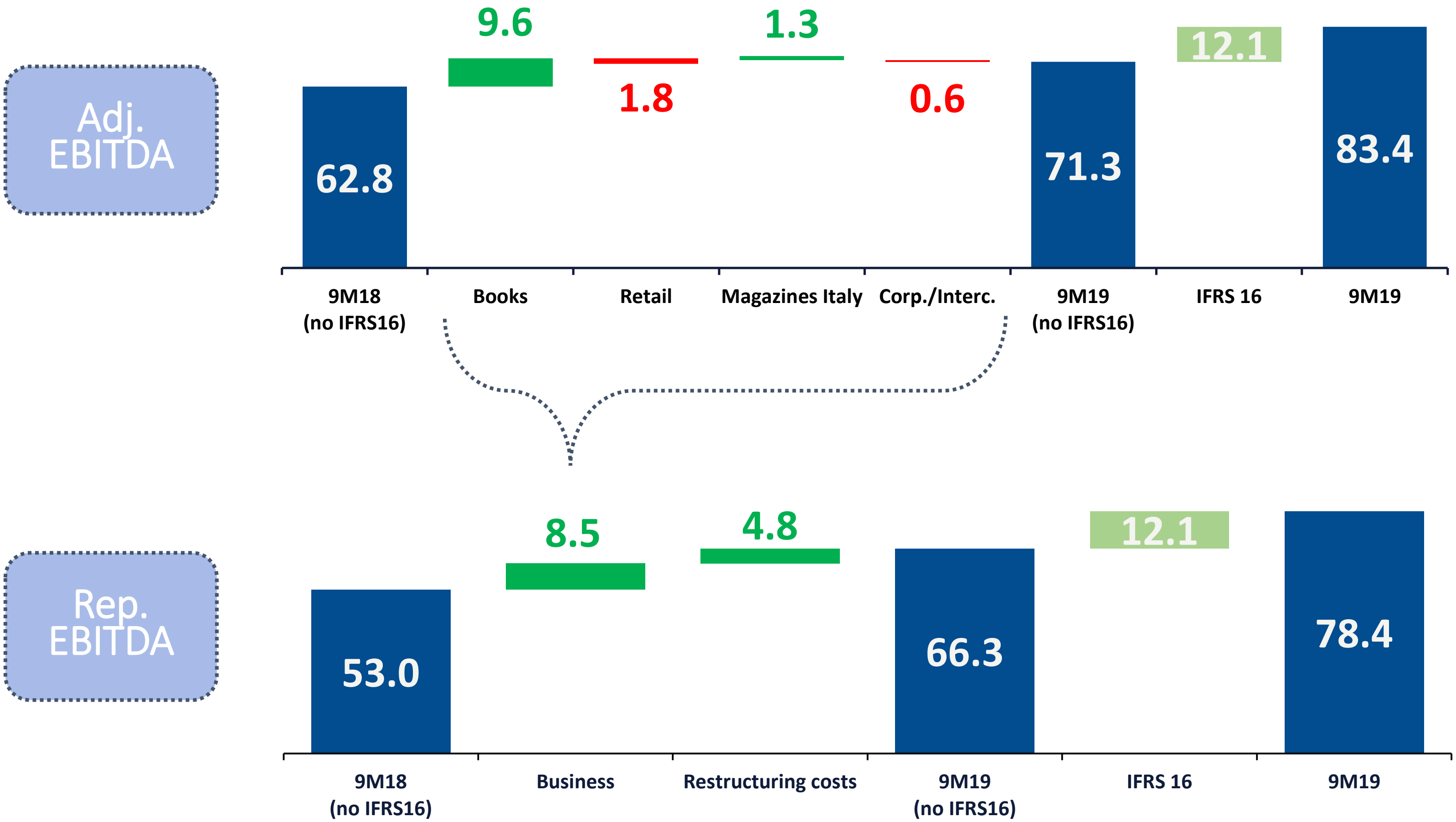
	3Q19 (IFRS16)	3Q19 (no IFRS16)	3Q18 (no IFRS16)	Var. Lfl	Var.
Books	*62.3*	62.0	54.3	***7.7***	*8.0*
Retail	*1.3*	(0.7)	(0.2)	***-0.4***	*1.5*
Magazines Italy	*(3.8)*	(3.9)	(2.9)	***-0.9***	*-0.9*
Corporate & Shared Services	*(1.0)*	(2.7)	(1.6)	***-1.1***	*0.6*
Intercompany	*(1.0)*	*(1.0)*	*(0.0)*	***-1.0***	*-1.0*
Total	***57.8***	**53.7**	**49.5**	***4.3***	*8.3*

EBIT

	3Q19 (IFRS16)	3Q19 (no IFRS16)	3Q18 (no IFRS16)	Var. Lfl	Var.
Books	*58.8*	58.7	51.2	***7.5***	*7.6*
Retail	*(1.3)*	(1.4)	(1.1)	***-0.4***	*-0.2*
Magazines Italy	*(5.1)*	(5.1)	(4.0)	***-1.1***	*-1.1*
Corporate & Shared Services	*(3.4)*	(3.6)	(2.0)	***-1.5***	*-1.3*
Intercompany	*(1.0)*	*(1.0)*	*0.0*	***-1.0***	*-1.0*
Total	***48.0***	**47.7**	**44.1**	***3.6***	*3.9*

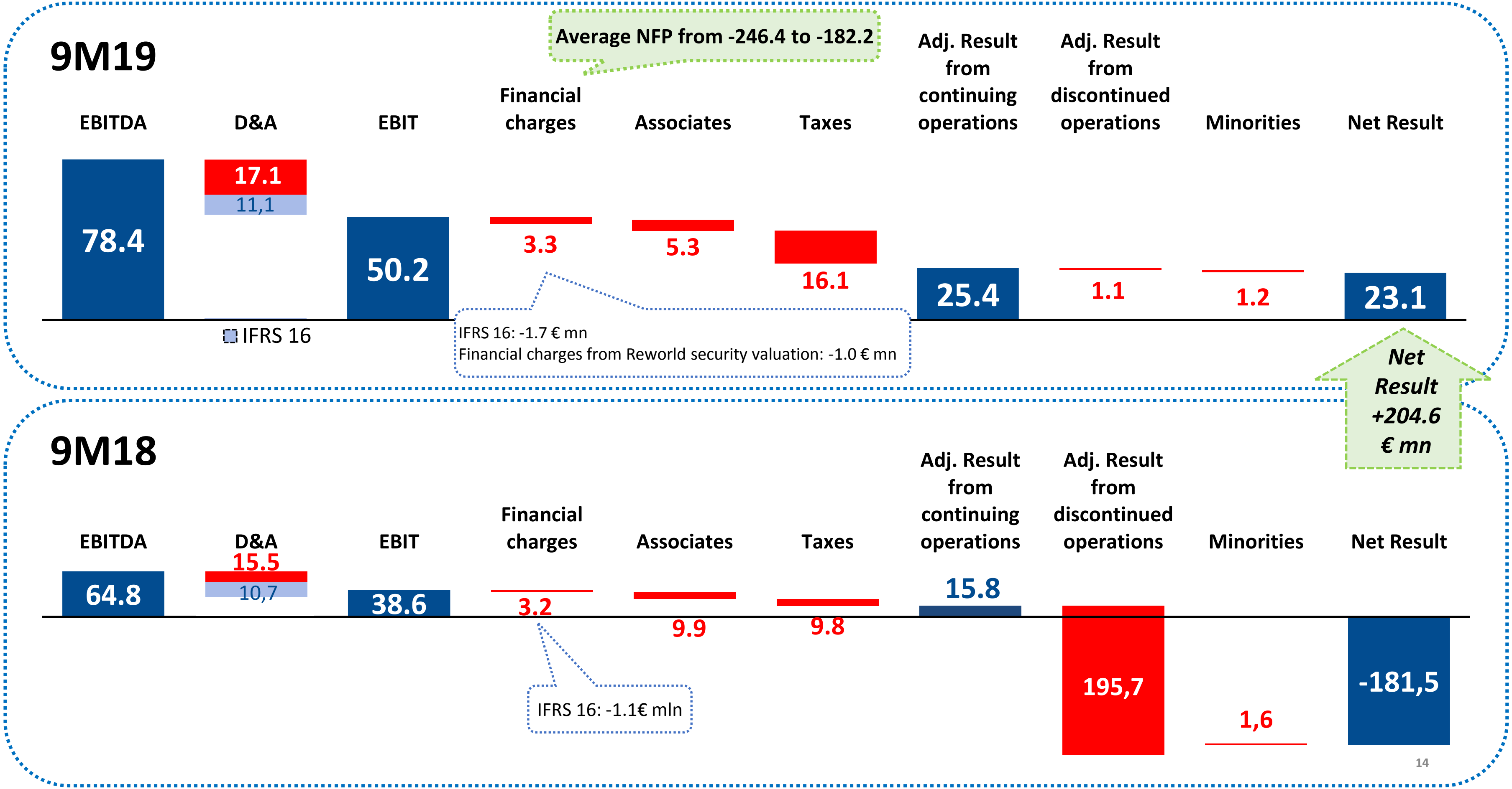
9M19 EBITDA Evolution

€ mn



9M19 from EBITDA to Net Result

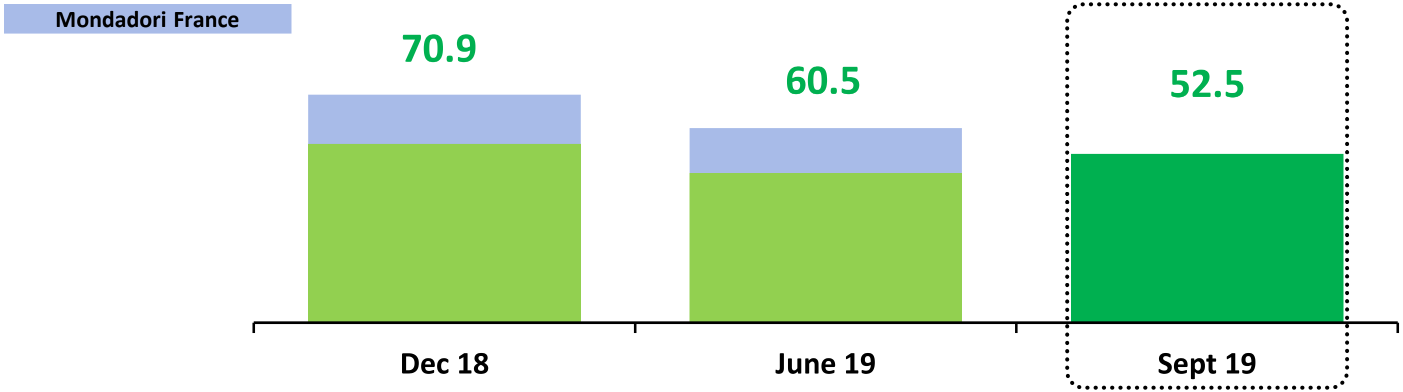
€ mn



LTM 9M19 Cash Flow

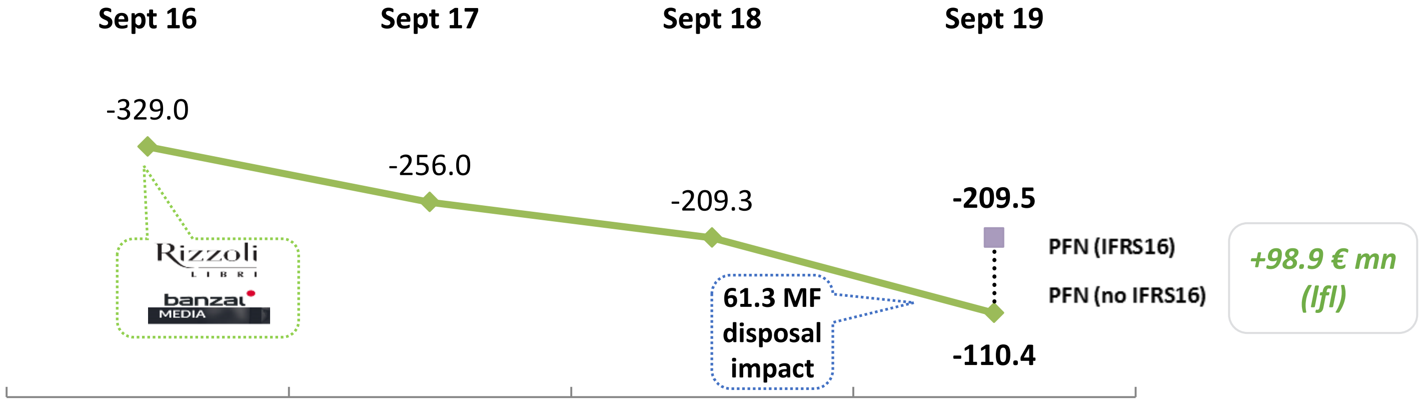
€ mn

Positive cash generation from business confirmed



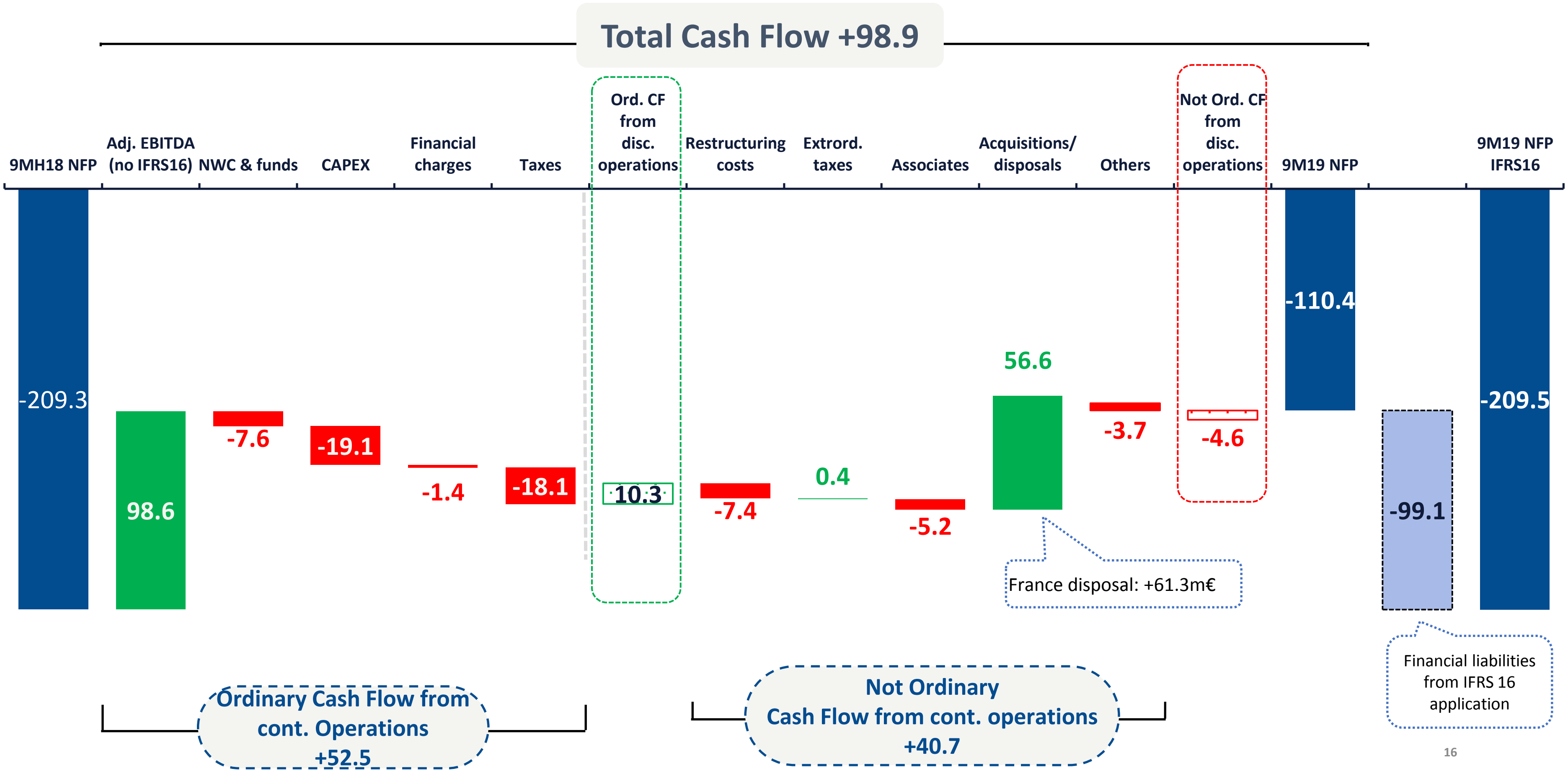
Ordinary Cash Flow = Operating CF net of taxes, associates and financial charges.

Group NFP



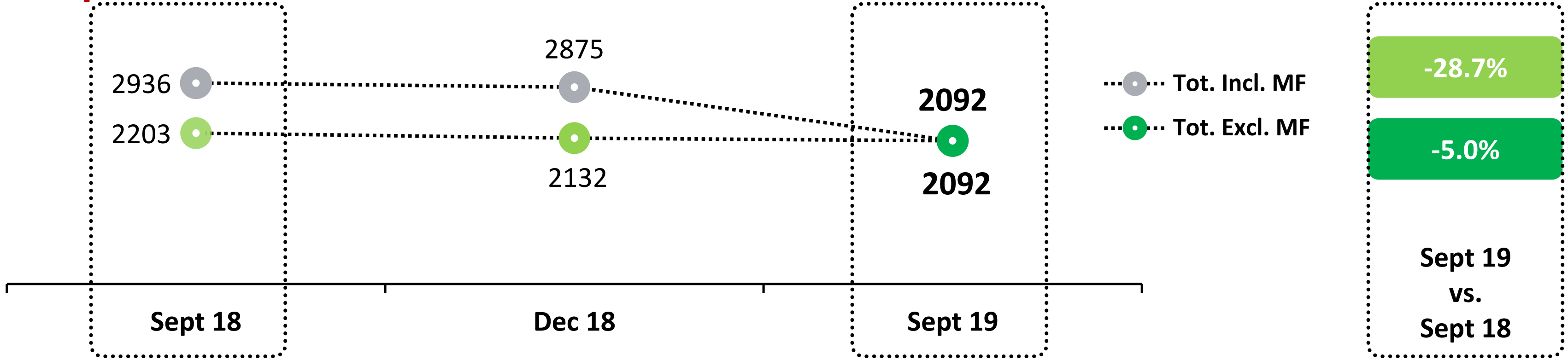
LTM 9M19 Cash Flow

€ mn

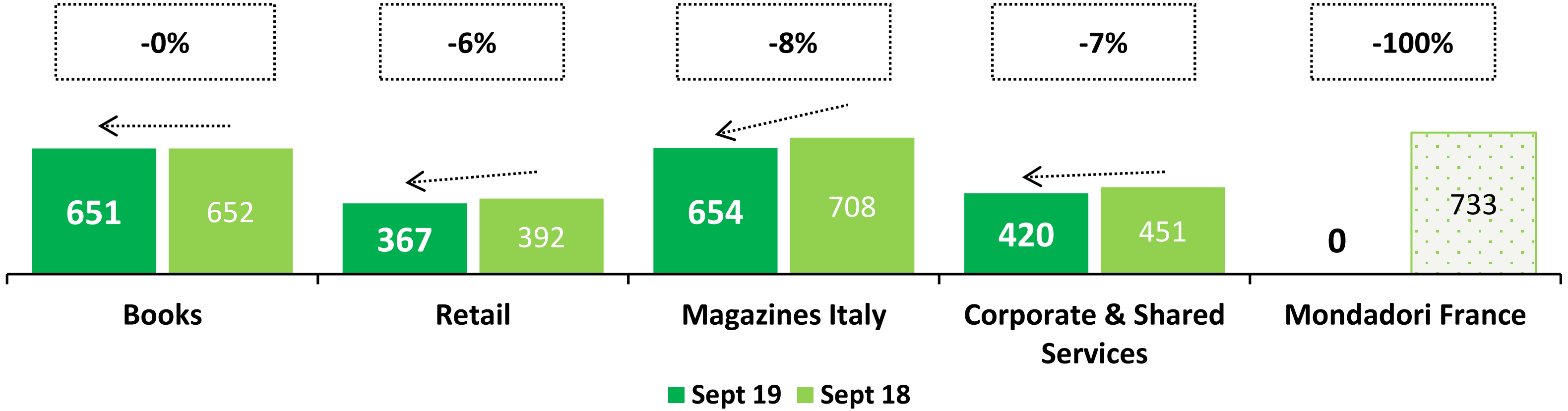


9M19 Headcount Evolution

Group Headcount



Headcount by BU



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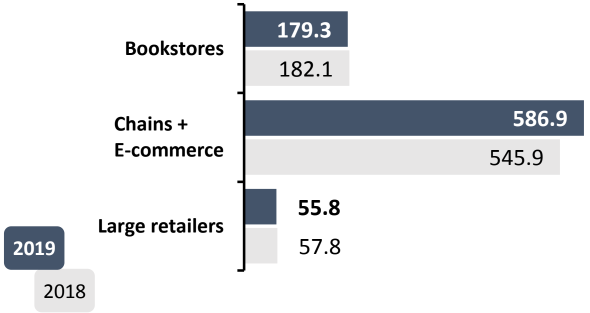
AGENDA

Market – Trade Books

9M19 market – € 822 mn **+4.6%**

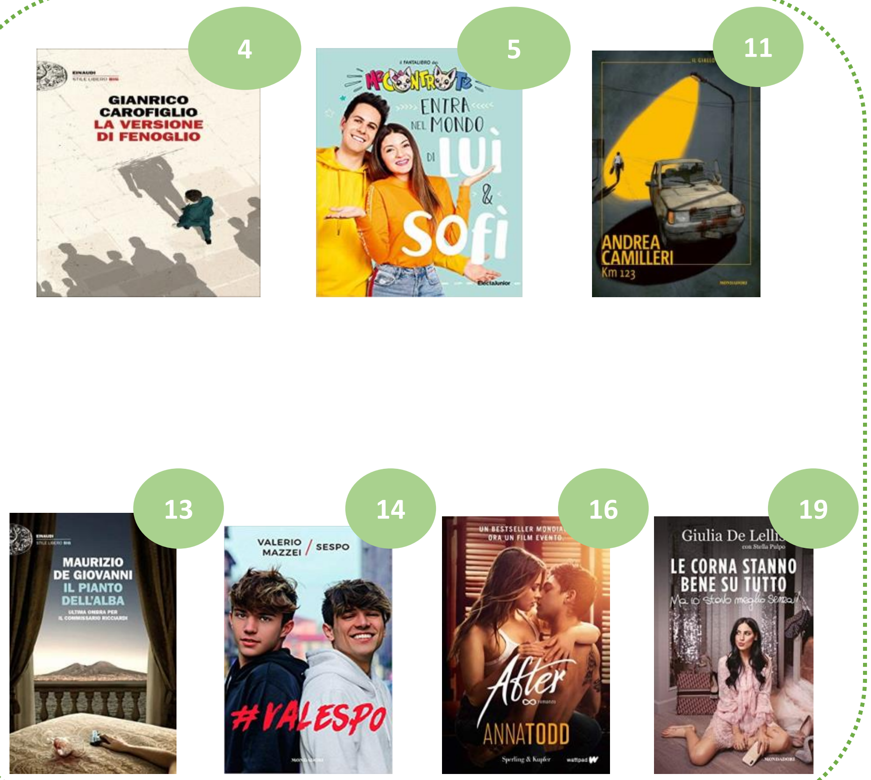


Bookstores	-1.5%
Chains + E-commerce	+7.5%
Large retailers	-3.4%

9M19 market shares

	2019	2018		2019	2018
GRUPPO MONDADORI	25.7%	26.8%			
GeMS	10.5%	11.3%	Sellerio	1.8%	1.8%
GIUNTI	8.8%	8.6%	DeAGOSTINI LIBRI	1.5%	1.6%
la Feltrinelli	5.5%	5.0%	Altro	46.1%	44.8%

7 titles in 2019 first Top 20 sellers*



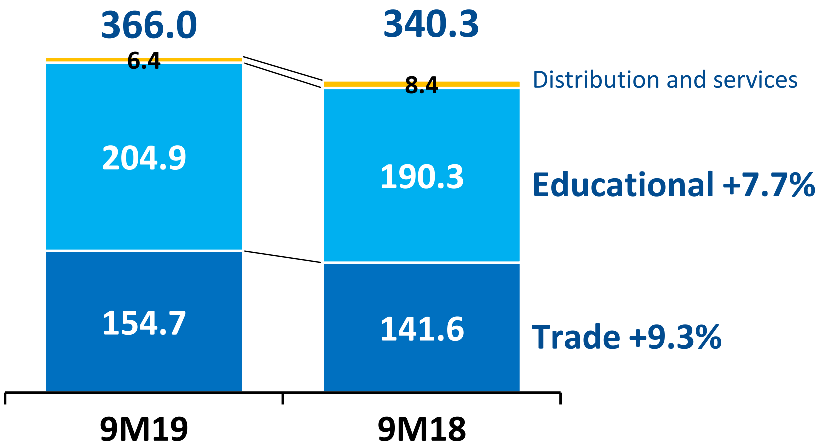
Source: GFK Sept. 2019 (sell-out market value data)

*At Sept. 2019

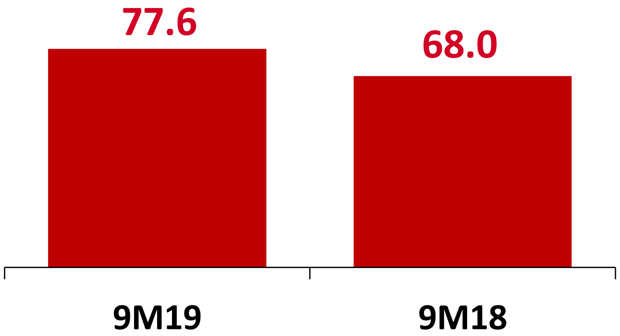
9M19 Business – Books

€ mn

Revenues +7.5%



Adj. EBITDA no IFRS16 +9.6 € mn



REVENUES

- **Trade:** +9.3% increase vs. 9M18
- **Educational:** +7.7% increase vs. 9M18, mainly timing

Adj. EBITDA

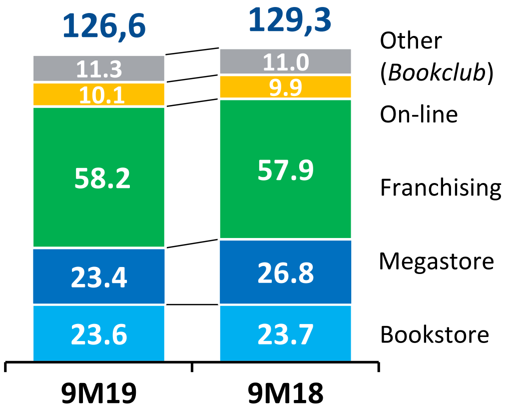
Ongoing improvement in operations

9M19 Business – Retail

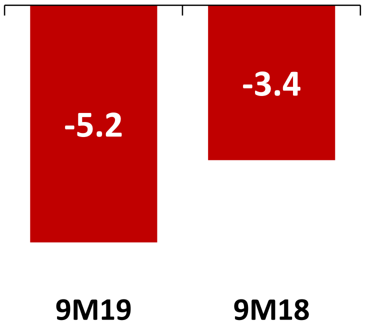
MONDADORI RETAIL

€ mn

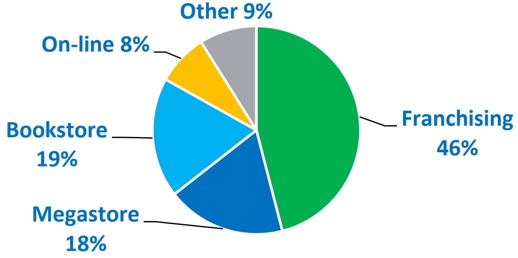
Revenues -2.1%

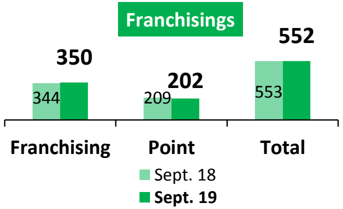


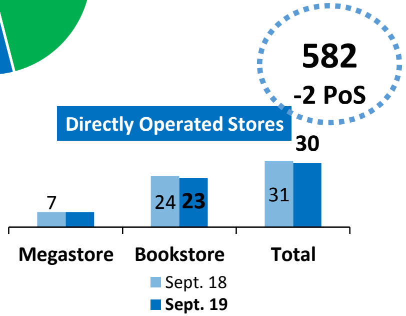
Adj. EBITDA no IFRS16 -1.8 € mn



Revenues by channel*







REVENUES

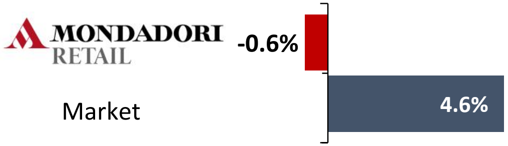
- **Bookstores** stable
- **Megastores** -12.7% due to Consumer Electronics (-10.7% lfl)
- **Franchisings** -1.2% (lfl as well)
- ***On-line*** +2%

Adj. EBITDA

Declining performance due to:

- less lfl revenues
- higher inventory write-down of consumer electronics products
- positive «*one-off*» effect in 2018

82% of revenues in Books*



13.2% market share

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

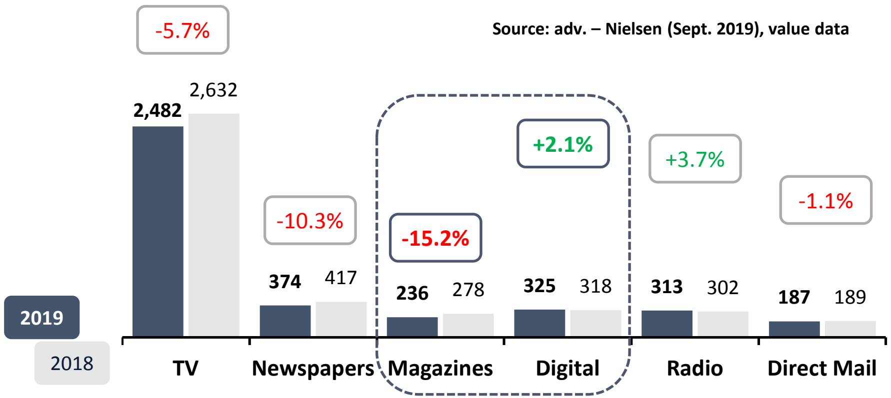
*"Total Store" revenues, channels do not include Bookclub

Markets – Magazines Italy

MONDADORI MAGAZINE

9M19 adv. market – € 4.1 bn **-5.3 %**

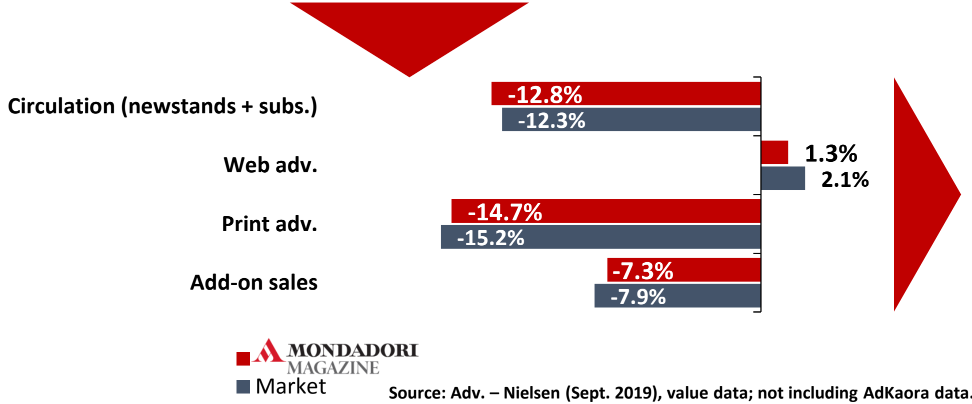
Source: adv. – Nielsen (Sept. 2019), value data



8M19 circulation market shares

	2019	2018
Mondadori Magazine	28.6%	30.8% (28.7% (excl. Panorama))
Cairo Editore	21.4%	20.7%
RCS	5.9%	5.8%
Casa Editrice Universo	11.3%	11.0%
Hearst magazines	5.5%	5.5%
Condé Nast	2.9%	3.2%
Altri	24.9%	23.0%

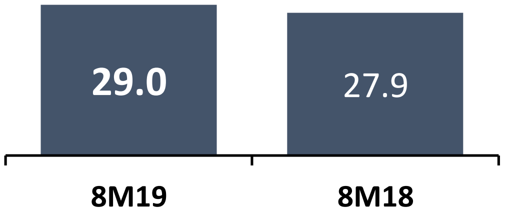
Fonte: Circulation by value (newstands + subs.) – Press-di (Aug. 2019)



Source: Adv. – Nielsen (Sept. 2019), value data; not including AdKaora data.
Circulation by value (newstands + subs.) – Press-di (Aug. 2019)

***Total Audience – web** (mn/month)*

+4% yoy



Source: comScore (Jan.–Aug. Average data)

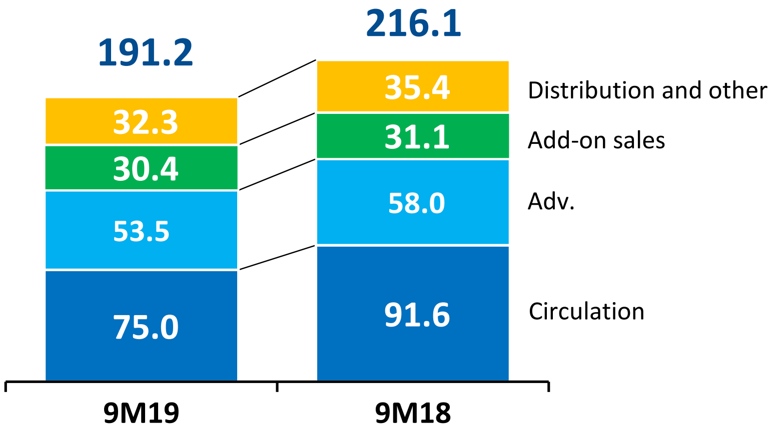
9M19 Business – Magazines Italy

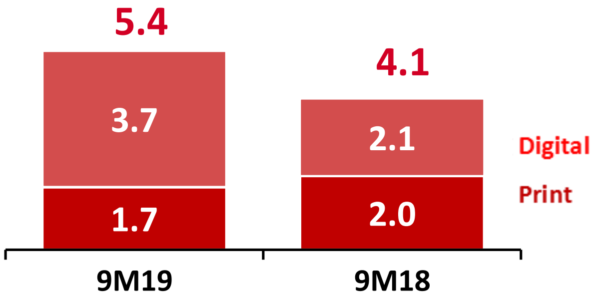
€ mn

Revenues -11.5%

-5.0% lfl

Adj. EBITDA no IFRS16 +1.3 € mn





REVENUES

- **Circulation revenues** -18.1% (-13.7% lfl)
- **Print + web adv. revenues** -7.7% (-2% lfl):
  - +18% ca. increase in web (incl. AdKaora – not pointed out in Nielsen data),
  - -19.5% ca. decrease in print (-13% lfl).
- **Distribution and others** -8.7%, declining due to Inthera disposal

Adj. EBITDA

- Improvement as a result of:
  - Actions aimed at reducing operating and structural costs,
  - Ongoing improvement in the digital area and
  - Inthera and Panorama disposals.

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AGENDA

1 - 9M/3Q 2019 Highlights

2 - 9M/3Q 2019 Results

3 - 9M 2019 Business

4 - FY 2019 Outlook

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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 dividend	=

* Before IFRS 16 (Leasing) adoption

BACKUP

9M19 P&L

€ mn

€mn	9M19		9M18		% change	9M19 NO IFRS		9M18 NO IFRS		% change NO IFRS
NET REVENUE	**658.9**	*100.0%*	**658.5**	*100.0%*	***0.1%***	**658.9**	*100.0%*	**658.5**	*100.0%*	***0.1%***
INDUSTRIAL PRODUCT COST	206.0	*31.3%*	208.4	*31.6%*	*(1.1%)*	206.0	*31.3%*	208.4	*31.6%*	*(1.1%)*
VARIABLE PRODUCT COSTS	86.2	*13.1%*	88.0	*13.4%*	*(2.0%)*	86.2	*13.1%*	88.0	*13.4%*	*(2.0%)*
OTHER VARIABLE COSTS	127.5	*19.4%*	126.9	*19.3%*	*0.5%*	127.5	*19.4%*	126.9	*19.3%*	*0.5%*
STRUCTURAL COSTS	41.4	*6.3%*	40.9	*6.2%*	*1.3%*	53.5	*8.1%*	52.7	*8.0%*	*1.6%*
EXTENDED LABOUR COST	114.7	*17.4%*	120.5	*18.3%*	*(4.8%)*	114.7	*17.4%*	120.5	*18.3%*	*(4.8%)*
OTHER EXPENSE AND (INCOME)	-0.3	*(0.0%)*	-0.8	*(0.1%)*	*n.s.*	-0.3	*(0.0%)*	-0.8	*(0.1%)*	*n.s.*
(ADJUSTED) EBITDA	**83.4**	*12.7%*	**74.6**	*11.3%*	***11.8%***	**71.3**	*10.8%*	**62.8**	*9.5%*	***13.6%***
RESTRUCTURING COSTS	3.0	*0.5%*	6.0	*0.9%*	*(50.2%)*	3.0	*0.5%*	6.0	*0.9%*	*(50.2%)*
NEGATIVE (POSITIVE) EXTRAORDINARY ITEMS	2.0	*0.3%*	3.8	*0.6%*	*(46.5%)*	2.0	*0.3%*	3.8	*0.6%*	*(46.5%)*
EBITDA	**78.4**	*11.9%*	**64.8**	*9.8%*	***21.0%***	**66.3**	*10.1%*	**53.0**	*8.0%*	***25.1%***
AMORTIZATION AND DEPRECIATION	17.1	*2.6%*	15.5	*2.4%*	*10.3%*	17.1	*2.6%*	15.5	*2.4%*	*10.3%*
AMORTIZATION AND DEPRECIATION IFRS16	11.1	*1.7%*	10.7	*1.6%*	*3.9%*	0.0	*0.0%*	0.0	*0.0%*	*126.1%*
EBIT	**50.2**	*7.6%*	**38.6**	*5.9%*	***30.0%***	**49.2**	*7.5%*	**37.5**	*5.7%*	***31.1%***
FINANCIAL EXPENSE AND (INCOME)	0.6	*0.1%*	2.1	*0.3%*	*(69.4%)*	0.6	*0.1%*	2.1	*0.3%*	*(69.4%)*
FINANCIAL EXPENSE IFRS16	1.7	*0.3%*	1.1	*0.2%*	*57.1%*	-0.1	*(0.0%)*	0.0	*(0.0%)*	*n.s.*
FINANCIAL EXPENSE (INCOME) FROM SECURITIES VALUATION	1.0	*0.2%*	0.0	*0.0%*	*n.s.*	1.0	*0.2%*	0.0	*0.0%*	*n.s.*
EXPENSE AND (INCOME) FROM INVESTMENTS	5.3	*0.8%*	9.9	*1.5%*	*(46.0%)*	5.3	*0.8%*	9.9	*1.5%*	*(46.0%)*
EBT	**41.5**	*6.3%*	**25.6**	*3.9%*	***62.3%***	**42.3**	*6.4%*	**25.6**	*3.9%*	***65.4%***
TAX EXPENSE AND (INCOME)	16.1	*2.4%*	9.8	*1.5%*	*64.6%*	16.1	*2.4%*	9.8	*1.5%*	*64.6%*
RESULT FROM CONTINUING OPERATIONS	**25.4**	*3.9%*	**15.8**	*2.4%*	***60.8%***	**26.2**	*4.0%*	**15.8**	*2.4%*	***65.9%***
ADJUSTED RESULT FROM DISCONTINUED OPERATIONS	**-1.1**	*(0.2%)*	**-195.7**	*(29.7%)*	***(99.4%)***	**-1.1**	*(0.2%)*	**-195.7**	*(29.7%)*	***(99.4%)***
NON-CONTROLLING INTERESTS	**-1.2**	*(0.2%)*	**-1.6**	*(0.2%)*	***(24.1%)***	**-1.2**	*(0.2%)*	**-1.6**	*(0.2%)*	***(24.1%)***
NET RESULT	**23.1**	*3.5%*	**-181.5**	*(27.6%)*	***n.s.***	**23.9**	*3.6%*	**-181.5**	*(27.6%)*	***n.s.***

3Q19 P&L

€ mn

€mn	3Q19		3Q18		% change	3Q19 NO IFRS		3Q18 NO IFRS		% change NO IFRS
NET REVENUE	**279.0**	*100.0%*	**267.7**	*100.0%*	***4.2%***	**279.0**	*100.0%*	**267.7**	*100.0%*	***4.2%***
INDUSTRIAL PRODUCT COST	84.2	*30.2%*	83.4	*31.2%*	*1.0%*	84.2	*30.2%*	83.4	*31.2%*	*1.0%*
VARIABLE PRODUCT COSTS	31.6	*11.3%*	29.1	*10.9%*	*8.5%*	31.6	*11.3%*	29.1	*10.9%*	*8.5%*
OTHER VARIABLE COSTS	53.0	*19.0%*	51.7	*19.3%*	*2.5%*	53.0	*19.0%*	51.7	*19.3%*	*2.5%*
STRUCTURAL COSTS	13.7	*4.9%*	13.5	*5.0%*	*1.6%*	17.7	*6.3%*	17.5	*6.5%*	*1.3%*
EXTENDED LABOUR COST	35.4	*12.7%*	35.6	*13.3%*	*(0.4%)*	35.4	*12.7%*	35.6	*13.3%*	*(0.4%)*
OTHER EXPENSE AND (INCOME)	-0.5	*(0.2%)*	-0.2	*(0.1%)*	*n.s.*	-0.5	*(0.2%)*	-0.2	*(0.1%)*	*n.s.*
(ADJUSTED) EBITDA	**61.6**	*22.1%*	**54.7**	*20.4%*	***12.7%***	**57.6**	*20.6%*	**50.7**	*18.9%*	***13.7%***
RESTRUCTURING COSTS	1.8	*0.7%*	0.6	*0.2%*	*223.4%*	1.8	*0.7%*	0.6	*0.2%*	*223.4%*
NEGATIVE (POSITIVE) EXTRAORDINARY ITEMS	2.0	*0.7%*	0.7	*0.2%*	*199.2%*	2.0	*0.7%*	0.7	*0.2%*	*199.2%*
EBITDA	**57.8**	*20.7%*	**53.4**	*20.0%*	***8.2%***	**53.7**	*19.3%*	**49.5**	*18.5%*	***8.8%***
AMORTIZATION AND DEPRECIATION	6.0	*2.2%*	5.3	*2.0%*	*12.9%*	6.0	*2.2%*	5.3	*2.0%*	*12.9%*
AMORTIZATION AND DEPRECIATION IFRS16	3.7	*1.3%*	3.6	*1.3%*	*4.5%*	0.0	*0.0%*	0.0	*(0.0%)*	*(137.2%)*
EBIT	**48.0**	*17.2%*	**44.5**	*16.6%*	***7.9%***	**47.7**	*17.1%*	**44.1**	*16.5%*	***8.2%***
FINANCIAL EXPENSE AND (INCOME)	1.0	*0.4%*	0.7	*0.3%*	*41.2%*	1.0	*0.4%*	0.7	*0.3%*	*41.2%*
FINANCIAL EXPENSE IFRS16	0.7	*0.2%*	0.4	*0.2%*	*n.s.*	0.0	*(0.0%)*	0.0	*0.0%*	*n.s.*
FINANCIAL EXPENSE (INCOME) FROM SECURITIES VALUATION	1.0	*0.4%*	0.0	*0.0%*	*n.s.*	1.0	*0.4%*	0.0	*0.0%*	*n.s.*
EXPENSE AND (INCOME) FROM INVESTMENTS	2.3	*0.8%*	1.7	*0.6%*	*35.2%*	2.3	*0.8%*	1.7	*0.6%*	*35.2%*
EBT	**43.0**	*15.4%*	**41.7**	*15.6%*	***3.2%***	**43.5**	*15.6%*	**41.7**	*15.6%*	***4.2%***
TAX EXPENSE AND (INCOME)	13.1	*4.7%*	12.3	*4.6%*	*6.4%*	13.1	*4.7%*	12.3	*4.6%*	*6.4%*
RESULT FROM CONTINUING OPERATIONS	**30.0**	*10.7%*	**29.4**	*11.0%*	***1.9%***	**30.4**	*10.9%*	**29.4**	*11.0%*	***3.2%***
ADJUSTED RESULT FROM DISCONTINUED OPERATIONS	**-5.0**	*(1.8%)*	**-197.9**	*(73.9%)*	***(97.5%)***	**-5.0**	*(1.8%)*	**-197.9**	*(73.9%)*	***(97.5%)***
NON-CONTROLLING INTERESTS	**0.0**	*(0.0%)*	**-0.5**	*(0.2%)*	***n.s.***	**0.0**	*(0.0%)*	**-0.5**	*(0.2%)*	***n.s.***
NET RESULT	**25.0**	*8.9%*	**-169.0**	*(63.1%)*	***n.s.***	**25.4**	*9.1%*	**-169.0**	*(63.1%)*	***n.s.***

9M19 Balance Sheet

€ mn

	Sept. 19	Dec. 18	Sept. 18	C19 vs C18
Trade receivables	264.0	219.0	259.9	*1.6%*
Inventory	133.0	122.3	132.7	*0.2%*
Trade payables	(343.0)	(333.4)	(352.3)	*-2.6%*
Other assets (liabilities)	51.2	46.1	63.0	*-18.7%*
NWC	105.2	54.1	103.3	*1.9%*
Intangible assets	223.5	226.7	224.3	*-0.4%*
Property, plant and equipment	17.1	19.1	21.8	*-21.5%*
Property, plant and equipment IFRS 16	97.8			
Investments	28.7	32.3	36.5	*-21.5%*
NET FIXED ASSETS	367.1	278.2	282.7	*29.9%*
Provisions and post-employment benefits	(96.8)	(103.3)	(107.5)	*-10.0%*
Discontinued assets/liabilities	0.0	89.1	94.8	*-100.0%*
NET INVESTED CAPITAL	**375.5**	**317.9**	**373.2**	***0.6%***
Share capital	68.0	68.0	68.0	*0.0%*
Reserves	74.9	251.1	249.2	*-70.0%*
Profit (loss) for the period	23.1	(177.1)	(181.5)	*n.s.*
GROUP EQUITY	165.9	142.0	135.7	*22.3%*
Share capital and reserves attributable to non-controlling interests (from discontinued operations)	0.0	28.7	28.2	*-100.0%*
TOTAL EQUITY	165.9	170.7	163.9	*1.2%*
NET FINANCIAL POSITION	110.4	147.2	209.3	*-47.2%*
NET FINANCIAL POSITION IFRS 16	99.1			
TOTAL EQUITY	**375.5**	**317.9**	**373.2**	***0.6%***

9M19 NFP

€ mn

€mn	9M 19 LTM	Dec. 18
NFP beginning of period incl. IFRS 16	**(318.2)**	**(189.2)**
Financial liabilities - application at 01.01.2019 of IFRS16	(108.9)	
NFP beginning of period excluding IFRS 16	**(209.3)**	**(189.2)**
Adjusted EBITDA (no IFRS16)	98.6	90.1
Change in NWC and provisions	(7.6)	(3.8)
Capex	(19.1)	(20.0)
Cash flow from operations	71.9	66.3
Financial expense	(1.4)	(2.9)
Tax	(18.1)	(7.9)
Ordinary CF from discontinued operations	10.3	15.3
Cash flow from ordinary operations	**62.7**	**70.9**
Restructuring costs	(7.4)	(11.3)
Extraordinary tax amounts / prior years	0.4	(1.2)
Management of investments in associates	(5.2)	(3.5)
Acquisition/disposal of assets	56.6	(9.5)
Extraordinary CF from discontinued operations	(4.6)	(3.4)
Other extraordinary cash inflows/outflows	(3.7)	
Cash flow from non-ordinary operations	36.2	(28.9)
Total Cash Flow	98.9	42.0
NFP end of period excluding IFRS 16	**(110.4)**	**(147.2)**
IFRS 16 effects for the period	9.8	
NFP end of period incl. IFRS 16	**(209.5)**	**(147.2)**

Glossary

- **EBITDA** is equal to earnings before interest, tax, depreciation and amortization. The Group also provides information on the percentage of EBITDA on net sales.

  EBITDA computed by the Group allows operating results to be compared with those of other companies, net of any effects from financial and tax items, and of depreciation and amortization, which may vary from company to company for reasons unrelated to general operating performance.

- **Adjusted EBITDA** is gross operating profit as explained above, net of income and expenses of a non-ordinary nature such as

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

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

  (iii) as well as any income and expenses from nonrecurring events and transactions as set out in Consob communication DEM6064293 of 28/07/2006.

- **EBIT** net result for the period before income tax, and other income and expenses.

- **Net Invested Capital** is equal to the algebraic sum of Fixed Capital, which includes non-current assets and non-current liabilities (net of non-current financial liabilities included in the Net Financial Position) and Net Working Capital, which includes current assets (net of cash and cash equivalents and current financial assets included in the Net Financial Position), and current liabilities (net of current financial liabilities included in the Net Financial Position).

- **Operating Cash Flow** adjusted EBITDA, as explained above, plus or minus the decrease/(increase) in working capital in the period, minus capital expenditure (CAPEX/Investment).

- **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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