GRUPPO MONDADORI

FY 19 Results

Investors Presentation

Ernesto Mauri – CEO
Oddone Pozzi – CFO

Segrate, 17 March 2020

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 disposed group.

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 € 1.1 million in FY 2019 and € -192.4 million in FY 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

1. **Strategic and operational path (2013–2019)**
2. FY 2019 Highlights
3. FY 2019 Results
4. FY 2019 Business
5. FY 2020 Outlook

Strategic and Operational Path (2013–2019): overview

Strategic

Business portfolio repositioning:
- **Books & Retail** from ≈40% to **≈72% of total Group revenues**
- **Magazines** from ≈60% to **≈28% of total Group revenues**
- **Digital Magazines** from ≈1% to ≈13% of magazines area revenues

Market leadership in all areas of activities

Operational

EBITDA Adj. in substantial increase, from 51 to **94.5 € mn** (lfl from 14 to 94.5 € mn, from 1.4% to **10.7%**)

Net Debt in improvement from -363 to **-55 € mn**

Ordinary Cash Flow at ≈50 € mn

Mondadori shares increase of +135% in the last 5 years (2015–2019)

2013–2014

«The change of pace»

Guidelines

- **"Securing the Group"**:
  - 3 business in loss
  - negative net results
  - financial net debt at **-363** € mn
- Simplification of internal **structure** and **processes**
- Relaunch of Magazines portfolio in an **integrated paper-digital perspective**

Actions

- 100 € mn **costs** reduction plan
- Disposal of **Advertising activities** to Mediamond
- Closing of the **Gaming business**
- Disposal of the Milan **megastore** (Vittorio Emanuele)
- Start of the **concentration** of the offices at the HQ

Results

- **Adj. Ebitda from 51 to 64 € mn**
- **Net Result from -185.4 to +0.6 € mn**
- **Start of Net Debt reduction** from -363 to -292 € mn

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Transformational deals

Guidelines

- Continuation of the **operational improvement** and of the **efficiency recovery**
- **Transformational deals** aiming at:
  - Strengthening of the Books core business
  - Digitalization of the Magazines area

Actions

- **Rizzoli Libri** acquisition
- **Banzai Media** acquisition
- **Radio** business disposal
- Roma offices disposal (via Sicilia)
- Divestment of other non strategic activities (Harlequin)

Results

- **Ebitda Adj. from 64 to 100 € mn**
- **Net Result at 23 € mn**
- **Net Debt** from -292 to -264 € mn, incl. ≈130 € mn for acquisitions

2017–2019

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Economic and financial stabilisation and strategic repositioning

Guidelines

- **Economic and financial stabilization**:
  - Books area margins in increase
  - Magazines area margins stable
- Finalisation of the **second phase of strategic repositioning**

Actions

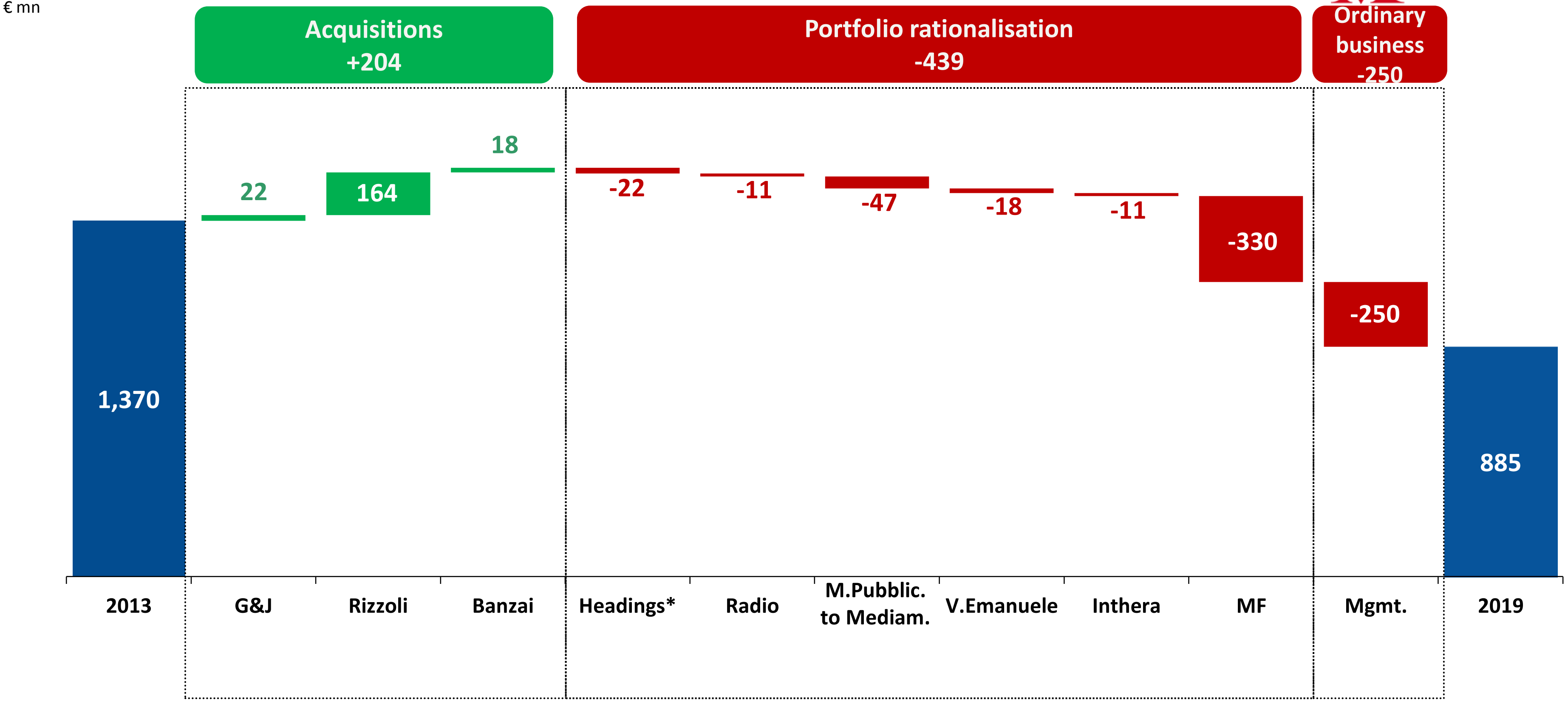
- Achievement of **synergies** from integration
- Development of **digital** activities
- **Mondadori France** disposal
- **6 Italian Magazines** disposal
- **Inthera** disposal
- **Logistics** outsourcing
- **Verona buildings** disposal
- Renegotiation of the **printing agreement**

Results

- **Adj. Ebitda from 6.8% to 10.7%**
- **Net Result at 30.5 € mln**
- **Net Debt** from -264 to -**55** € mn, incl. ≈80 € mn for disposals (thereof ≈60 mn Mondadori France)
- Return to **dividend** distribution in 2020

Strategic and Operational Path (2013–2019): **Revenues**

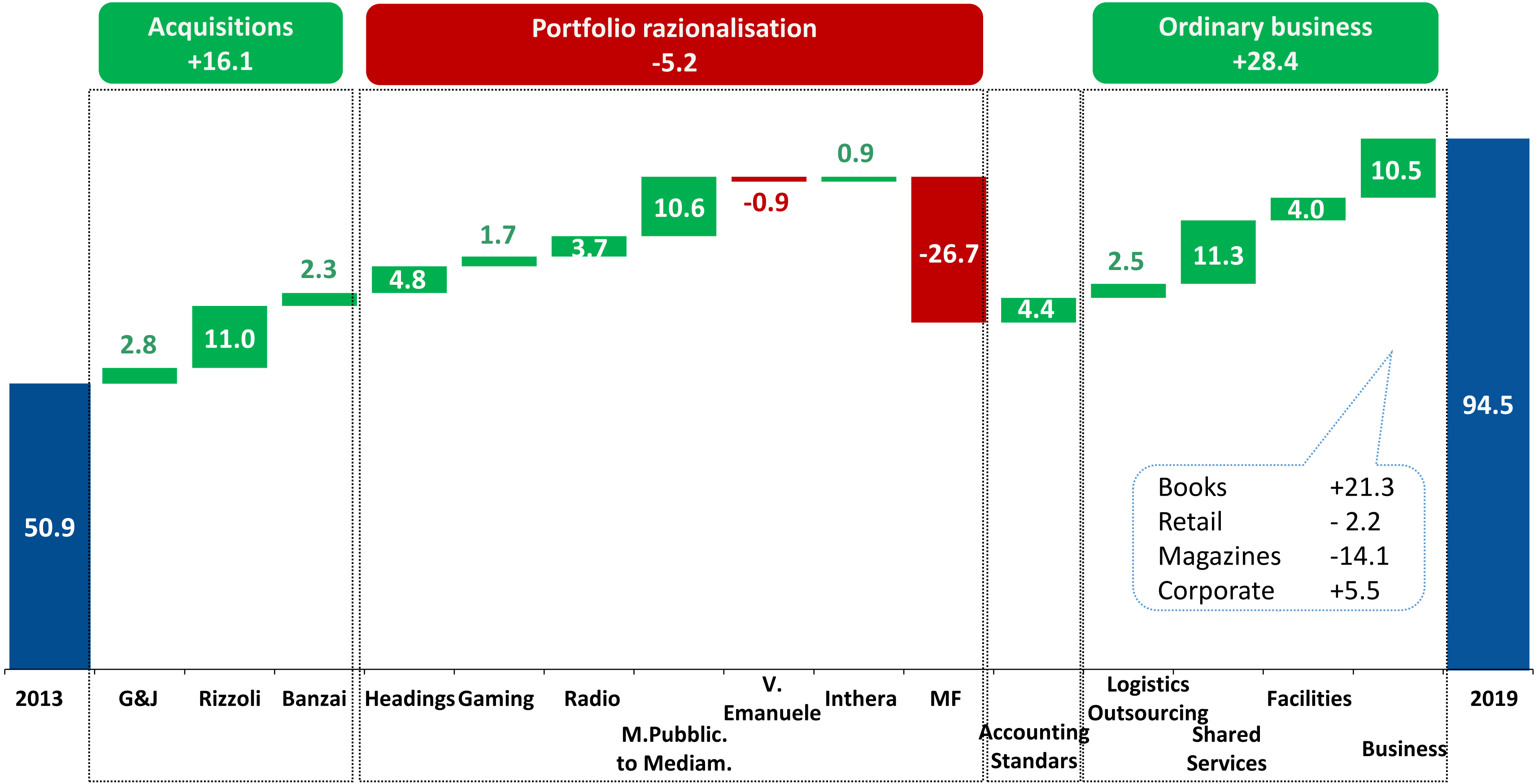
€ mn



*Ciack, PC Professionale, Panorama, Confidenze, Cucina Moderna, Sale&Pepe, Starbene, Tustyle

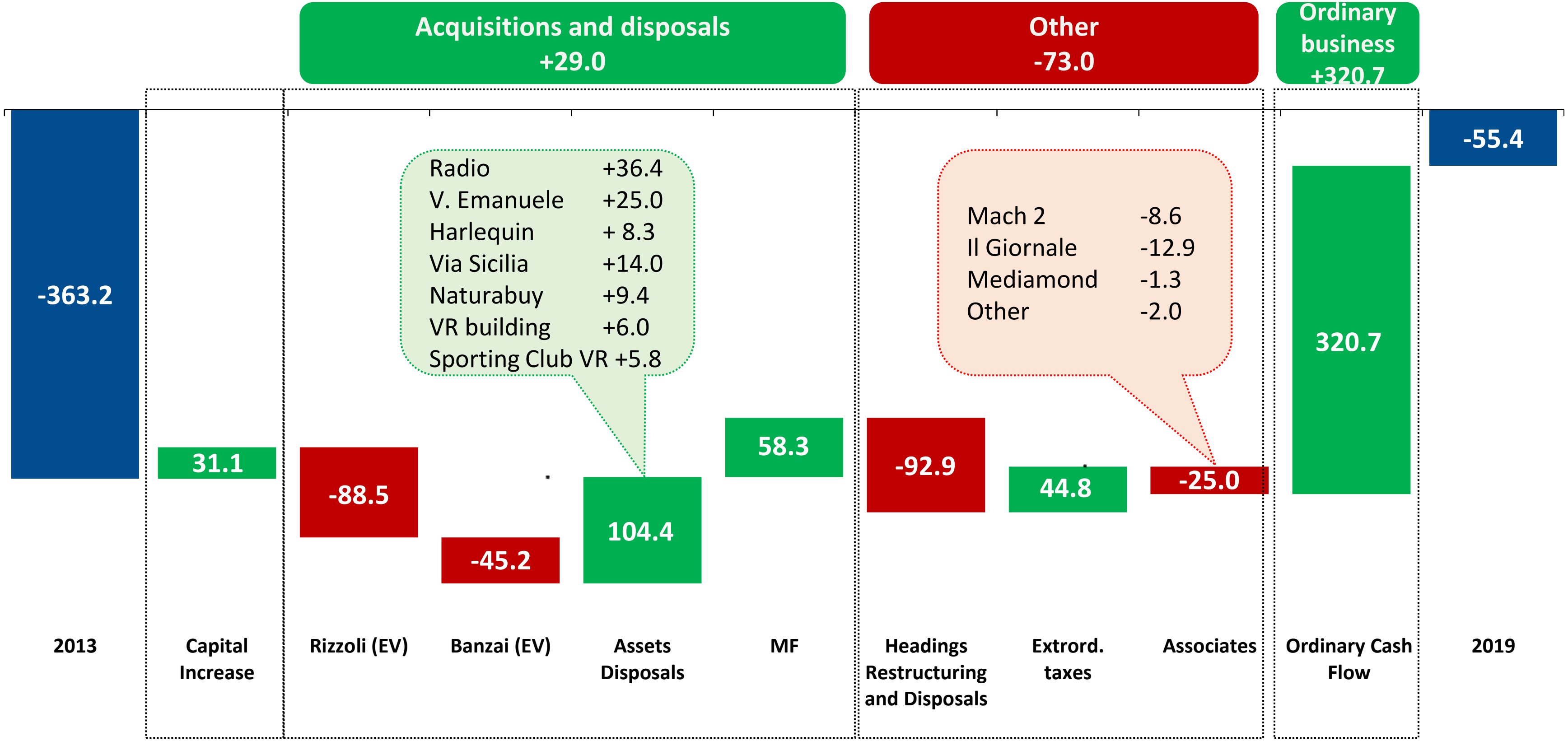
Strategic and Operational Path (2013–2019): **Adj. Ebitda**

€ mn



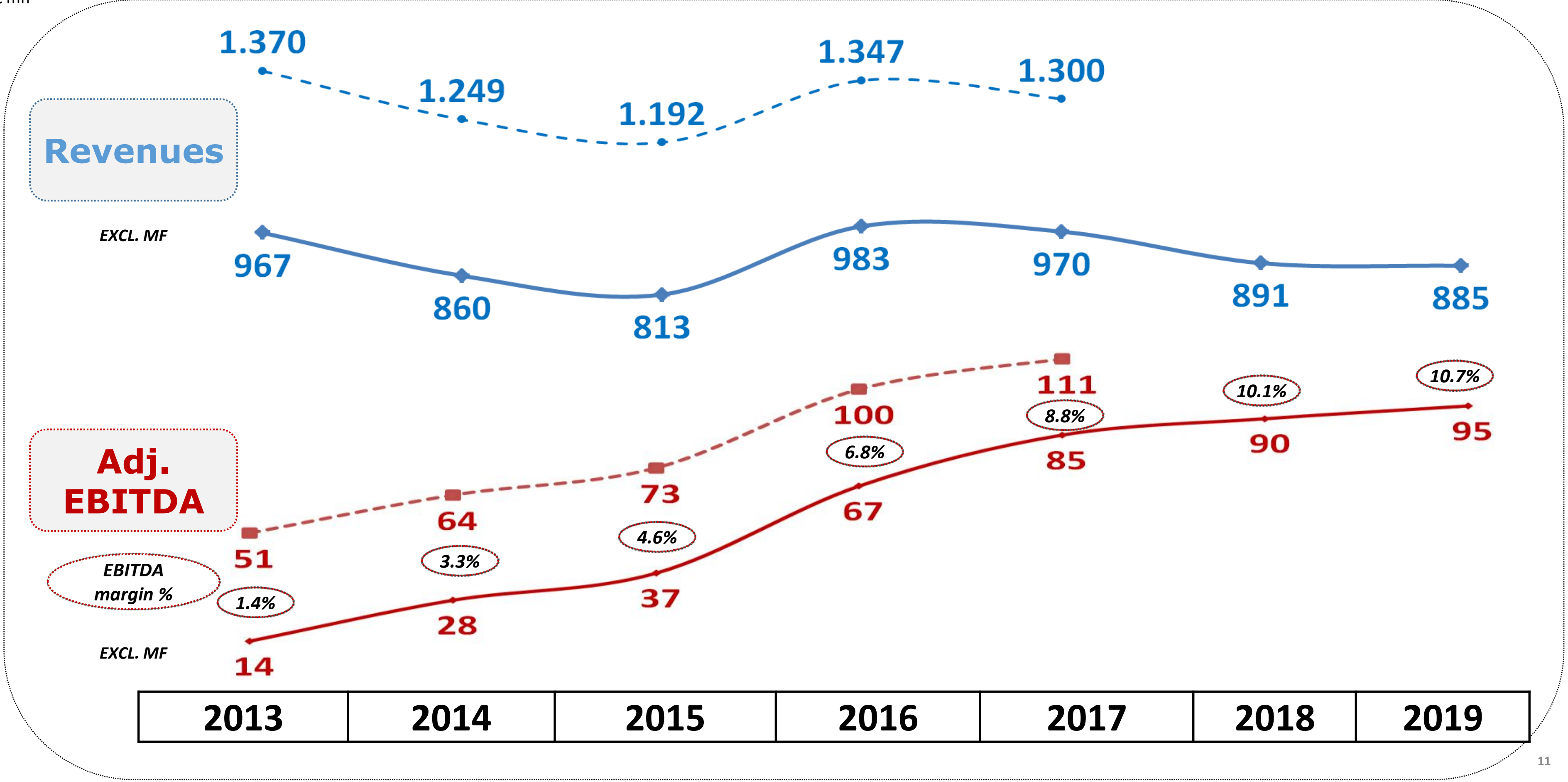
Strategic and Operational Path (2013–2019): **Cash Flow**

€ mn



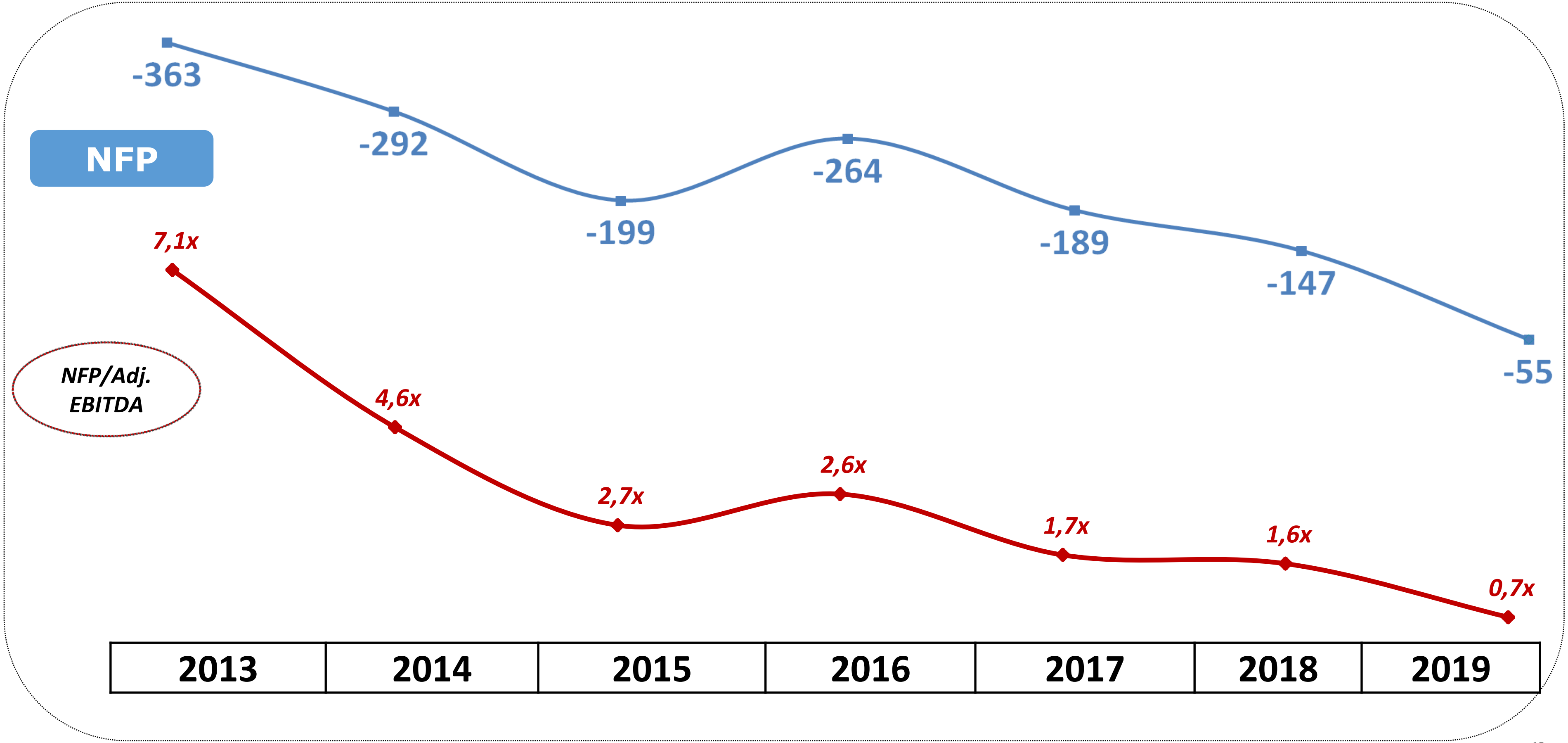
Strategic and Operational Path (2013–2019): trend

€ mn



Strategic and Operational Path (2013–2019): trend

€ mn



Strategic repositioning

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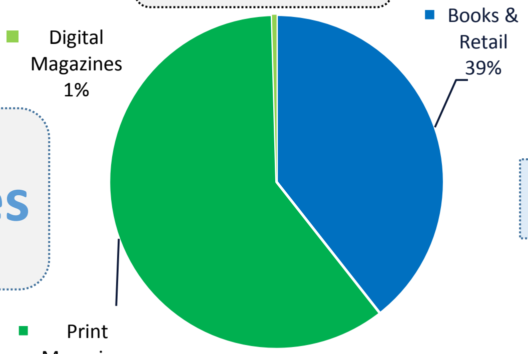
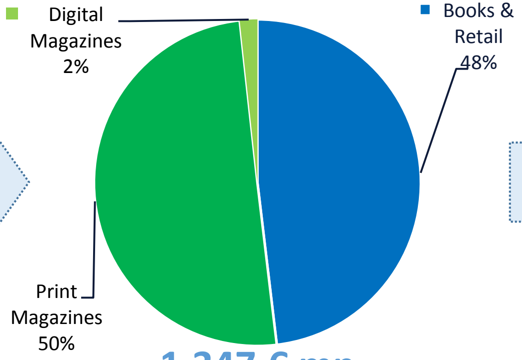
2013	2016*	2019

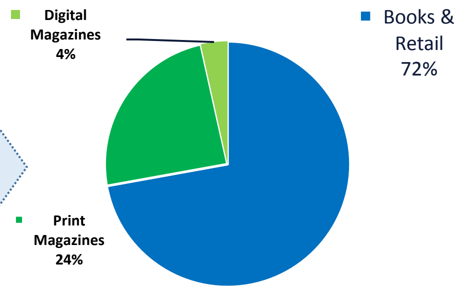
Revenues



1,370 € mn

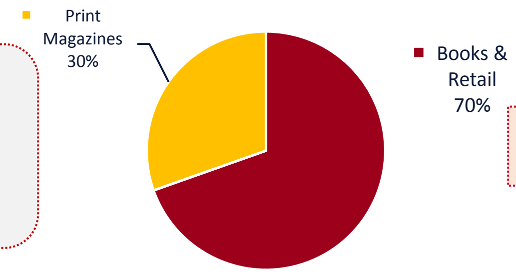


1,347 € mn



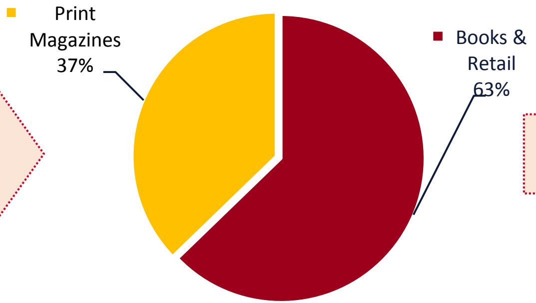
885 € mn

Adj. EBITDA



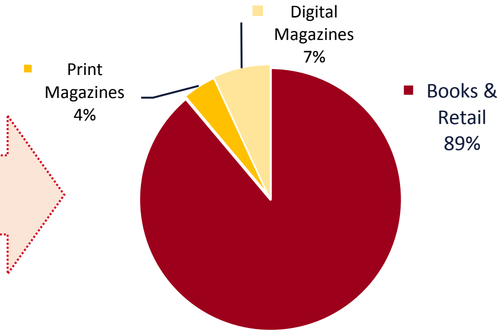
51 € mn

EBITDA margin 3.7%



100 € mn

EBITDA margin 7.4%



95 € mn

EBITDA margin 10.7%

MF included until 2016

*2016 pro-forma

AGENDA

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FY19 Highlights

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- Revenues in slight decrease (-0.7%), +1.0% increase lfl
- Adj. EBITDA in single digit increase (+4.9%)
- Restructuring costs less than 2018 (-45%)
- Significant ordinary cash flow generation (≈50 € mn)
- Disposals of Mondadori France (July 2019) and of some headings in the Italian magazines area (Dec. 2019)
- Proposal of 15.6 € mn dividend distribution:
  - payout ratio at ≈50% of Net Result
  - 5.3% yield on market capitalisation at 16th March 2020

Magazines area razionalisations

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MONDADORI FRANCE

Closing of MF disposal

July 2019

Impact on FY19 NFP:
62.8 € mn

RWM shares at 31st Dec. 2019:
23.6 € mn

MONDADORI MAGAZINE

Closing of 5 Italian headings disposal

Dec. 2019

- **Disposal consideration**: 70 € mn + 5 € mn earn-out, cash and debt free
- **Price payment**:
  - 50 € mn cash at closing
  - 10 € mn at 24 months
  - 10 € mn in RWM shares
- **Other conditions**: subscription by AME (16/12/2019) of a capital increase in RWM for €12.6mn

- **FY18 Revenues**: 23.0 € mn
  - t/o Print: 21.4 € mn
  - t/o Digital: 1.6 € mn
- **HC**: 60 (t/o 49 journalists)

FY19 Highlights (no IFRS 16)

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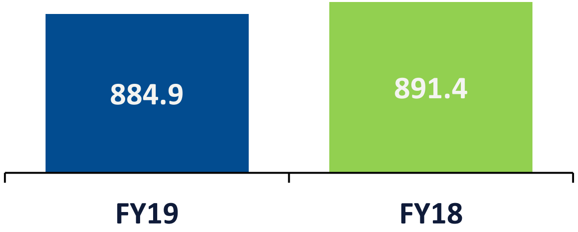
€ mn

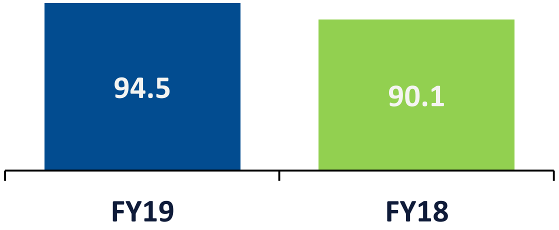
(0.7%)

Revenues



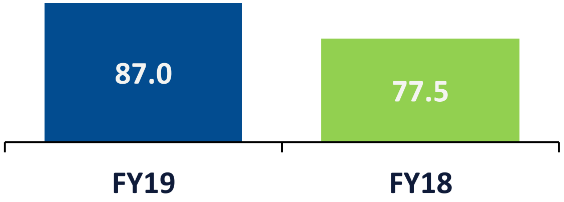
+4.4 € mn

Adj. EBITDA



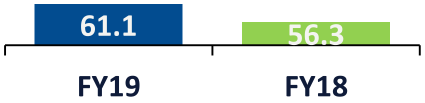
+9.5 € mn

Rep. EBITDA



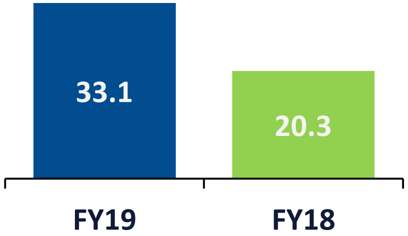
+4.8 € mn

EBIT



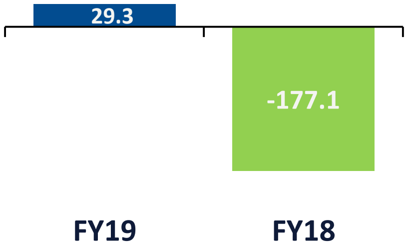
+12.8 € mn / +62%

Result from cont. operations



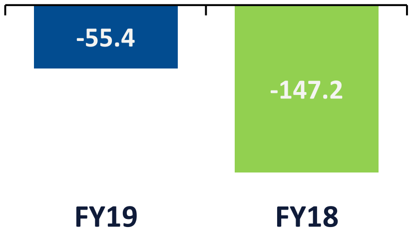
+206.4 € mn

Consolidated Net Result



+91.8 € mn

NFP



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AGENDA

FY19 Revenues and Adj. EBITDA by Business Area

€ mn

Revenues

	FY19	FY18	Var. %	
Books	478.4	451.3	***6.0%***	
Retail	186.9	191.8	***(2.6%)***	
Magazines	256.6	287.0	***(10.6%)***	-5.4% lfl
Corporate & Shared Services	38.5	37.4	***2.9%***	
Intercompany	*(75.6)*	*(76.1)*	*(0.7%)*	
Total	**884.9**	**891.4**	***(0.7%)***	+1.0% lfl

Adj. EBITDA

	FY19 (IFRS16)	FY19 (no IFRS16)	FY18 (no IFRS16)	Var. Lfl
Books	*94.5*	93.2	84.7	***8.5***
Retail	*5.0*	(2.9)	1.4	***(4.2)***
Magazines	*11.3*	11.2	11.9	***(0.7)***
Corporate & Shared Services	*(0.4)*	(7.0)	(7.3)	***0.3***
Intercompany	*0.1*	*0.1*	*(0.5)*	***0.6***
Total	***110.4***	**94.5**	**90.1**	***4.4***

FY19 Reported EBITDA and EBIT by Business Area

€ mn

Rep. EBITDA

	FY19 (IFRS16)	FY19 (no IFRS16)	FY18 (no IFRS16)	*Var. Lfl*
Books	*94.0*	92.8	82.9	***9.9***
Retail	*2.9*	(5.0)	(0.0)	***(5.0)***
Magazines	*9.4*	9.2	(0.2)	***9.4***
Corporate & Shared Services	*(3.4)*	(10.1)	(4.6)	***(5.5)***
Intercompany	*0.1*	*0.1*	*(0.5)*	***0.6***
Total	***102.9***	**87.0**	**77.5**	***9.5***

Gain from Real Estate disposal: +4 € mn

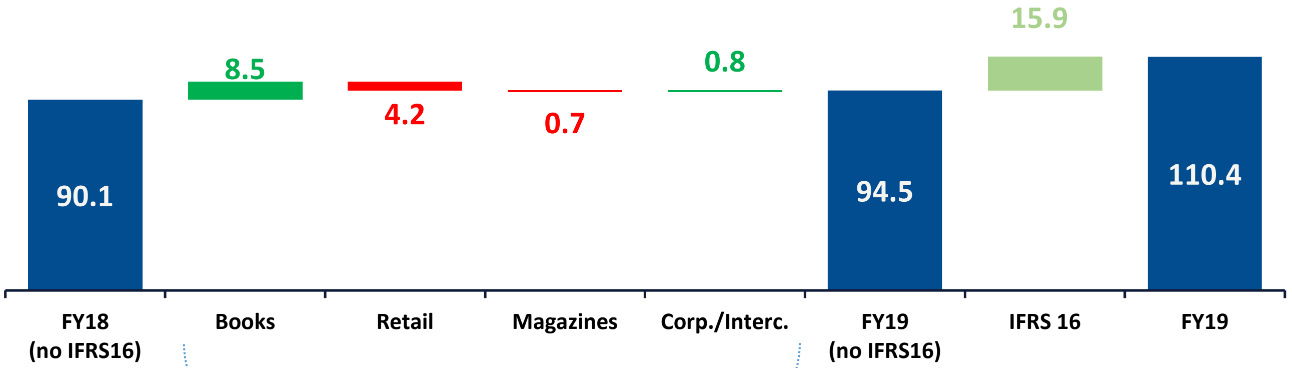
EBIT

	FY19 (IFRS16)	FY19 (no IFRS16)	FY18 (no IFRS16)	*Var. Lfl*
Books	*81.4*	81.3	70.9	***10.4***
Retail	*(7.7)*	(8.1)	(3.4)	***(4.7)***
Magazines	*1.1*	1.1	(4.5)	***5.6***
Corporate & Shared Services	*(12.6)*	(13.4)	(6.2)	***(7.2)***
Intercompany	*0.1*	*0.1*	*(0.5)*	***0.6***
Total	***62.3***	**61.1**	**56.3**	***4.8***

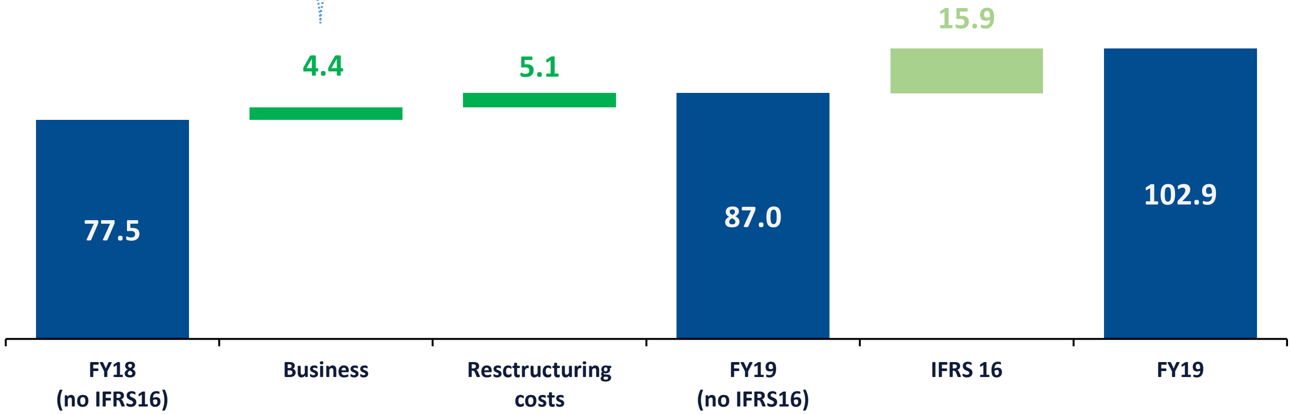
FY19 EBITDA evolution

€ mn

Adj. EBITDA



Rep. EBITDA



From FY19 EBITDA to Net Result (no IFRS 16)

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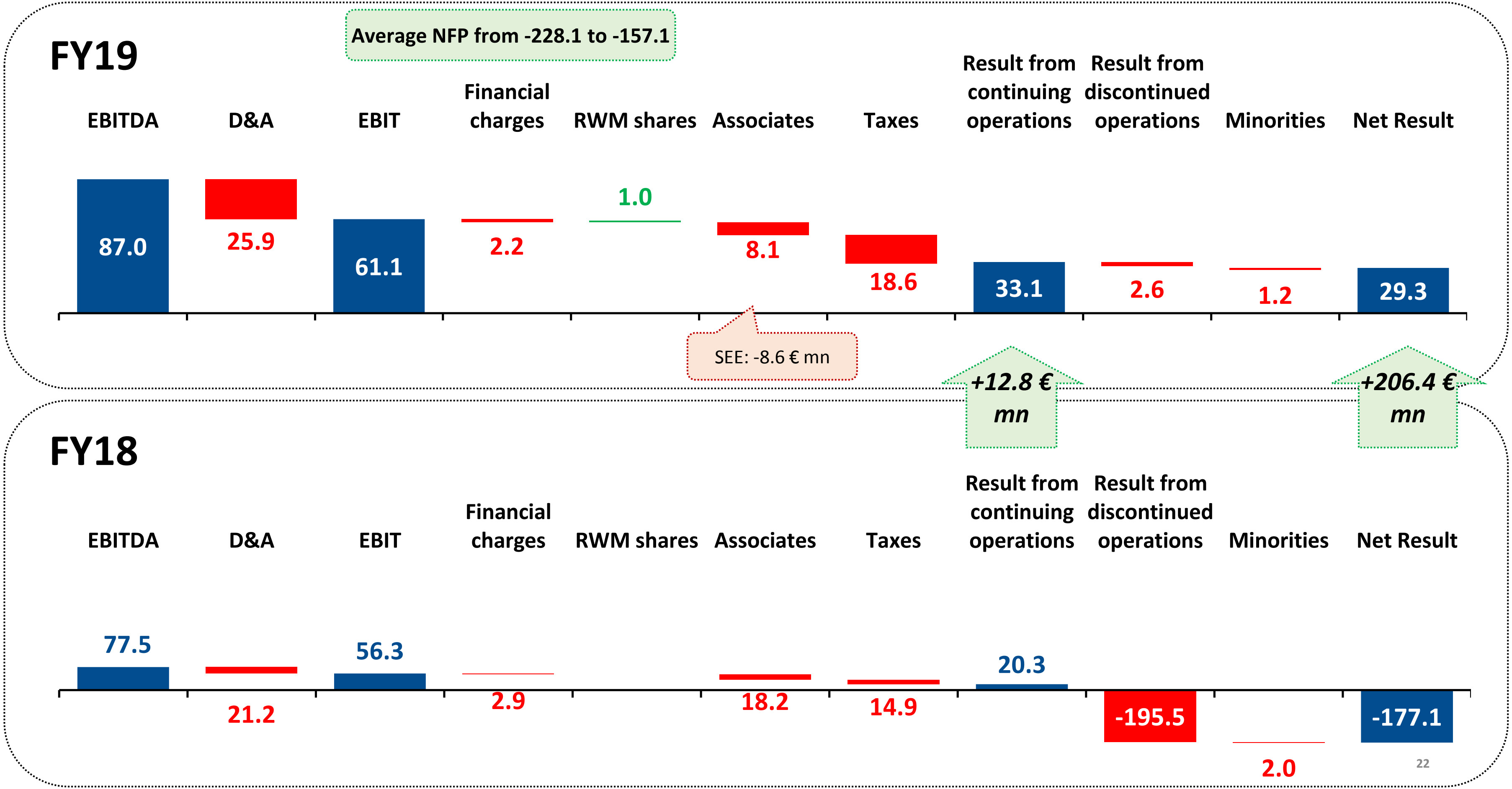
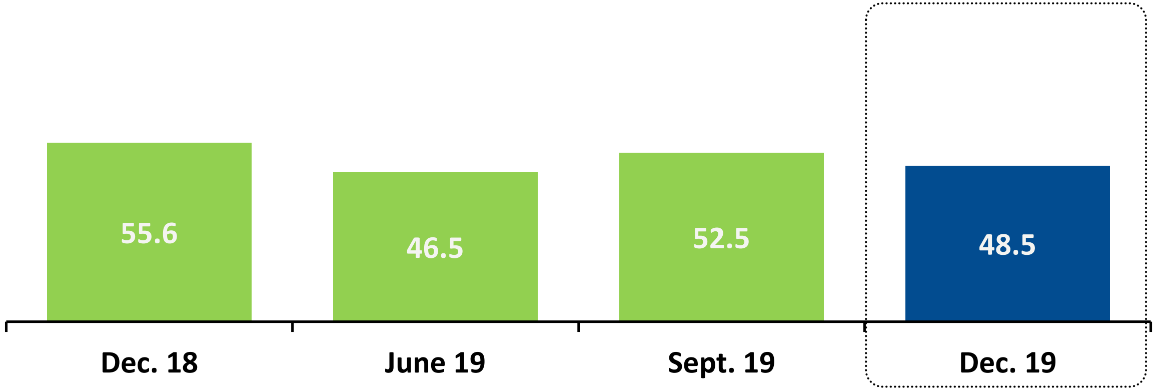
€ mn



LTM FY19 Cash Flow

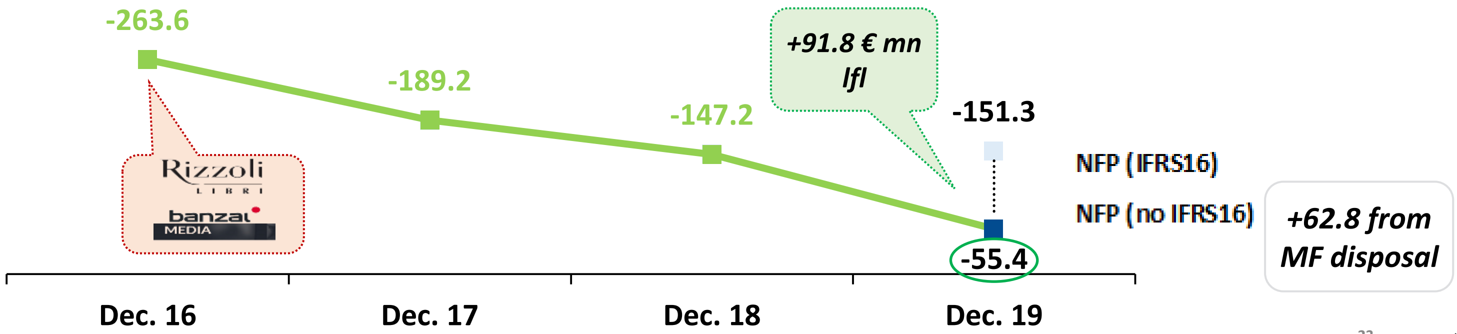
€ mn

Confirming the step of positive cash generation from business

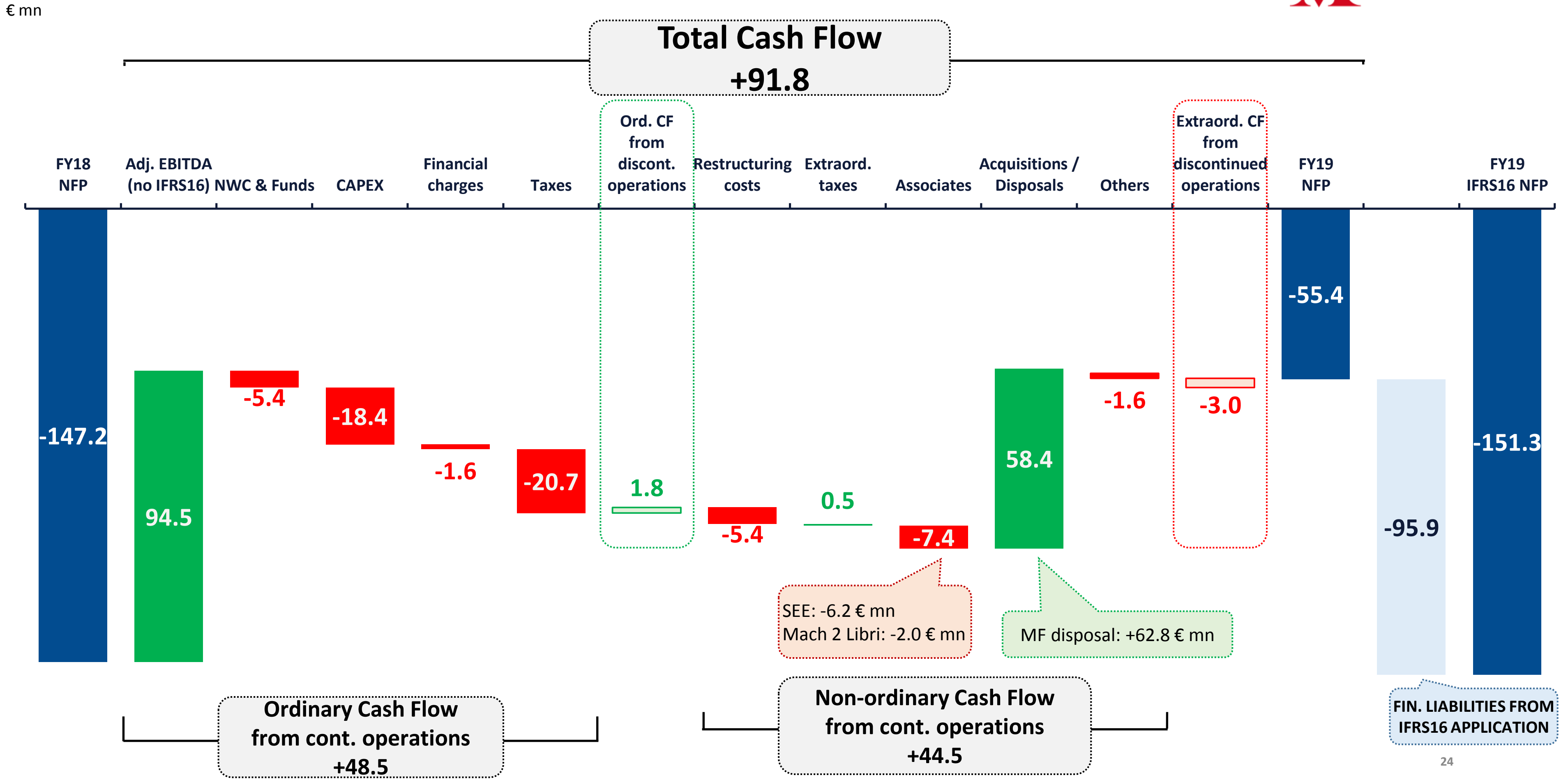


Ord. Cash Flow = Op. CF net of taxes and financial charges (excl. MF)

Group NFP

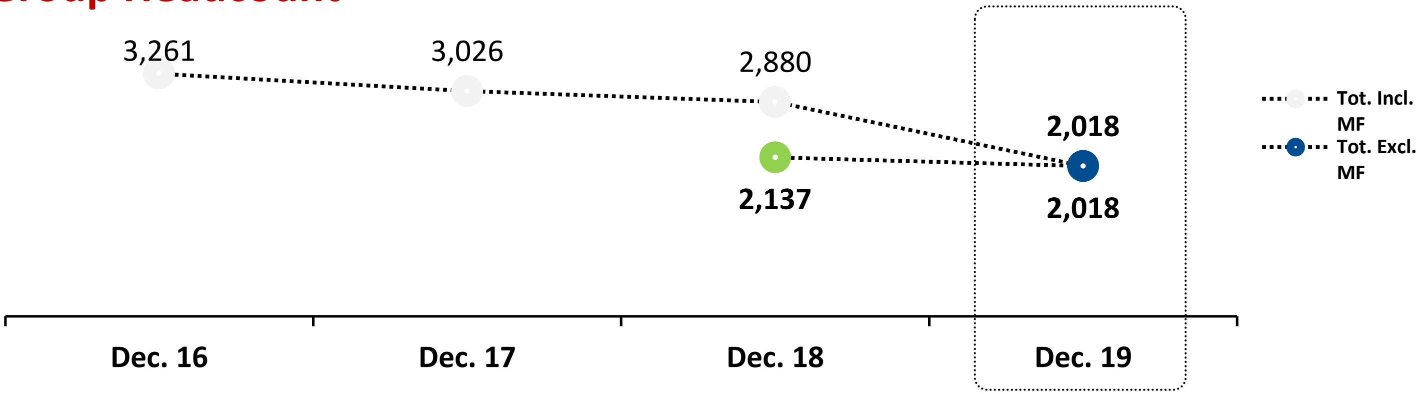


LTM FY19 Cash Flow



FY19 Headcount evolution

Group Headcount

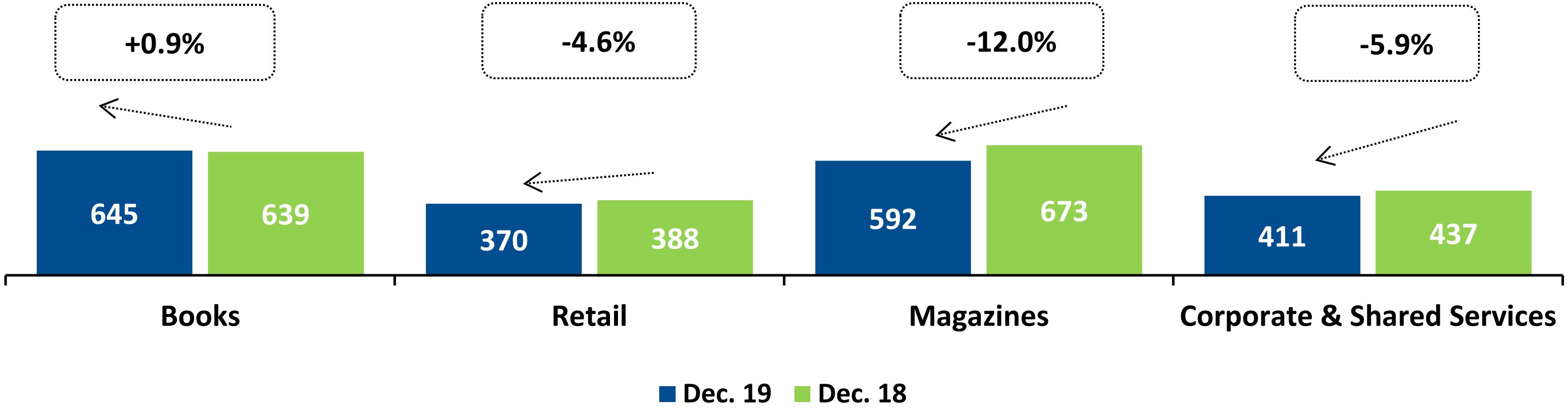


Total Incl. MF:
-862 (-29.9%)

Total lfl:
-119 (-5.6%)

Dec. 19 vs. Dec. 18

Headcount by BU



AGENDA

Market – Trade Books

MONDADORI LIBRI

2019 market – 1.3 € bn **+5.5%**

	2019	2018	Change
Bookstores	277.4	280.9	-1.3%
Chains + E-commerce	893.6	824.7	+8.3%
Large retailers	84.1	84.5	0.0%

2019 market shares

	2019	2018
GRUPPO MONDADORI	26.2%	26.9%
GeMS	10.6%	11.3%
GIUNTI	8.7%	8.7%
la Feltrinelli	5.4%	5.0%
Sellerio	1.5%	1.7%
DeAGOSTINI LIBRI	1.6%	1.7%
Other	46.0%	44.7%

5 titles in 2019 first Top 10 sellers*

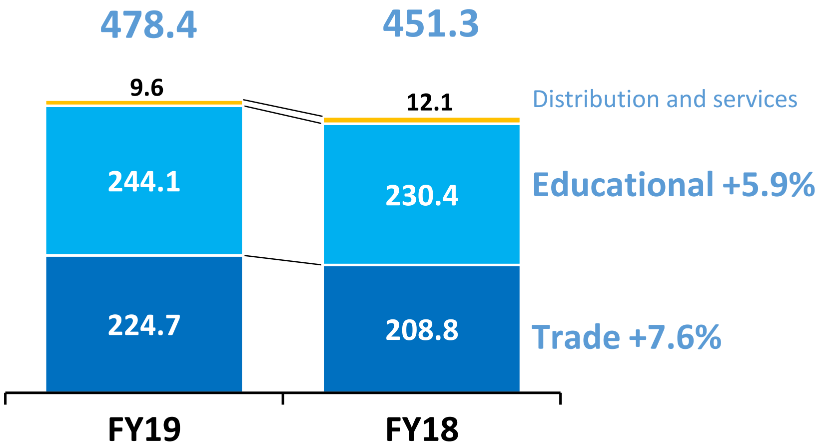
Source: GFK Dec. 2019 (sell-out market value data

*At Dec. 2019

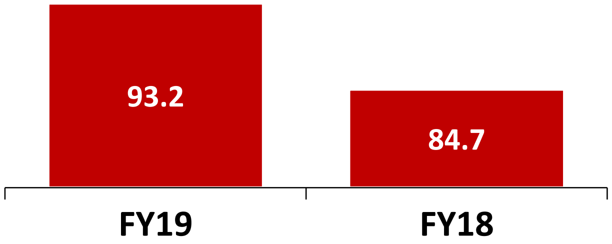
FY19 Business Area – Books

€ mn

Revenues +6.0%



Adj. EBITDA no IFRS16 +8.5 € mn



REVENUES

- **Trade:** +7.6% increase vs. 2018
- **Educational:** +5.9% increase

Adj. EBITDA

Improving sharply versus the same period of the prior year as a result of actions focused on the ongoing optimization of operating processes, which allowed the Group to lift **profitability above 19%**

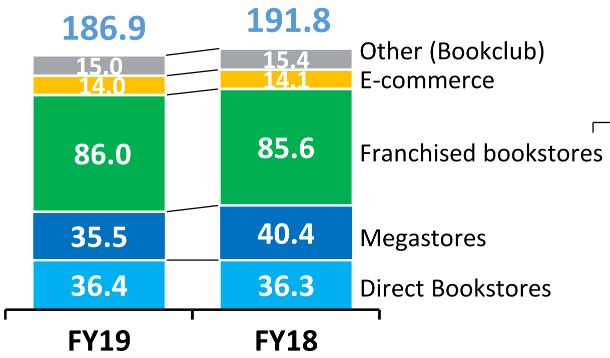
FY19 Business Area – Retail

MONDADORI RETAIL

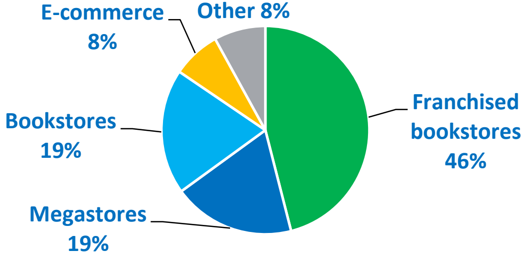
€ mn

Revenues -2.6%

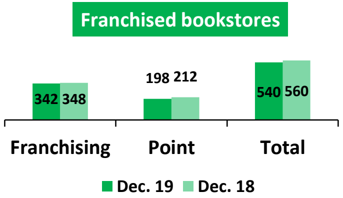
Adj. EBITDA no IFRS16 -4.2 € mn

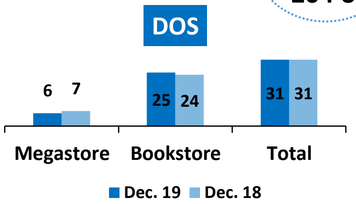


Revenues by channel



575
-20 PoS





REVENUES

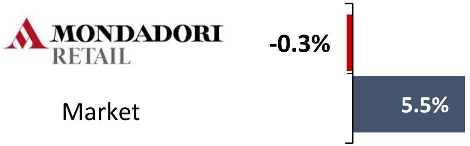
- **Direct bookstores:** basically stable (**+0.3%**, -1.5% on a like-for-like basis in terms of stores)
- **Megastores:** declining (**-12.1%**), mainly due to consumer electronics decrease and to network rationalization (-9.9% on a like-for-like basis in terms of stores)
- **Franchised bookstores:** slightly improving (**+0.5%**, -1.1% on a like-for-like basis in terms of stores), despite the reduction in the number of points of sale
- **E-commerce:** a slight drop in sales (**-0.5%**)

Adj. EBITDA

The decrease is due mainly to:

- lower revenues on a like-for-like basis
- less positive non-recurring items vs. 2018 (-1.3 € mn)
- higher write-downs in consumer electronics

82% of revenues in Books



≈13% market share

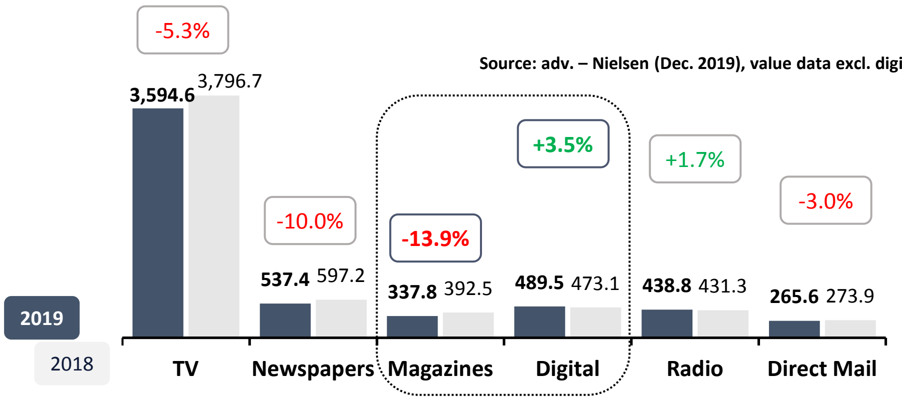
Source: GFK Dec. 2019 (sell-out market value data

Markets – Italian Magazines

€ mn

2019 Adv. market – 5.9 € bn

-5.1%



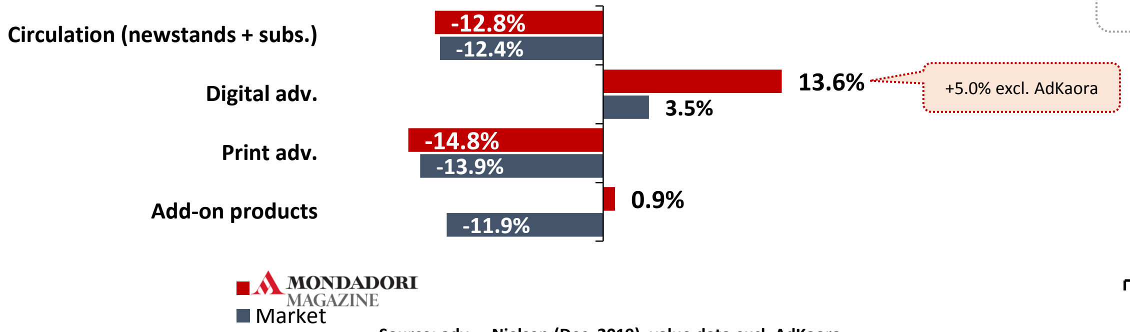
Source: adv. – Nielsen (Dec. 2019), value data excl. digital OTT

2019 Circulation market shares

	2019	2018
Mondadori Magazine	28.9%	30.7%
Cairo Editore	21.4%	20.5%
RCS	5.9%	5.7%
Casa Editrice Universo	11.3%	11.1%
Hearst magazines	5.4%	5.4%
Condé Nast	2.9%	3.2%
Other	24.2%	23.4%

29.0% excl. Panorama

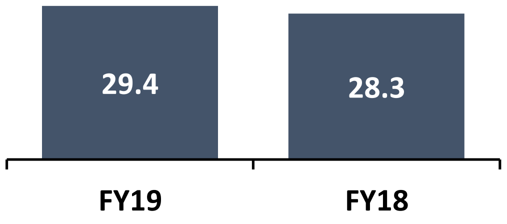
Source: circulation by value (newstands + subs.) – Press-di (Dec. 2019)



Source: adv. – Nielsen (Dec. 2019), value data excl. AdKaora.; circulation by value (newstands + subs.) – Press-di (Dec. 2019). Mondadori data expressed lfl (excl. Panorama and Inthera)

Mondadori Web Unique Audience (mn/month)

+4% YoY



Source: comScore (2019 average data)

FY19 Business Area – Magazines

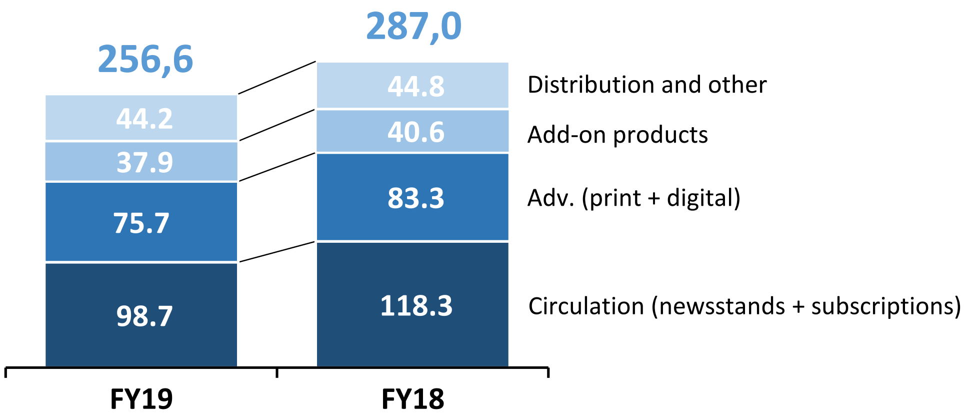
MONDADORI MAGAZINE

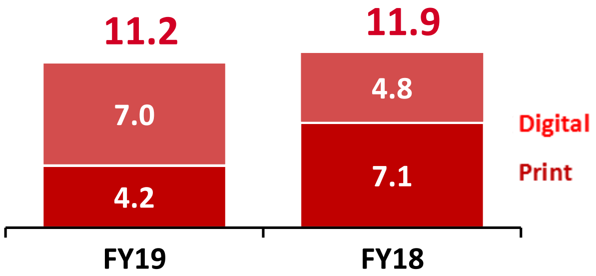
€ mn

Revenues -10.6%

-5.4% lfl

Adj. EBITDA no IFRS16
-0.7 € mn





REVENUES

- **Circulation:** down by **-12.8%**, in line with the performance of the relevant market (-16.6% considering Panorama in 2018)
- **Add-on products:** up by **0.9%** (-6.5% considering Panorama in 2018)
- **Advertising:** overall **-4.8%** (-9.1% considering Panorama in 2018) with
  - digital up by +12.5%, as a result in particular of the good performance of the food and health segments and the strong contribution of AdKaora's proximity marketing solutions
  - print down by -14.8%, basically in line with market dynamics (-20.2% considering Panorama in 2018)

Adj. EBITDA

Improvement as a result of:

- ongoing reduction in operating and structural costs
- further improvement in profitability of the digital area
- disposal of Inthera S.p.A. and Panorama

GRUPPO MONDADORI

AGENDA

FY20 Outlook*

REVENUES	**Slight decrease**
Adj. EBITDA	**Single digit increase**
Net Result	**In increase, in the range 35-38 € mn with continuing policy of dividend distribution**
Ord. Cash Flow	**≈ 55 € mn**

This outlook refers to the current scope and perimeter of the Group: with reference to the current Covid-19 sanitary emergency, no reliable forecasts can be produced at current stage in relation to duration and effects on 2020 results; the current events are, however, believed not to change the Group's solid medium-long term prospects.

* Before IFRS 16 (Leasing) adoption

BACKUP

FY19 P&L (no IFRS 16)

€ mn

	2019		2018		% chg.
REVENUE	**884.9**	***100.0%***	**891.4**	***100.0%***	***(0.7%)***
INDUSTRIAL PRODUCT COST	279.4	*31.6%*	280.3	*31.4%*	*(0.3%)*
VARIABLE PRODUCT COSTS	115.5	*13.1%*	125.9	*14.1%*	*(8.2%)*
OTHER VARIABLE COSTS	168.8	*19.1%*	166.2	*18.6%*	*1.6%*
STRUCTURAL COSTS	76.0	*8.6%*	70.2	*7.9%*	*8.2%*
EXTENDED LABOUR COST	153.2	*17.3%*	159.8	*17.9%*	*(4.2%)*
OTHER EXPENSE (INCOME)	(2.6)	*(0.3%)*	(1.1)	*(0.1%)*	*n.s.*
ADJUSTED EBITDA	**94.5**	***10.7%***	**90.1**	***10.1%***	***4.9%***
RESTRUCTURING COSTS	6.4	*0.7%*	11.7	*1.3%*	*(45.4%)*
EXTRAORDINARY EXPENSE (INCOME)	1.1	*0.1%*	0.9	*0.1%*	*32.1%*
EBITDA	**87.0**	***9.8%***	**77.5**	***8.7%***	***12.2%***
AMORTIZATION AND DEPRECIATION	25.9	*2.9%*	21.2	*2.4%*	*22.1%*
AMORTIZATION AND DEPRECIATION IFRS 16	0.0	*0.0%*	(0.0)	*(0.0%)*	*n.s.*
EBIT	**61.1**	***6.9%***	**56.3**	***6.3%***	***8.6%***
FINANCIAL EXPENSE (INCOME)	2.2	*0.2%*	2.9	*0.3%*	*(24.8%)*
FINANCIAL EXPENSE IFRS 16	(0.0)	*(0.0%)*	0.0	*0.0%*	*n.s.*
FINANCIAL EXPENSE (INCOME) FROM SECURITIES VALUATION	(1.0)	*(0.1%)*		*0.0%*	
EXPENSE (INCOME) FROM INVESTMENTS	8.1	*0.9%*	18.2	*2.0%*	*(55.2%)*
EBT	**51.7**	***5.8%***	**35.2**	***4.0%***	***46.6%***
TAX EXPENSE (INCOME)	18.6	*2.1%*	14.9	*1.7%*	*25.1%*
RESULT FROM CONTINUING OPERATIONS	**33.1**	***3.7%***	**20.3**	***2.3%***	***62.8%***
RESULT FROM DISCONTINUED OR DISCONTINUING OPERATIONS	**(2.6)**	***(0.3%)***	**(195.5)**	***(21.9%)***	***(98.7%)***
NET RESULT FOR THE PERIOD (GROUP AND NON-CONTROLLING IN	**30.5**	***3.4%***	**(175.2)**	***(19.7%)***	***n.s.***
NON-CONTROLLING INTERESTS	**1.2**	***0.1%***	**2.0**	***0.2%***	***(38.7%)***
GROUP INTERESTS	**29.3**	***3.3%***	**(177.1)**	***(19.9%)***	***n.s.***

FY19 Balance Sheet

€ mn

	2019	2018	% chg.
TRADE RECEIVABLES	222.7	224.2	*(0.7%)*
INVENTORY	120.8	122.3	*(1.3%)*
TRADE PAYABLES	273.3	279.8	*(2.3%)*
PAYABLES TO SUBSCRIBERS	18.2	18.8	*(3.3%)*
RECEIVABLES (PAYABLES) FROM/TO AUTHORS	8.9	11.7	*(24.2%)*
DEFERRED TAX ASSETS (LIABILITIES)	17.0	23.3	*(26.9%)*
OTHER ASSETS (LIABILITIES)	(28.2)	(31.6)	*(10.9%)*
NET WORKING CAPITAL CONTINUING OPERATIONS	**49.6**	**51.3**	***(3.2%)***
DISCONTINUED OR DISCONTINUING ASSETS (LIABILITIES)		89.1	*(100.0%)*
NET WORKING CAPITAL	**49.6**	**140.3**	***(64.6%)***
INTANGIBLE ASSETS	220.3	226.7	*(2.8%)*
PROPERTY, PLANT AND EQUIPMENT	17.9	19.1	*(6.2%)*
INVESTMENTS	28.1	32.3	*(12.7%)*
NET FIXED ASSETS WITH NO RIGHTS OF USE IFRS 16	**266.4**	**278.1**	***(4.2%)***
ASSETS FROM RIGHTS OF USE IFRS 16	93.9		
NET FIXED ASSETS WITH RIGHTS OF USE IFRS 16	**360.4**	**278.1**	***29.6%***
PROVISIONS FOR RISKS	55.4	65.8	*(15.8%)*
POST-EMPLOYMENT BENEFITS	33.4	34.7	*(3.8%)*
PROVISIONS	**88.7**	**100.5**	***(11.7%)***
NET INVESTED CAPITAL	**321.3**	**317.9**	***1.1%***
SHARE CAPITAL	68.0	68.0	*0.0%*
RESERVES	73.9	251.1	*(70.6%)*
PROFIT (LOSS) FOR THE PERIOD	28.2	(177.1)	*n.s.*
GROUP EQUITY	**170.0**	**142.0**	***19.8%***
NON-CONTROLLING INTERESTS' EQUITY	0.0	28.7	*(100.0%)*
EQUITY	**170.0**	**170.7**	***(0.4%)***
NET FINANCIAL POSITION NO IFRS 16	55.4	147.2	*(62.4%)*
NET FINANCIAL POSITION IFRS 16	95.9		
NET FINANCIAL POSITION	**151.3**	**147.2**	***2.7%***
SOURCES	**321.3**	**317.9**	***1.1%***

FY19 NFP

€ mn

	2019	2018
INITIAL NFP IFRS 16	**(255.9)**	**(189.2)**
FINANCIAL LIABILITIES APPLICATION 01.01.2019 IFRS 16	(107.9)	
INITIAL NFP NO IFRS 16	**(147.2)**	**(189.2)**
ADJUSTED EBITDA (NO IFRS 16)	94.5	90.1
NWC AND PROVISIONS	(5.4)	(4.8)
CAPEX NO IFRS 16	(18.4)	(19.8)
CASH FLOW FROM OPERATIONS	**70.8**	**65.5**
FINANCIAL INCOME (EXPENSE) NO IFRS 16	(1.6)	(2.9)
TAX	(20.7)	(7.9)
CASH FLOW FROM ORDINARY OPERATIONS CONTINUING OPERATIONS	**48.5**	**54.8**
CF FROM ORDINARY OPERATIONS DISCONTINUED OR DISCONTINUING OPERATIONS	1.8	15.3
CASH FLOW FROM ORDINARY OPERATIONS	**50.3**	**70.1**
RESTRUCTURING COSTS	(5.4)	(11.3)
EXTRAORDINARY TAX	0.5	(1.3)
SHARE CAPITAL INCREASE/DIVIDENDS NON CONTROLLING INTERESTS AND ASSOCIATES	(7.4)	(2.7)
PURCHASE OF ASSETS	(0.1)	(11.2)
DISPOSAL OF ASSETS	58.5	4.2
OTHER INCOME AND EXPENDITURE	(1.6)	(2.4)
CF EXTRAORDINARY OPERATIONS DISCONTINUED OR DISCONTINUED OPERATIONS	(3.0)	(3.4)
CASH FLOW FROM EXTRAORDINARY OPERATIONS	**41.5**	**(28.1)**
TOTAL CASH FLOW	**91.8**	**42.0**
NET FINANCIAL POSITION NO IFRS 16	**(55.4)**	**(147.2)**
IFRS 16 EFFECTS IN THE PERIOD	**12.8**	
FINAL NET FINANCIAL POSITION	**(151.3)**	**(147.2)**

4Q19 P&L (no IFRS 16)

€ mn

	2019.Q4	2018.Q4	% chg.
REVENUE	**225.9**	**232.9**	***(3.0%)***
INDUSTRIAL PRODUCT COST	73.5	71.9	*2.2%*
VARIABLE PRODUCT COSTS	29.3	37.9	*(22.6%)*
OTHER VARIABLE COSTS	41.2	39.2	*5.1%*
STRUCTURAL COSTS	22.5	17.5	*28.3%*
EXTENDED LABOUR COST	38.5	39.3	*(2.0%)*
OTHER EXPENSE (INCOME)	(2.2)	(0.3)	*n.s.*
ADJUSTED EBITDA	**23.2**	**27.3**	***(15.0%)***
RESTRUCTURING COSTS	3.4	5.8	*(40.5%)*
EXTRAORDINARY EXPENSE (INCOME)	(0.9)	(2.9)	*(69.5%)*
EBITDA	**20.7**	**24.5**	***(15.6%)***
AMORTIZATION AND DEPRECIATION	8.8	5.7	*53.8%*
AMORTIZATION AND DEPRECIATION IFRS 16	0.0	(0.0)	*n.s.*
EBIT	**11.9**	**18.8**	***(36.9%)***
FINANCIAL EXPENSE (INCOME)	1.5	0.8	*89.7%*
FINANCIAL EXPENSE (INCOME) FROM SECURITIES VALUATION	(2.0)		
EXPENSE (INCOME) FROM INVESTMENTS	2.8	8.3	*(66.2%)*
EBT	**9.5**	**9.7**	***(2.2%)***
TAX EXPENSE (INCOME)	2.6	5.1	*(50.1%)*
RESULT FROM CONTINUING OPERATIONS	**6.9**	**4.5**	***51.8%***
RESULT FROM DISCONTINUED OR DISCONTINUING OPERATIONS	**(1.5)**	**0.2**	***n.s.***
NET RESULT FOR THE PERIOD (GROUP AND NON-CONTROLLING INTERESTS)	**5.4**	**4.7**	***14.5%***
NON-CONTROLLING INTERESTS	**(0.0)**	**0.4**	***n.s.***
GROUP INTERESTS	**5.4**	**4.3**	***24.4%***

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.

- **Non 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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