PRESS RELEASE

Mandatory public notification (as per CONSOB Regulation N° 11971 of May 14, 1999 and subsequent modifications).

Board of Directors approves interim report for the period to 30 September 2013

- **CONSOLIDATED REVENUES OF €931.2 MILLION: -9.5% COMPARED WITH THE €1,028.4 MILLION AT 30 SEPTEMBER 2012**

- **CONSOLIDATED GROSS OPERATING PROFIT (NET OF EXTRAORDINARY ITEMS) OF €36.2 MILLION: -33.5% COMPARED WITH THE €54.4 MILLION AT 30 SEPTEMBER 2012**

- **CONSOLIDATED NET LOSS OF €32.3 MILLION COMPARED WITH A NET PROFIT OF €16.3 MILLION AT 30 SEPTEMBER 2012**

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THE QUARTERLY TRENDS SHOW A STABILISATION IN THE FALL OF REVENUES AND A GRADUAL IMPROVEMENT IN THE DECLINE OF GROSS OPERATING PROFIT (BEFORE THE EFFECTS OF NON RECURRING ITEMS AND RESTRUCTURING CHARGES)

ACTIVITIES CONTINUE AIMED AT CHANGING THE ORGANISATION AND SIGNIFICANTLY REDUCING COSTS

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WITH WAIVERS ON CURRENT COVENANTS THE COMPANY HAS RENEGOTIATIED CREDIT LINES FOR A TOTAL OF €570 MILLION

Segrate, 14 November 2013 - The Board of Directors of Arnoldo Mondadori S.p.A. met today, under the chairmanship of Marina Berlusconi, to examine and approve the interim report for the first nine months of the year to 30 September 2013, as presented by the Chief Executive, Ernesto Mauri.

HIGHLIGHTS 30 SEPTEMBER 2013

In a market that is showing no signs of improvement also in sectors of relevance for Mondadori, the Group continued to pursue activities aimed at changing the strategy, reviewing the organisation and effecting significant reductions in costs.
A business model was also defined that sees digital as a driver of development cutting across all areas in the coming years, with the inclusion of new and specific skills in order to strengthen technological know-how, digital marketing and e-commerce.

As part of the of cost reduction plan, in the third quarter further savings for a total of €80 million have been identified, confirming the target of saving €100 million by 2015. In September the effects of cost reductions in both staff (-8.6% net of restructuring costs restructuring) and other operating costs (-5.8%) were evident.

Figures to 30 September 2013 confirm the trend already evident in the first half.
The decline in economic performance, compared with the same period of the previous year, is attributable to the presence in 2012 of **positive non-recurring items worth €8.9 million** and in 2013 of **non-recurring negative items worth €27.3 million**; the latter are primarily attributable to restructuring charges: in particular, in the Magazines Area, a reduction in operating costs, together with the relaunch of leading titles, is expected to enable a recovery in profitability.

A comparison of the first three quarters of 2013 with those of 2012, shows a trend toward stabilisation in the decline in revenues and a gradual recovery of the fall in gross operating margins (before non-recurring and restructuring charges): -17.3% in the third quarter compared with -48.9% in the first half of the year.

GROUP PERFROMANCE IN THE PERIOD TO 30 SEPTEMBER 2013

Consolidated income statement (€m)	**Period to 30/09/2013**	**Period to 30/09/2012**	**% change**
Income from sales of goods and services	931.2	1,028.4	(9.5%)
Personnel costs (*)	206.1	204.9	0.6%
Cost of sales and management (**)	715.2	766.5	(6.7%)
Income (charges) from investments calculated on a net equity basis	(1.0)	6.3	n.s.
Adjustments for non-recurring items: (positive)/negative	27.3	(8.9)	
Gross operating profit net of non-recurring items	**36.2**	**54.4**	**(33.5%)**
Gross operating profit	**8.9**	**63.3**	**(85.9%)**
- as a proportion of revenues	*1.0%*	*6.2%*	
Depreciation of property, plant and machinery	8.6	8.5	1.2%
Depreciation of intangible assets	9.9	10.0	(1.0%)
Operating profit	**(9.6)**	**44.8**	**n.s.**
- as a proportion of revenues	*(1.0%)*	*4.4%*	
Net financial income (charges)	(16.6)	(12.6)	31.7%
Other financial income (charges)	-	-	
Profit for the period before taxation	**(26.2)**	**32.2**	**n.s.**
Tax charges (income)	4.4	14.6	(69.9%)
Minority interest	(1.7)	(1.3)	30.8%
Net profit	**(32.3)**	**16.3**	**n.s.**

(*) Net of restructuring costs, the percentage change is -8.6%.
(**) Includes the following items: decrease (increase) in inventories; cost of raw, ancillary and consumable materials and goods; cost of services; various charges (income).

On 1 January 2013 the new IAS 19 - Employee Benefits, came into force, the application of which is retroactive, therefore, in order compare personnel costs, it was necessary to adjust the data for the first nine months of 2012; the positive effect on the income statement amounted to €180,000, net of the related tax effect.

Consolidated revenues amounted to **€931.2 million**, a fall of 9.5% on the €1,028.4 million in 2012.

Consolidated gross operating profit net of non-recurring items came to **€36.2 million**, a reduction of 33.5% compared with the €54.4 million in the same period of the previous year.

Consolidated gross operating profit came to €8.9 million, a fall of 85.9% on the €63.3 million in the same period of the previous year.

The Group made a **consolidated operating loss** of **€9.6 million**, compared with a profit of €44.8 million in 2012, with amortizations and depreciations of tangible and intangible assets of €18.5 million (€18.5 million in 2012).

The Group made a **consolidated loss before taxation** of **€26.2 million**, compared with a profit of €32.2 million last year; financial charges during the period amounted to €16.6 million (€12.6 million in 2012).

The **consolidated net loss** for the period amounted to **€32.3 million**, compared with a profit of €16.3 million in the same period of 2012.

Gross cash flow in the first nine months of 2013 showed a deficit of €13.8 million, compared with a surplus of €34.8 million in the same period of 2012. The Group's **net financial position** showed a deficit of €376.9 million at 30 September 2013 (-€346 million at 30 September 2012 and -€267.6 at the end of 2012).

Information regarding personnel
At 30 September 2013, permanent and temporary staff in the companies of the Group, totalled 3,539, a fall of 164 (-4.4%) compared to the end of 2012 and 204 (-5.5%) compared with September 2012, confirming the ongoing efforts at optimising the structures of the Group.

In terms of business areas, the biggest drop was in the parent company Arnoldo Mondadori Editore where, as a result of the joint effect of the early retirement of graphics staff, especially belonging to the Central Staff, and the restructuring plan of journalists of Magazines Italy, the total headcount was reduced by 8% compared with last year.

Also at the subsidiaries, the effect of the reductions in fixed costs has led to a reduction of 6% compared with September 2012, a third of which in the Retail Area.

Total personnel costs benefited, net of non-recurring charges, as well as from a fall in the number of employees, also from the effects of various social safety nets, resulting in a reduction compared with the same period of 2012 of €17.3 million, or 8.6%. More specifically, the Parent Company recorded a reduction of close to 10%, the Italian subsidiaries more than 12% and Mondadori France more than 4%.
It should be noted that the restructuring plans of the Central Staff and Magazines in Italy of the parent company, as well as in the subsidiaries Mondadori Pubblicità and Press-Di, will continue, until April 2014 and May 2015 respectively, enabling further savings in the coming years.

RESULTS OF THE BUSINESS AREAS

- ***<u>BOOKS</u>***

In the first nine months of 2013 the trade books market remained below the level of the same period of 2012 with a fall in terms of value of 6.3%. In this market context, the Mondadori Group confirmed its leadership in its market of reference with a market share of 26.8% in in terms of value (source: Nielsen).

During the period, revenues generated by the Books area amounted to **€234.2 million**, a fall of 10.5% from the €261.6 million the previous year; excluding the effect of the significant fall in revenues from the distribution of third-party publishers, the figure is 8.4%.
It should be noted that the revenues of the Group's publishing houses were affected in the third quarter by a particularly penalising comparison with the same period of 2012 which benefitted from the great success of the EL James *Fifty Shades* trilogy. There was also a significant fall in revenues from third-party publishers. These effects were partially compensated by the success of Dan Brown and Khaled Hosseini and the ongoing double-digit growth in ebooks.

- ***<u>MAGAZINES ITALY</u>***

The negative trend in the consumer magazine market continued in the third quarter; in particular, figures for August showed a fall in circulation of 12.4% (internal estimate), of add-on sales of 20.4% (internal estimate) and advertising sales of 24.3% (source: Nielsen, September).

In this context, in the first nine months of 2013 Mondadori recorded revenues of **€253.1 million**, a fall of 14.2% on the €295.1 million of the same period of 2012. This is attributable to reductions in revenues from:

- circulation (-9.9%), penalised by a fall in subscriptions and single copy sales;
- add-on sales (-12.2%), despite an increase in market share to more than 41%;
- advertising (-26.3%), in a seriously compromised advertising market and with a number of discontinuities;

and an increase in licensing revenues (+13.8%).

It should be noted that in the third quarter *Casaviva, VilleGiardini, Panorama Travel* and *Men's Health* ceased publication, in addition to the changes of the first half (the closure of *Panorama Economy* and the transformation of *Flair* in a supplement of *Panorama*).

During the period revenues generated by <u>Mondadori titles</u> were down 16%; on a like-for-like basis, i.e. net of the effects of the events mentioned above, the fall was 13.4%: in particular, advertising revenues were down 28.4% (22.8% on a like-for-like basis) and circulation revenues were down 9.9% (-8.2% on a like-for-like basis).
Regarding the performance of the magazines, the excellent results of the main women's titles were confirmed, *Donna Moderna, Grazia* and *TuStyle* all of which were relaunched in May, and performed very well during the summer, reaching, with the addition of the weekly magazine *Chi*, an average combined circulation of 1,200,000 copies, an increase of 37% compared with April.

During 2013, the <u>websites</u> of the main magazine titles of the Mondadori Group, confirmed an ability to attract a growing number of users and the interest of advertisers, with higher growth rates than the market, which fell by 2.6% (source: Nielsen).
In a still highly critical context, the Mondadori sites recorded growth of 6.2% compared with 2012, thanks to the performance of <u>Donnamoderna.com</u> (+5%), <u>Grazia.it</u> (+26%) and <u>Panoramauto.it</u> (+25%).

<u>International Activities</u>

In the first nine months of 2013, the volume of business generated by Mondadori's international network grew by 6.3% compared with 30 September 2012. The improvement is mainly attributable to the *Grazia International Network*, which in February launched Grazia in Spain and Korea, and is currently working on new projects for further development. A few days ago the first international edition of *Icon* was launched in Spain.

Despite difficult market conditions, in the first nine months of 2013, advertising sales on behalf of international partners showed a slight improvement compared with 2012, in contrast to the local market also as a result of the expansion of the range of Mondadori's International Business.

Mondadori is present in China with a 50% stake in Mondadori Seec Advertising Co. Ltd, the exclusive advertising sales company for the local edition of *Grazia*, which, in the first nine months of 2013, achieved revenue growth of 23% compared with the same period of 2012.
There was also a positive performance by the joint-venture Mondadori Independent Media, publisher of the Russian edition of *Grazia*, which, in the first nine months of 2013, recorded an increase in revenues of 9%.
In Greece, in an economic environment which remains extremely difficult, and an advertising market down 30%, Attica Publications in the first nine months of the year saw a fall in revenues of approximately 10.7%. Despite this, it achieved a positive result thanks to strong and consistent efforts to reduce costs and diversify revenues.

- ***ADVERTISING***

In the first nine months of the year advertising investments in the market were down by 14.6% (source: Nielsen) compared with 2012, confirming the trend of recent years. Even the Internet which during these years of crisis, maintained a positive performance, was down (-2.6%).

Mondadori Pubblicità closed the first nine months with total sales of **€105.1 million**, a fall of -18.6% on the €129.1 million in the previous year.
Revenues from Magazine advertising was affected by the downturn of Mondadori titles (-28.4%), significantly affected by the closure of a number of titles, net of these changes, the fall was 22.8%.
The trend outlined, that is significantly better than the market (-24.3 %, source: Nielsen), is the result of two main phenomena: on the one hand the excellent results of the combined sale of advertising for *Grazia, Donna Moderna* and *TuStyle*, and the monthly cooking and furniture titles, and, on the other, the continuing difficulties in finding advertisers in other sectors, including in particular in the fashion industry.

With regard to sales for radio, the first nine months of 2013 closed up 32% thanks to the acquisition of the contract, starting in April, for Radio Italia Solo Musica Italiana and, from September, of Radio Subasio, which was joined in October by Radionorba, enabling Mondadori Pubblicità to strengthen its presence in the sector with an offer of a total daily average of 9.3 million listeners.

The advertising relating to the Internet, managed by the joint venture Mediamond, performed much better performance than the market, with an 18.3% increase on the same period of 2012, thanks to the excellent performance of *Grazia.it* (+26%) and *Videomediaset.it* (+42%).

- ***MAGAZINES FRANCE***

During the third quarter of 2013 the French consumer magazine market continued to face a difficult period with a downturn in both advertising and circulation revenues.
In this context, the revenues of Mondadori France at the end of September came to **€262.9 million**, a fall of 7.6% from the €284.5 million in the first nine months of 2012.

Mondadori France saw a fall in advertising revenues, in terms of value, of 11.1%, while, in terms of volume, despite a decline of 3.3%, it still performed significantly better than the market which was down by 6.9% (source: Kantar Media, for August). Mondadori France confirmed its position as the second largest operator with a market share of 11.2% (source: Kantar Media), an increase of 0.4%.

Circulation revenues, including newsstand sales and subscriptions, and accounting for around 72% of total revenues, were down by 6.5% compared with the same period last year.
Newsstand sales were down 5.7%, compared to a market that saw a fall of 7% in January- September 2013 (internal source/in terms of value).
During the period brand extension efforts continued with the launch of successful new products, including *Closer Teen* and *Vital by TopSanté*.

The focus on editorial quality remains a priority pursued with the new formulas for *Modes&Travaux*, *Sport-Auto*, *Science&Vie Junior*, *Grand Gibier*, *Auto-Journal* and *Auto Plus*. In addition new titles were launched in the games and a cooking sectors.

Mondadori has continued to invest in the digital sector bringing the audience for its sites to over 5 million unique users (source: Nielsen), an increase of 20% compared with the same period of last year. Revenues were up by 19.8% in the period.

- ***RETAIL***

Starting from the third quarter 2013, following the redefinition of the scope of the business area, the results and assets of the direct marketing activity managed by Cemit Interactive Media are shown in the Corporate and other business section. The comparable figures to 30 September 2012 have therefore been adjusted and made comparable to the figures from the current year.
Revenues generated by the Retail area in the first nine months of the year amounted to **€153.4 million**, a fall of 3% on the €158.1 million of the same period of the previous year.

The Retail Area manages its business across the country through a network that, on 30 September 2013, comprised 565 sales outlets, ranging from directly-owned and franchised bookshops, Multicenter stores, Edicolè and book clubs.
In view of the ongoing recession, which has resulted in a further decline in revenues, the process of rationalisation has continued and has led to the closing of 32 outlets since the beginning of the year.
Also sales generated through the web site www.inMondadori.it recorded a fall compared with the first nine months of 2012, both as a result of increased competition from the different players in the market and for the general downturn in consumer spending for non-essential goods.

- ***RADIO***

Advertising spending in Italy has been severely affected by the general crisis with all media more or less sharply affected compared with 2012. Radio, in particular, while remaining in a negative trough (-14.4% to June), in September picked up slightly at -12.1% (source: Nielsen) and showing, in recent months, pale signs of containing the decline.

In this context, advertising sales for ***R101*** in September were essentially in line with the trend in the market showing, in addition to the downturn in the main product sectors - in particular the automotive sector – also the typically marked seasonality of the period: total revenues came to **€8.9 million**, a fall of 13.6% on the €10.3 million of the first nine months of 2012.
On the content side, in addition to the appointment of a new head of content, efforts continued for the implementation of the renewal and enhancement of formats with a series of targeted actions, some of which already defined, others in progress, aimed at enabling *R101* to take advantage of the opportunities that will derive from the hoped for recovery in advertising spending.

RENEGOTIATION OF CREDIT LINES FOR A TOTAL OF €570 MILLION WITH WAIVERS ON EXISTING COVENANTS

Mondadori has renegotiated the credit facilities for a total amount of €570 million.
In particular, it has signed a new loan agreement with a syndicate of five banks for an amount of €270 million with maturities, for the same sum, in 2016-2017-2018 to replace existing credit lines with short maturities for a total of around €380 million.
Existing credit lines, amounting to €300 million, comprising a loan of €200 million granted by Intesa Sanpaolo expiring at the end of 2016, and by a €100 million loan granted by Mediobanca and expiring at the end of 2017 have also been renegotiated.
The “all-in” face value cost of all credit lines is 485 bps (+Euribor).
Waivers on the existing covenants net debt/EBITDA for 2013 and 2014 have also been defined to facilitate the processes of organisational restructuring and relaunching of the Group.

EXPECTATIONS FOR THE FULL YEAR

The actions put in place by the Group regarding the change in strategy and organisation and significant cost reductions, have affected all the businesses and will have more positive effects in the latter part of the year, for which we expect a level of gross operating profit (before restructuring charges and extraordinary items) in line with that of the same period last year.

As for the full year 2013, the ongoing lack of any signs of improvement in the market means that the gross operating result will be substantially lower than last year, also as a result of marked effect of non-recurring items and restructuring charges.

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The executive responsible for the preparation of the company's accounts, Carlo Maria Vismara, declares that, as per art. 2, 154 bis of the Single Finance Text, the accounting information contained in this release corresponds to that contained in the company's formal accounts.

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The interim report for the period to 30 September 2013 will be available from today at the the company's headquarters, Borsa Italiana S.p.A. (www.borsaitaliana.it) and on the web site www.mondadori.it (in the "Investor Relations" section).
Also today, the documentation relating to the analysts' presentation of the results for the year to 30 September 2013 will be available on www.mondadori.it (in the "Investor Relations" section) and www.borsaitaliana.it.

Enclosures:
1. *consolidated balance sheet*
2. *consolidated income statement*
3. *consolidated income statement for the third quarter*

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Encl. 1

Consolidated balance sheet (in €m)

Assets	**30 September 2013**	**31 December 2012**
Intangible assets	**737.0**	**746.0**
Fixed assets	**3.2**	**3.2**
Land and buildings	8.7	9.3
Plant and machinery	12.5	14.2
Other assets	22.2	26.3
Property, plant and machinery	**43.4**	**49.8**
Investments booked using net equity method	57.3	59.1
Other investments	1.5	1.4
Total investments	**58.8**	**60.5**
Non-current financial assets	**2.9**	**5.6**
Advanced taxes	**48.2**	**50.6**
Other non-current assets	**2.4**	**2.0**
Total non-current assets	**895.9**	**917.7**
Tax credits	**98.4**	**61.9**
Other current assets	**105.5**	**85.2**
Inventories	**123.6**	**129.6**
Trade receivables	**310.6**	**335.4**
Stocks and other current financial assets	**18.5**	**32.1**
Cash and equivalents	**35.3**	**166.8**
Total current assets	**691.9**	**811.0**
Assets destined to be sold or closed	**-**	**-**
Total assets	**1.587.8**	**1.728.7**

Liabilities	**30 September 2013**	**31 December 2012**
Share capital	**64.1**	**64.1**
Share premium reserve	**170.6**	**210.2**
Other reserves and results carried forward	**172.2**	**292.3**
Profit (loss) for the period	**(32.3)**	**(166.1)**
Total Group shareholders' equity	**374.6**	**400.5**
Minority capital and reserves	**31.7**	**33.3**
Total shareholders' equity	**406.3**	**433.8**
Reserves	**60.7**	**61.8**
Severance payments	**50.5**	**53.9**
Non-current financial liabilities	**386.7**	**387.3**
Deferred tax liabilities	**91.1**	**89.4**
Other non-current liabilities	**-**	**-**
Total non-current liabilities	**589.0**	**592.4**
Income taxes payable	**11.9**	**2.7**
Other current liabilities	**224.2**	**248.2**
Trade liabilities	**309.6**	**366.8**
Bank debts and other financial liabilities	**46.8**	**84.8**
Total current liabilities	**592.5**	**702.5**
Liabilities deriving from sales or closures	**-**	**-**
Total liabilities	**1,587.8**	**1,728.7**

Encl. 2

Consolidated income statement (in €m)

	Period to 30/09/2013	**Period to 30/09/2012**	**% change**
Income from sales of goods and services	931.2	1,028.4	(9.5%)
Personnel costs	206.1	204.9	0.6%
Cost of sales and management (*)	715.2	766.5	(6.7%)
Income (charges) from investments calculated on a net equity basis	(1.0)	6.3	n.s.
Adjustments for non-recurring items: (positive)/negative	27.3	(8.9)	
Gross operating profit net of non-recurring items	**36.2**	**54.4**	**(33.5%)**
Gross operating profit	**8.9**	**63.3**	**(85.9%)**
- as a proportion of revenues	*1.0%*	*6.2%*	
Depreciation of property, plant and machinery	8.6	8.5	1.2%
Depreciation of intangible assets	9.9	10.0	(1.0%)
Operating profit	**(9.6)**	**44.8**	**n.s.**
- as a proportion of revenues	*(1.0%)*	*4.4%*	
Net financial income (charges)	(16.6)	(12.6)	31.7%
Other financial income (charges)	-	-	-
Profit for the period before taxation	**(26.2)**	**32.2**	**n.s.**
Tax charges	4.4	14.6	(69.9%)
Minority interest	(1.7)	(1.3)	30.8%
Net profit	**(32.3)**	**16.3**	**n.s.**

(*) Net of restructuring costs the percentage change is -8.6%.

(**) Includes the following items: decrease (increase) in inventories; cost of raw, ancillary and consumable materials and goods; cost of services; various charges (income).

Encl. 3

Consolidated income statement for the third quarter of 2013 (in €m)

	Q3 2013	Q3 2012	% change
Income from sales of goods and services	318.9	352.2	(9.5%)
Personnel costs	58.1	62.9	(7.6%)
Cost of sales and management (*)	245.5	263.1	(6.7%)
Income (charges) from investments calculated on a net equity basis	(1.1)	1.1	n.s.
Adjustments for non-recurring items: (positive)/negative	7.8	(0.7)	
Gross operating profit net of non-recurring items	**22.0**	**26.6**	**(17.3%)**
Gross operating profit	**14.2**	**27.3**	**(48.0%)**
- as a proportion of revenues	*4.4%*	*7.8%*	
Depreciation of property, plant and machinery	2.9	2.9	-
Depreciation of intangible assets	3.2	3.4	(5.9%)
Operating profit	**8.1**	**21.0**	**(61.4%)**
- as a proportion of revenues	*2.5%*	*6.0%*	
Net financial income (charges)	(6.1)	(4.4)	38.6%
Other financial income (charges)	-	-	
Profit for the period before taxation	**2.0**	**16.6**	**(88.0%)**
Tax charges (income)	6.5	8.1	(19.8%)
Minority interest	(0.7)	0.3	n.s.
Net profit	**(5.2)**	**8.8**	**n.s.**

(*) Net of restructuring costs the percentage change is -15.4%.

(**) Includes the following items: decrease (increase) in inventories; cost of raw, ancillary and consumable materials and goods; cost of services; various charges (income).