

ARNOLDO MONDADORI EDITORE S.p.A.

Share Capital Euro 64,079,168.40

Legal Offices in Milan

Administrative Offices in Segrate (Milan)

**Interim Report on Operations
at 30 September 2013**

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Board of Directors's Report on Operations

Directors' Report on Operations as at 30 September 2013

The economy in the Euro zone recovered slightly in the third quarter. Italy showed signs of stabilization, although the economic scenario remained weak, partly due to the persistent political uncertainty.

The marginal improvement can be mainly attributed to the positive trend in exports, which contribute 0.4% to GDP in Italy. 2013 projections, however, still show a 1.8% drop in GDP; household spending is still stalled as a consequence of less disposable income and the difficult job market. In fact, unemployment is expected to reach 12.2% in 2013 and top 12.5% in 2014.

The situation in the markets in which Mondadori Group operates - showing persistent pervasive weakness - has not changed versus the indications provided in the former interim report at 30 June 2013.

As to the Mondadori Group's main activities:

- books dropped by 6.3% on all distribution channels against the same period of last year. The overall reduction in the 2012-2013 two-year span amounts to -14% (source AIE). Though not compensating the reduction in the "physical" book market, the digital book market and, e-books in particular, showed a sharp increase.
- as to magazines:
 - in Italy* the negative trend that had characterized the first half of the year continued, with circulation and add-on sales down 12.4% and 20.4%, respectively; advertising plummeted (-24.3%);
 - in France** magazines decreased in value though to a limited extent compared to the Italian market, both in relation to advertising sales, down 6.9% in volume, and circulation, down 7.0% only considering the newsstand channel.

* Market data relative to the performance of circulation and add-on sales (internal source) refer to the month of August; data relative to advertising sales (source: Nielsen) refer to September.

** Data relative to circulation (internal source) refer to September, data regarding advertising sales refer to August (source: Kantar Media).

Figures at 30 September 2013 confirms the trend of the first half of the year.

The Group's reduced economic performance against the same period of last year is attributable to **non-recurring items with a positive amount for euro 8.9 million** in 2012 and **non-recurring items with a negative amount for euro 27.3 million** in 2013. The latter mainly refer to restructuring costs. In particular, reduced operating costs in the Magazines Area along with magazine re-launching initiatives are expected to lead to a recovery in terms of profitability.

A comparative analysis of the first three quarters of 2013 against the corresponding period of 2012 reveals that the reduction in revenues has stabilized while the reduction in EBITDA has progressively improved (before non-recurring items and restructuring costs): -17.3% in the third quarter, -37.3% in the second quarter, -98.1% in the first quarter.

Below is a summary of the key financial highlights at 30 September 2013.

Consolidated net revenues totalled Euro 931.2 million, down 9.5% against Euro 1,028.4 million in 2012.

Consolidated EBITDA, net of non-recurring revenues and costs, totalled Euro 36.2 million, down 33.5% against Euro 54.4 million in 2012.

Consolidated EBITDA totalled Euro 8.9 million, down 85.9% against Euro 63.3 million in 2012.

Consolidated EBIT equalled euro -9.6 million against euro +44.8 million with amortization and depreciation of intangible and tangible assets for euro 18.5 million (euro 18.5 million in 2012).

Consolidated profit before taxes amounted to euro -26.2 million against euro +32.2 million of the past year; in the quarter financial costs equalled euro 16.6 million (euro 12.6 million in 2012).

Consolidated net profit was negative for euro 32.3 million against a profit of euro 16.3 million in the same period of the past year

Gross cash flow in the first nine months of 2013 was negative for euro 13.8 million against euro +34.8 million in the same period in 2012. The **net financial position** was euro -376.9 million at 30 September 2013 (euro -346.0 million at 30 September 2012 and -267.6 million at the end of 2012).

The performance relative to each sector of activity in which Mondadori operates is analyzed in detail in a section dedicated to the Group's divisions. Here below is a summary of the key elements.

Financial and non-financial indicators

Application of the new IAS 19 - Employee benefits

The new IAS 19 - Employee benefits became effective as of 1 January 2013 with retroactive effect. Therefore, it was necessary to re-process personnel cost data for the first nine months of 2012 in order to make them comparable with 2013 data. The positive effect on income statement totalled euro 180,000 net of the corresponding tax effect.

Here below are the income statements at 30 September 2013 and of the third quarter of 2013 compared to the data of the corresponding periods in 2012.

Consolidated income statement (Euro/million)	30/09/2013	30/09/2012	Var. %
Revenues from sales and services	931.2	1,028.4	(9.5%)
Personnel (*)	206.1	204.9	0.6%
Cost of sales and operating costs (*)	715.2	766.5	(6.7%)
Revenues (costs) from investments valued at equity	(1.0)	6.3	n.s.
Adjustments for non-recurring items: (positive)/negative	27.3	(8.9)	
EBITDA net of non-recurring items	36.2	54.4	(33.5%)
EBITDA	8.9	63.3	(85.9%)
<i>EBITDA incidence on revenues</i>	<i>1.0%</i>	<i>6.2%</i>	
Depreciation of properties, plants and machinery	8.6	8.5	1.2%
Total amortisation of intangible assets	9.9	10.0	(1.0%)
EBIT	(9.6)	44.8	n.s.
<i>EBIT incidence on revenues</i>	<i>(1.0%)</i>	<i>4.4%</i>	
Net financial revenues (costs)	(16.6)	(12.6)	31.7%
Revenues (costs) from other investments	-	-	-
Profit before taxes for the period	(26.2)	32.2	n.s.
Income tax	4.4	14.6	(69.9%)
Third party profit	(1.7)	(1.3)	30.8%
Net result	(32.3)	16.3	n.s.

(*) Net of restructuring costs, the difference in the cost of personnel is -8.6%.

(**) This item includes the following sub-items: decrease (increase) in inventory; costs for raw, ancillary, consumption materials and goods; costs for services; other costs (revenues).

Consolidated income statement (Euro/million)	3Q 2013	3Q 2012	Var. %
Revenues from sales and services	318.9	352.2	(9.5%)
Personnel (*)	58.1	62.9	(7.6%)
Cost of sales and operating costs (*)	245.5	263.1	(6.7%)
Revenues (costs) from investments valued at equity	(1.1)	1.1	n.s.
Adjustments for non-recurring items: (positive)/negative	7.8	(0.7)	
EBITDA net of non-recurring items	22.0	26.6	(17.3%)
EBITDA	20	21	(48.0%)
<i>EBITDA incidence on revenues</i>	<i>4.4%</i>	<i>7.8%</i>	
Depreciation of properties, plants and machinery	2.9	2.9	-
Total amortisation of intangible assets	3.2	3.4	(5.9%)
EBIT	4	3.0	(61.4%)
<i>EBIT incidence on revenues</i>	<i>2.5%</i>	<i>6.0%</i>	
Net financial revenues (costs)	(6.1)	(4.4)	38.6%
Revenues (costs) from other investments	-	-	
Profit before taxes for the period	11.0	11	(88.0%)
Income tax	6.5	8.1	(19.8%)
Third party profit	(0.7)	0.3	n.s.
Net result	7	5	n.s.

(*) Net of restructuring costs, the difference in the cost of personnel is -15.4%.

(**) This item includes the following sub-items: decrease (increase) in inventory; costs for raw, ancillary, consumption materials and goods; costs for services; other costs (revenues).

Change in the graphical description following IFRS 8 - Operating segments

The disclosure required by IFRS 8 - Operating segments - is provided by taking into account the Group's organizational structure based upon which reporting is made, used by Top Management to define actions and strategies, evaluate investment opportunities and allocate resources.

In the third quarter 2013 the Group's organizational structure was subject to revision. Such revision re-defined a few business areas and led to changes in the succession of a group of executive managers.

The new configuration of the business areas, including Books, Magazines and the additional separation between Magazines Italy and Magazines France, Retail, Radio and Corporate and Other Business envisages the classification of the direct marketing activity, previously included in the Retail segment, among the residual ones under Corporate and Other Business.

Therefore, based on the aforementioned changes, it was necessary to re-process 2012 data as displayed and commented here below.

Consolidated revenues totalled euro 931.2 million, down 9.5%; here below is a breakdown of revenues by business area.

Sales by sector of activity	(Euro/million) 30 September 2013	(Euro/million) 30 September 2012	Var. %
Books	234.2	261.6	(10.5%)
Magazines Italy	253.1	295.1	(14.2%)
Magazines France	262.9	284.5	(7.6%)
Advertising services	105.1	129.1	(18.6%)
Retail	153.4	158.1	(3.0%)
Radio	8.9	10.3	(13.6%)
Corporate and other business	26.2	27.7	(5.4%)
Total aggregate revenues	1,043.8	1,166.4	(10.5%)
Intercompany revenues	(112.6)	(138.0)	(18.4%)
Total consolidated revenues	931.2	1,028.4	(9.5%)

Consolidated revenues by geographic area are broken down in the table below.

Sales by geographic area	(Euro/million) 30 September 2013	(Euro/million) 30 September 2012	Var. %
Italy	650.8	726.4	(10.4%)
France	247.5	267.9	(7.6%)
Other EU countries	25.5	25.0	2.0%
USA	0.5	0.3	66.7%
Other countries	6.9	8.8	(21.6%)
Total consolidated revenues	931.2	1,028.4	(9.5%)

Books

In the first nine months of 2013 the Trade Book market underperformed against the same period of 2012, posting a 6.3% reduction in value.

In this context the Mondadori Group confirmed its leadership in the Trade Book market with a 26.8% market share in terms of value (source: Nielsen).

The table below is a comparison of the data referring to the two periods under examination.

	(Euro/million) 30 September 2013	(Euro/million) 30 September 2012
Revenues from books	230.1	257.6
Other revenues	4.1	4.0
	234.2	261.6
Operating costs	(195.2)	(214.3)
EBITDA	39.0	47.3
Amortisation and impairment	(1.0)	(1.0)
EBIT	38.0	46.3

Revenues in the Books Area totalled euro 234.2 million (-10.5%); excluding the effect of the significant decrease in revenues from third publishers, the reduction would be equal to 8.4%. Moreover, it is worth pointing out that the figure regarding revenues from sales in the third quarter is penalizing against the same period of 2012, which benefited from the huge success of the *Cinquanta sfumature* trilogy by E.L. James. Revenues from third publisher sales also dropped considerably. These effects were only partially compensated by Dan Brown's and Khaled Hosseini's successful books and the e-book market, which is posting steady double-digit growth.

Below is a breakdown of revenues by publisher:

Books	(Euro/million) 30 September 2013	(Euro/million) 30 September 2012	Var. %
Edizioni Mondadori	63.6	81.6	(22.1%)
Einaudi	27.9	29.8	(6.4%)
Sperling & Kupfer	15.2	17.2	(11.6%)
Edizioni Piemme	26.9	24.2	11.2%
Mondadori Electa	26.2	22.2	18.0%
Mondadori Education	60.6	65.6	(7.6%)
Distribuzione Libri	9.7	17.0	(42.9%)
Other revenues	4.1	4.0	2.5%
Total consolidated revenues	234.2	261.6	(10.5%)

Edizioni Mondadori

Sales in the first nine months of 2013 totalled euro 63.6 million, down 22.1% against the same period of 2012, which benefited from the success of the *Cinquanta sfumature* phenomenon.

Inferno by Dan Brown, published on 21 May, topped the ranking of the best-selling books in the first nine months of the year; in just a few months half a million copies were sold and 80,000 downloads were made.

In July, Sony Pictures announced the production of a film to be released in 2015 directed by Academy Award winner Ron Howard, featuring the same cast as *Il Codice Da Vinci* and *Angeli e demoni*.

At the end of August a new romantic comedy by the title of *Fermate gli sposi!* by Sophie Kinsella was published (with over 4 million copies sold in Italy). The first novel, *Io prima di te*, by another British writer - Jojo Moyes - was also well received by the public, with over 55,000 copies sold.

The journey of an immortal hero, the Odysseus legend, continues in Valerio Massimo Manfredi's historical novel, *Il mio nome è Nessuno. Il ritorno*, which immediately climbed the best seller rankings with over 80,000 copies sold. Published one year ago, *Il mio nome è Nessuno. Il giuramento*, the first volume dedicated to Ulysses, topped 130,000 copies sold.

At the beginning of September *L'amore graffia il mondo*, by Ugo Riccarelli, a literary novel dedicated to the women of the 20th century in Europe through the main character "*Signorina*", took first prize at the 51st edition of the 2013 Campiello Prize.

In Fiction, Luca Bianchini's new novel, *Io che amo solo te*, remains at the top of the rankings with over 120,000 copies sold; a sequel is expected to be on the shelves by Christmas.

As to Non Fiction - Essays, the dialogues on family, faith and the Church's mission between Jorge Mario Bergoglio and Rabbi Abraham Skorka in *Il cielo e la terra* sold more than 60,000 copies, while Massimo Franco's latest book, *La crisi dell'impero Vaticano*, deals with the scandals and venoms behind the Vatican's walls.

With more than 30,000 copies sold, *La dieta del digiuno* by Umberto Veronesi, which proposes a revolutionary dietary regime, is also worth mentioning.

Another important non-fiction book to mention is *La via maestra*, written by the Italian President Giorgio Napolitano, featuring an interview by Federico Rampini (30,000 copies sold).

As to Non Fiction - Other, Alexander Eben with *Milioni di farfalle* sold over 60,000 copies.

At September, the *Guinness dei Primati 2014* collectible edition sold 50,000 copies and, last but not least, Roberto Cavalli, one of the most prominent Italian fashion designers, published his autobiography *Just me*, in which he tells his life story to the public.

In the Strenne 2013 series there are great expectations for the following new novels: *Splendore* by Margaret Mazzantini, *Le voci degli uomini freddi* by Mauro Corona and *La strada verso casa* by Fabio Volo.

In addition, there is the short story of “Un’Italia che non si lamentava” included in *Basta piangere!* by Aldo Cazzullo, the new and surprisingly revealing book *Sale, zucchero e caffè* by Bruno Vespa and the three cookbooks by Antonella Clerici, Alessandro Borghese and Davide Oldani.

As to Junior books, on the 10-14 age target, Rick Riordan reprised his previous success with the second episode of *The Kane Chronicles*, released in July, with over 40,000 copies sold, and Percy Jackson with a collection of the first three episodes of the popular saga *Le origini del mito*, in a single volume, which sold a total of 780,000 copies.

In the *Contemporanea* series, *Magaria*, the story written by Andrea Camilleri and illustrated by Giulia Orecchia, dedicated to younger children, sold over 30,000 copies.

On the occasion of the release of the *Shadowhunters - Città di Ossa* film, taken from a book first published in 2007, the first title of the successful series by Cassandra Clare was re-proposed with a new cover. Worldwide, it topped 22 million copies sold. *Shadowhunters*, with the five titles currently in the catalogue, sold a total of over 100,000 copies in the third quarter only.

The great success of the *Hunger Games* trilogy consolidated and it is expected to climb up the rankings with the approaching release of the film, scheduled for the end of November.

In the Paperback segment, Mondadori is reacting to the slow market performance by enhancing the Oscar catalogue. Noteworthy is the new graphical *uniform edition* by Fabio Volo, best-selling author with 6 titles in the catalogue, on the market since 1 October with 250,000 copies. The launch of the *Cinquanta sfumature* trilogy, published in June in three separate volumes at euro 5 each, exceeded one million copies and was in the first positions of the Nielsen rankings every week.

In November, the launch of the three volumes by Silvia Day - *The crossfire series* - is expected, based on the same criteria and price and a total of 150,000 copies.

In the NumeriPrimi° series, Alessandro D'Avenia's smash success, *Bianca come il latte, rossa come il sangue*, is the best-selling paperback of 2013 and is about to top 500,000 copies sold.

Giulio Einaudi editore

Einaudi closed the first nine months of 2013 with overall revenues of euro 27.9 million, down 6.4% against the previous year.

The Paperback line is the fastest growing category in terms of sales compared to 2012 thanks to the excellent performance of the promotional campaign dedicated to a few series.

Educazione Siberiana by Nicolai Lilin was the best-selling title in the Paperback series over the first nine months, with over 115,000 copies sold.

Foreign fiction posted positive results thanks to continuing success of some 2012 publications and *A sud del confine, a ovest del sole* by Haruki Murakami, with 33,700 copies sold, *Il posto dei miracoli* by Grace McCleen, a new entry for Einaudi, and *Le rane*, the latest novel by the Nobel prize winner in literature, Yan Mo.

In Italian Fiction, the following titles registered an excellent performance: *Non so niente di te* by Paola Mastrocola, one of the new authors for Einaudi, which sold more than 62,000 copies; *Geologia di un padre* by Valerio Magrelli and *Il regno di Op* by Paola Natalicchio.

The best-selling books in the Stile Libero series were: *Il sogno di volare* by Carlo Lucarelli with 77,000 copies, *Il cacciatore di teste* by Jo Nesbo, *Suburra* by Carlo Bonini and Giancarlo De Cataldo, *Cocaina* by Massimo Carlotto, Gianrico Carofiglio and Giancarlo De Cataldo and *I bastardi di Pizzofalcone*, by Maurizio De Giovanni.

Sales in the Non-Fiction segment were up year to year, also thanks to the release of *Il mondo fino a ieri*, the new title by the science writer Jared Diamond.

Sperling & Kupfer

Net revenues at 30 September 2013 amounted to euro 15.2 million, down 11.6% against the corresponding period of last year.

In the Fiction segment, the following titles proved very successful: *Palazzo Sogliano*, the new novel by Sveva Casati Modignani, which topped the rankings with over 155,000 copies sold since its launch on 15 September 2013.

La risposta è nelle stelle by Nicholas Sparks also performed very well with 190,000 copies sold, as well as *Joyland* by Stephen King, with 85,000 copies.

Noi siamo infinito, the January release by Stephen Chbosky, confirmed its success, with 70,000 copies sold to date.

Other established authors in the publisher's stable also posted good results, like Guillaume Musso with *Sette anni senza di te* and Danielle Steel, who published several books during the year.

In Non-Fiction, Pierre Dukan's excellent performance stood out, with a total of 108,000 copies sold thanks to the repositioning of the title with the release at the end of March of the new edition of *La dieta Dukan*, and the new book published in May, *Il grande libro illustrato delle ricette Dukan*.

Excellent results were also registered in the Other/Music segment thanks to the new book on One Direction, with 24,500 copies sold to date and Justin Bieber with 20,600 copies.

In Paperbacks, the new Pickwick paperback series, combining the two paperback catalogues of Sperling and Piemme, was launched on 9 July 2013 with the objective of becoming one of the three leading brands in the market segment. Among the most prominent authors are Nicholas Sparks, Stephen King and Sveva Casati Modigliani.

Edizioni Piemme

Piemme is the publisher characterised by an undisputed leadership in children's books, holder of the Stilton and Il Battello a Vapore trademarks in Italy, along with a consolidated and recognisable offering of mainstream books in all the main Trade segments.

Net revenues in the first nine months of 2013 amounted to euro 26.9 million, up 11.2% against the previous year.

In Fiction, the most important new entry was *E l'eco rispose*, the new novel by Khaled Hosseini, released on 21 June (650,000 copies sold), which immediately climbed to the top of the best selling book rankings, holding the top position for thirteen consecutive weeks.

Today, the book is still in the top ten. *Le colpe dei padri* by Alessandro Perissinotto, which took second place at the 2013 Strega Prize, is also worth mentioning (37,000 copies sold).

In the Non-Fiction segment, the best-selling book was *Illuminati* by Adam Kadmon with 62,000 copies sold. Other successful titles are: *Francesco. Insieme* by Andrea Tornielli, released on the occasion of the election of the new Pope with 35,000 copies sold and *Il Vangelo del sorriso* by Pope Francesco, with 30,000 copies.

The Junior category posted great results with Stilton's *Grande ritorno nel regno della fantasia*, which with 68,000 copies topped the junior books rankings.

Excellent results were also reached in the medium-price series with *I Cosmotopi* and *Le storie da ridere*.

Il Battello a Vapore confirmed the success of Luigi Garlando's books in the GOL! and Ciponews series.

In the NumeriPrimi° series, Khaled Hosseini's books registered sales for 123,000 copies.

Art books and exhibitions

In the first nine months of 2013 Mondadori Electa posted sales for euro 26.2 million, up 18% against 2012 thanks to the great success of the exhibitions and the excellent performance of bookshop sales.

Despite the difficult situation in the book market, the following success stories stood out: *Le tre minestre*, the latest book by Andrea Vitali (almost 70,000 copies sold, for many weeks in the top twenty of the best seller lists) and *Mappe*, an illustrated book for children which won the Andersen Prize as the best popular book and was re-printed after only two months.

A positive performance was also posted by the clients publishing segment.

Mondadori Education

In the first nine months of 2013, Mondadori Education posted net revenues from sales equal to euro 60.6 million, down 7.6% against the same period of the previous year.

In school textbooks all three segments - primary, middle and high school - registered a slight improvement.

The adoption of books in digital format is still below 1% following the decision, shared also by other publishers, to enable users to download the digital version concurrently with the purchase of the hardcopy edition.

As to dictionaries, Devoto Junior - for primary school - posted excellent results.

With reference to product and service innovation, the development of the ME-book multidevice application is worth mentioning: this includes integration in the Libropiuweb learning platform, which can be accessed by students and teachers using the barcode printed on the cover of the purchased book. Thanks to the integration between hardcopy and softcopy, the commercial offering has been consistently increased to comply with the latest regulations issued by the Italian Ministry of Education, following the still rather slow process of innovation started in the schools.

As to e-commerce, improvements and new implementations have been added to the www.mondadorieducation.it website.

E-Book

In the third quarter e-books performed very well, with two download peaks in July and August. The titles most downloaded in the period were: *Inferno* by Dan Brown and *E l'eco rispose* by Khaled Hosseini, with both downloads exceeding 18,000, as well as the titles of the *Cinquanta sfumature* series and *Fermate gli sposi!* by Sophie Kinsella. A good performance was also registered for the only digital edition of *Turno di Notte* by Michael Connelly, in the Romance series, particularly apt for summer reading.

Distribution and logistics

Book Distribution is handled by the Group's Distribution and Logistics unit and offers services for the management of inventory and distribution both for the Mondadori Group publishers and third party publishers.

Third party publisher net revenues, down 42.9%, mainly reflected both the discontinued service for some publishers and the general downturn in the market.

Magazines Italy

Magazines also registered a negative performance in the third quarter of 2013. In particular, revenues from circulation were down 12.4% (internal source at August), add-on sales by 20.4% (internal source at August) and sales from advertising by 24.3% (source: Nielsen at September).

In this context, in the first nine months of 2013 Mondadori posted sales equal to euro 253.1 million, down 14.2% against the same period of last year. This result is attributable to:

- a 9% reduction in sales from circulation, penalized by a reduced number of subscriptions and copies sold at newsstands;
- reduced revenues from add-on sales (-12.2%);
- decreased revenues from advertising sales, down 26.3%, in a market showing great difficulties and some differences;
- increased revenues from licensing (+13.8%).

	(Euro/million)	(Euro/million)
	30 September 2013	30 September 2012
Revenues from magazines	227.6	269.3
Other revenues	25.5	25.8
	253.1	295.1
Operating costs	(262.8)	(283.3)
EBITDA	(9.7)	11.8
Amortisation and impairment	(0.4)	(0.6)
EBIT	(10.1)	11.2

It should be noted that in the second quarter the following publications were discontinued: *Casaviva*, *VilleGiardini*, *Panorama Travel* and *Men's Health*. Other magazines were discontinued in the first half of the year: *Panorama Economy* and *Flair*, the latter being transformed into an attachment to *Panorama*.

In the wake of these re-structuring decisions a trade union agreement was defined, enabling the company to implement the redundancy and layoff procedure for journalists and continue its cost reduction policy, necessary to ensure the economic sustainability of the Magazines area, particularly hard hit by the economic and structural crisis.

Mondadori titles

Mondadori titles posted a 16% reduction in revenues for the period; on a like for like basis, that is, net of the effects due to the aforementioned events, the reduction would be equal to 13.4%. In particular, revenues from advertising sales dropped by 28.4% (on a like-for-like

basis -22.8%) and revenues from circulation were down by 9.9% (on a like-for-like basis - 8.2%).

As to the main magazines, the following aspects should be noted:

- the three main women's weeklies, *Donna Moderna*, *Grazia* and *Tu Style*, simultaneously re-launched in May, posted very positive results during the summer period, topping an average of 800,000 copies per week. Considering also the weekly magazine *Chi*, the total average number of copies sold peaked at 1,200,000 (in July and August), a 37% increase against the April data;
- *Grazia*, after its restyling including a "news and fashion" formula that combines glam and Italian style with the international spirit of the network, is performing well with increasing sales in the newsstand channel, as evidenced by the latest ADS survey carried out in August, up 35% against the same month of last year;
- *Donna Moderna* modified its formula, becoming more modern and younger, also thanks to a new format and new graphics and with its 345,000 copies sold in the month of August, it is still one of the best-selling weeklies in Italy and the segment leader;
- *Tu Style* consolidated the excellent performance of 2012 in circulation, equal to 218,000 copies, despite the generally shrinking market, thanks to its positioning and the winning formula of a weekly magazine dedicated to budget shopping;
- Thanks to a revision of its content and different scoops published during the period, *Chi* registered an average circulation in August equal to 423,000 copies (+17% against 2012), peaking at over 520,000 copies with the August 14th issue. This excellent performance carried over into the month of September as well.

The results obtained by *Grazia Casa* are also worth noting, with over 90,000 copies. The magazine underwent a restyling operation, changing its logo and expanding its content to include interior design, art, style and fashion.

Add-on sales

Sales of add-ons (DVDs, CDs, books and gadgets) plummeted in the first eight months of 2013 (-20.4% in value, internal source); in this area Mondadori outperformed the market, limiting its losses to 12.2%, maintaining its leadership and bringing its market share in this segment to over 41%.

The reduction in sales is also the consequence of a targeted decision to rationalize initiatives for the purpose of minimizing economic risks and optimizing margins. This strategy resulted in a reduction in outlays and revenues, but also in a sharp increase in profitability.

The following were among the most successful initiatives: the Beatles, Pink Floyd (in co-edition with La Repubblica), the animated DVDs attached to *TV Sorrisi e Canzoni*, the first preview of *Panorama* and *Cake Décor*, supported by different Mondadori magazines.

Press-Di Distribuzione Stampa e Multimedia

Press-Di is the Mondadori Group distribution company dedicated to the circulation and sale of magazines, newspapers and multimedia products in the Newsstand, Large-Scale Retailer and Subscription channels.

Thanks to a customer portfolio that includes both publishers belonging to the Mondadori Group and independent publishers, through which the Group generates more than 50% of its sales volume, Press-di is the second ranking Italian national distributor by market share in the Newsstand channel and is leader in the Large-Scale Retailer and Subscription channels.

In the first nine months of 2013 the markets in which Press-di operates were hit hard by the current negative market scenario and the general reduction in consumer spending. As a result, the already negative trend registered in the corresponding period in 2012 has continued, in both copies and value.

The Newsstand/Large Retailers channel dropped by 10% against the previous year (the same occurred in the same period of 2012), while the Subscription channel decreased by 9% in copies (-7% in the same period of last year).

In this context of great difficulty, with some operators forced to cease operations, the Company implemented actions to strengthen its competitive position:

- in the Newsstand channel through the acquisition of the distribution of small publishers, bringing in a turnover exceeding euro 15 million on an annual basis;
- in the Subscription channel, through the development of negotiations with important publishers targeting the acquisition of the management of their subscriptions.

Net revenues equalled euro 46 million, down 9% against the previous year.

International

In the first nine months of 2013, Mondadori International Business revenues equalled euro 7.4 million, up 7% against the previous year. Growth was driven by the editions of Grazia Spain and Grazia Korea, launched in February 2013.

Despite the persisting grim economic market, sales of advertising space on behalf of the international partners totalled euro 7.2 million, slightly up against 2012. This activity is showing a positive performance in the local market also as a result of the acquisition of new titles which do not belong to the Mondadori Group and to penetration of the markets of France and Switzerland.

Investments: Mondadori is present in Greece, Bulgaria and Serbia through its stake in Attica Publications and in China and Russia through its investments in joint ventures with local partners.

In Greece, Attica Publications gained a dominant position with eighteen magazines and three radio stations, including Radio DJ, market leader in the international music radio ranking; in Bulgaria and Serbia it is the leading publisher with seven and six magazines, respectively.

Despite the persisting difficult economic scenario, in the first nine months of 2013, with the Greek market down 30%, Attica's sales dropped by approximately 10.7%. Notwithstanding the above, Attica's performance is positive thanks to the implementation of an effective and ongoing cost containment and revenue diversification policy.

Mondadori is present in China with a 50% stake in Mondadori Seec Advertising Co. Ltd., the exclusive advertising agency for the Chinese edition of Grazia, which posted revenues up 23% in the first nine months of 2013 compared to the same period of 2012.

Mondadori Independent Media LLC, joint venture publisher of Grazia in Russia, also posted a positive performance, with revenues up 9% in the first nine months of 2013.

Properties

In 2013, Properties associated with the main magazines belonging to the Mondadori Group confirmed their ability to attract an increasing number of readers despite the still difficult market scenario and also posted positive results in terms of sales of advertising, well above the market trend.

While advertising on the web posted a -2.6% drop (source: Nielsen) overall, Mondadori websites registered a +6.2% gain against the previous year, thanks to the performance of www.donnamoderna.com (+5%), www.grazia.it (+26%) and www.panoramauto.it (+25%).

Based on the latest Audiweb survey, the Group's properties gained a 22% share on the total internet market (estimate with a monthly average of almost 5 million single users - source: Shinystat, September 2013), recording a mainly positive trend and bucking the general market trend with a year-on-year double-digit growth (www.panorama.it +38%, www.panorama-auto.it +96%).

Here below is a detailed analysis of the websites:

- www.donnamoderna.com regained its second place ranking in the Home Family & Lifestyle category both in the single users rankings and page hits, confirming its leadership among women's magazines (source: Audiweb, August 2013). The website continued the positive trend in September, exceeding 150 million page hits and 12 million single users also thanks to Video Donnamoderna.tv with the launch of 14 new webseries, a new formula which is registering great success both in terms of audience and popularity;
- www.grazia.it topped almost 9 million page hits and 1 million single users at September. Fashion shows and, in particular, the innovative publishing focus on comments regarding fashion trends, streetstyle and everything that rotates around fashion during the fashion weeks contributed significantly (Fashion Channel +42%). www.grazia.it, with Mediamond, obtained the Digital Award as “Best Digital Campaign 2013 for Native Advertising”, for Tommy Hilfiger;
- At September www.panorama.it recorded 12.5 million page hits (+70% against 2012) and 3 million single users (+75%) with a double digit growth compared to a 7% increase registered by the competition (source: Audiweb, August 2013);
- www.panorama-auto.it, with 1.1 million single users (+59% against 2012) and over 19 million page hits (+73%), continues to climb up towards the first positions in the automotive information rankings (currently fourth for page hits in the market of reference);

- the new www.tustyle.it website went online last June, in perfect synchrony with the positioning of the magazine, registering a good traffic performance in the first quarter with social network data standing out thanks to the live events during the fashion week; Facebook reaches 100,000 fans.

Magazines France

During the third quarter of 2013 the market of reference for Mondadori France showed signs of deterioration and reduced revenues both in terms of circulation and sales from advertising.

In this context sales of Mondadori France amounted to euro 262.9 million, down 7.6%.

EBITDA, equal to euro 21.8 million (euro 27.0 million in the same period of 2012), reflected the negative impact of costs for the development of digital activities and restructuring costs.

	(Euro/million)	(Euro/million)
	30 September 2013	30 September 2012
Revenues from magazines	255.0	277.3
Other revenues	7.9	7.2
	262.9	284.5
Operating costs	(241.1)	(257.5)
EBITDA	21.8	27.0
Amortisation and impairment	(8.9)	(9.0)
EBIT	12.9	18.0

Revenues from advertising sales: Mondadori France recorded revenues from advertising sales down 11.1% in value and 3.3% in volume, though the latter reduction is significantly better than the market average drop of 6.9% (source Kantar Media, August data). Mondadori France ranks second with a 11.2% market share (source: Kantar Media), up 0.4%.

Revenues from circulation: revenues from circulation include both sales at newsstands and subscriptions, representing approximately 72% of total revenues and showing a 6.5% reduction against the same period of last year.

Sales at newsstands dropped 5.7% against the market average of -7.0% in the January-September 2013 time span (internal source / data in value).

Despite this context, the monthly magazine *Pleine Vie* topped its sales record in September with over 180,000 copies sold at newsstands (+50% against the same issue of last year), showing a 22% progressive growth in the number of copies since January 2013.

The expansion strategy was continued. New products were successfully launched: *Closer Teen* (a magazine dedicated to teens) and *Vital by TopSanté* (a magazine dedicated to fitness and wellbeing).

Mondadori also successfully experimented a first "web to print" initiative by publishing the hardcopy version of the cooking website www.750g.com (4.0 million single users; source: Nielsen, data referred to 2012).

Attention to publishing quality remains a priority, pursued through the restyling of *Modes&Travaux*, *Sport-Auto*, *Science&Vie Junior*, *Grand Gibier* and *Auto-Journal* and *AutoPlus*.

New magazines dedicated to games were launched (*Slam Magazine* and *Fort Boyard* in collaboration with France Television) as well as a magazine dedicated to cooking (*MasterChef*, in collaboration with the famous television format broadcast by TF1).

Digital: Mondadori continued investing in the development of digital activities. The audience of the websites reached 5.0 million single users (source: Nielsen), up 20% over the same period of last year. Revenues rose by 19.8%.

The main websites (www.autoplus.fr, www.closermag.fr, www.grazia.fr and www.topsante.com) are steadily growing in traffic; the web and mobile audience continue to grow, reaching an increasingly sound and qualified publishing target. In particular, two websites show an audience steadily above one million single users (source: Nielsen). www.autoplus.fr with 1.4 million single users and www.closermag.fr with 1.2 million single users; www.topsante.com and www.grazia.fr aim to reach the same objective by 2014.

Mondadoro, the digital newsstand platform for online subscriptions, was entirely restyled (www.kiosquemag.com), offering a combination of hardcopy and digital magazine subscription, as well as entirely digital subscriptions. The objective is to double the sales generated by the platform in the next two years.

Lastly, www.naturabuy.fr, a website for classifieds, personals and auction sales for products associated with hunting, confirmed its encouraging growth, with transactions up 17.5% against the same period in 2012

Advertising services

The market

Sales from advertising in the first nine months of the year posted a 14.6% reduction (source: Nielsen) against 2012, confirming the difficulties registered in the last few years. Sales from advertising on the Internet, which in these difficult years had nevertheless maintained a positive performance, registered a slump (-2.6%).

The Company

Mondadori Pubblicità closed the first nine months of 2013 with revenues down 18.6% against the previous year.

	(Euro/million)	(Euro/million)
	30 September 2013	30 September 2012
Revenues from advertising	101.3	125.8
Other revenues	3.8	3.3
	105.1	129.1
Operating costs	(114.2)	(135.3)
EBITDA	(9.1)	(6.2)
Amortisation and impairment	(0.1)	(0.1)
EBIT	(9.2)	(6.3)

Revenues from advertising sales in Magazines reflected the overall drop in Mondadori magazines (-28.4%) as a result of the discontinued operations of some magazines; net of these effects, the reduction would be equal to 22.8%.

The performance described above is in any case above the market average (source: Nielsen, -24.3%) thanks to two main elements: on one side, the excellent result obtained from the combined activity of advertising space offered concurrently in the three main women's magazines *Grazia*, *Donna Moderna* and *Tu Style* and the initiatives regarding the magazines dedicated to cooking and interior design and, on the other, the persisting difficulties in the identification of potential investors in other sectors, including, specifically, fashion.

As to revenues from advertising on the Radio channel, the first nine months of 2013 recorded a 32% increase, thanks to the acquisitions of the concession of Radio Italia Solo Musica Italiana as of 15 April 2013 and Radio Subasio, a consolidated radio station operating in Central Italy and complementary with the other radio stations already in the portfolio, since September.

These transactions resulted in a substantial change in Mondadori Pubblicità's positioning in the radio market. With 8.9 million listeners on an average day net of replicas (source: Eurisko Radiomonitor 2012), the agency ranks among the first three industry operators and is the leader among women, which enables it to develop important synergies with its portfolio of Magazines and the Web.

Mediamond, the joint venture selling advertising space on the web, outperformed the market with +18.3% against the same period of last year, thanks to the excellent performance of Grazia (+26%) and Videomediaset (+42%).

Retail

Following the re-definition of the business area under examination, starting from the third quarter of 2013, the economic and financial data of the direct marketing activity, concentrated in Cemit Interactive Media, is reported in the Corporate and Other business segment. As a result, the data at 30 September 2012 were re-processed to enable the comparison with the first nine months of 2013.

The Retail Area operates through a network of 565 points of sale at 30 September 2013, including directly managed and franchised bookshops, multicenters, newsstands and book clubs.

Given the persistently grim economic scenario, which led to an additional slump in revenues, the process for the rationalization of the network continued with the shutting down of 32 locations in the period of reference.

As to products internally designed and developed:

- the Box for You proposal registered encouraging results with increasing sales which are expected to be further consolidated during the Christmas period, also thanks to the promotion activity, currently in the process of development, with Auchan, Euronics, Coop and Panorama. The offering was extended through the integration of four new products;

- the Emporio Mondadori branded products (plus other stationery products, small leather products and gifts) were recently subject to a price re-positioning activity which resulted in increased sales. A new gadget collection is expected to be launched soon;
- sales of gift cards, a new product launched in July and sold in the directly managed stores and on the www.inMondadori.it website, recorded a performance in line with expectations in the first weeks. The activity is expected to be extended also to the other franchised stores and book clubs by November and a re-chargeable gift card will also be made available to increase the flexibility of the product and meet customer demands.

Kobo, the new e-reader distributed in Italy in Mondadori Direct stores in different versions and formats, consolidated its success. The exclusive agreement for the sale of Kobo lapsed in October 2013 and for this reason a visual merchandising promotion activity is being developed for the sales point network.

Sales generated by the www.inMondadori.it website also recorded a downturn compared to the first nine months of 2012, both as a result of greater competition in the market and a general reduction in the purchase of consumer staples.

However, it should be noted that the number of new customers grew in the third quarter by 20% against the same period of last year.

The table below, detailing the main economic indicators of the first nine months of the last two financial years, confirms the trend described above.

	(Euro/million) 30 September 2013	(Euro/million) 30 September 2012
Revenues	149.1	154.3
Other revenues	4.3	3.8
	153.4	158.1
Operating costs	(160.2)	(162.4)
EBITDA	(6.8)	(4.3)
Amortisation and impairment	(4.1)	(4.3)
EBIT	(10.9)	(8.6)

Radio

Revenues from advertising in Italy heavily reflected the general crisis, with all media showing a more or less sharp downturn against 2012.

Radio, in particular, though still showing a plummeting trend (-14.4% at June), recorded -12.1% at September (source: Nielsen) with mild signs of loss reduction.

In this context, revenues from advertising generated by R101 were in line with the market trend as at 30 September 2013, reflecting the plunge in investment by the main product categories, including the automotive industry, and, also, the product's marked seasonality. Total revenues dropped 13.6% against 2012.

	(Euro/million)	(Euro/million)
	30 September 2013	30 September 2012
Revenues	8.9	10.3
Other revenues	-	-
	8.9	10.3
Operating costs	(12.0)	(11.9)
EBITDA	(3.1)	(1.6)
Amortisation and impairment	(1.2)	(1.3)
EBIT	(4.3)	(2.9)

From a broadcasting standpoint, in addition to the appointment of a person in charge of the development of content, the programme targeting format restyling and improvement was continued through the introduction of a series of actions, some of which have already been defined, while others are in the process of finetuning, to enable the radio station to seize all the opportunities that are expected to emerge along with the recovery of the market.

After the busy programme scheduling of the first half of the year ("Stramilano" city marathon, basketball and volleyball sports events and the "Giro d'Italia" bike race as official media partner), marketing actions concentrated on the organisation and sponsorship of important events throughout Italy, including the Volleyball League Summer Tour, the Turin World Master Games and Love&MuSIC, an event in memory of Marco Simoncelli.

This year as well, *R101* sponsored one of the world's most important cinema events, the 70th Venice Film Festival, as official media partner.

In the January-September 2013 time span the activities developed on the www.r101.it website resulted in a average-per-month number of single users steadily above 220,000 and page hits over 3.6 million against 1.5 million in 2012 (source: Google Analytics).

Performance on the main social networks was also positive: Facebook, with approximately 292,000 fans (280,000 at June and 200,000 at the end of 2012) and Twitter followers with approximately 34,000 fans (22,000 at June and 12,000 at the end of 2012).

Corporate and other business

The Corporate segment includes – besides organisations managing the Group's financial assets – Parent Company functions providing services to Group companies and the different business areas as well as, following completion of the re-definition of the Retail Area segment, direct marketing.

Mondadori International

The financial assets managed by the Company at 30 September 2013 amounted to euro 73.8 million (euro 70.9 million at the end of 2012). In the period of reference, the Company posted a loss totalling euro 0.2 million.

Financial assets at 30 September include current accounts, cash equivalents and receivables due from the parent company as a result of intercompany current account management.

All floating rate bonds available for sale were transferred in the first half of 2013, generating a total of euro 0.5 million.

Corporate and other business

These services are mainly associated with activities regarding ITC, administration, management control and planning, treasury and finance, human resources, legal and corporate affairs and public relations.

Revenues mainly refer to amounts billed to subsidiaries and associated companies as well as other entities using the services described above.

Cemit Interactive Media S.p.A.

Cemit is market leader in the offering of diversified strategies for the design and development of one-to-one communication tools and CRM (*Customer Relationship Management*) tools, thanks to a large data bank of over 30 million private users and companies, which is constantly updated.

Despite the current market scenario, which has been characterized in the last few years by a progressive reduction in investments for advertising, in the first nine months of 2013 the Company generated sales equal to euro 11.8 million, slightly up against euro 11.6 million at September 2012.

Financial position

Mondadori Group's financial position at 30 September 2013 showed a deficit of euro 376.9 million, as shown in the table below.

Net financial position	(Euro/million) 30 September 2013	(Euro/million) 31 December 2012	(Euro/million) 30 September 2012
Cash and cash equivalents	35.3	166.8	99.2
Held-for-sale financial assets	-	13.3	12.0
Assets and liabilities resulting from derivative instruments	(9.8)	(14.9)	(15.3)
Other financial liabilities:	(2.8)	12.3	18.1
Loans (short and medium/long term)	(399.6)	(445.1)	(460.0)
Net financial position	(376.9)	(267.6)	(346.0)

The world economy continues to grow, though at a slower pace due to the loss of impetus of the emerging economies in the summer period.

In the United States there are still uncertainties associated with the decisions to be made on public finance, which have been recently only temporarily solved and are therefore still pending a final resolution.

In the euro zone the first signs of recovery have become visible, with projections of modest growth in the second half of 2013, also favoured by the relieved situation in the international financial markets.

The European Central Bank confirmed its intention to keep the official rate on levels at least equal to the current ones for a prolonged period, consistently with the projected inflation rates in the medium period.

In this context, the Euribor remained depressed, with an average value for the nine months of 2013 equal to 0.214%; the average cost of Mondadori Group debt in the same period was equal to 3.31%.

The euro/dollar exchange rate at 30 September 2013 was equal to 1.317, with a trough of 1.36 at the end of January and a peak of 1.278 towards the end of March, showing a progressive downturn in the third quarter.

The British pound steadily depreciated against the euro (0.875 mid-March) in the first half of 2013, and recovered strongly in the third quarter. The average euro/sterling exchange rate in 2013 was equal to 0.852.

The overall credit lines available to the Group at 30 September 2013 amounted to euro 978.3 million, of which euro 679.5 committed.

The Group's short-term loans totalling euro 298.8 million, used for euro 44.9 million at 30 September 2013, included overdraft credit lines on current accounts and advances subject to collection.

The main medium-long term loans at 30 September 2013 are:

- euro 320.0 million for a float rate bank loan with expiry in December 2014, granted by a pool of leading banks with international standing; the loan specifically includes a term loan for euro 150.0 million and a Revolving Facility for euro 170.0 million, still unutilised; some Interest Rate Swaps contracts have been attached to the term loan for the purpose of transforming the float rate into fixed;
- a float rate loan for euro 200.0 million, granted by Intesa Sanpaolo, with expiry in December 2016, broken down into a term loan for euro 50.0 million and a revolving facility for euro 150.0 million, used for a total of euro 75.0 million at 30 September; an Interest Rate Swap contract was attached to part of the *Term Loan*, with expiry in January 2014;
- a float rate amortising loan for euro 52.0 million, specifically a *Term Loan*, granted by a pool of leading Italian banks with expiry in June 2015; an *Interest Rate Swap Amortising* contract is attached to part of the loan;
- a float rate bullet loan for euro 50.0 million, specifically a term loan, granted by Mediobanca, with expiry in December 2017; an *Interest Rate Swap* contract was attached to the term loan for the purpose of transforming the float rate into fixed;
- a float rate bullet loan for euro 50.0 million, specifically a Revolving Credit Facility, granted by Mediobanca in July 2011 with expiry in December 2017, utilised for euro 15.0 million at 30 September.

Mondadori re-negotiated credit lines for a total of euro 570 million. In particular, a new loan contract was signed with a pool of five banks for an amount equal to euro 270 million, with instalments of equal amount falling due in 2016-2017-2018, replacing the credit lines about to expire for approximately euro 380 million.

Existing credit lines were also re-negotiated, for a total amount of euro 300 million, including a euro 200 million loan issued by Intesa Sanpaolo with expiry date at the end of 2016 and a euro 100 million loan issued by Mediobanca, which expires at the end of 2017. The all-in cost for all credit lines at nominal value amounts to 485 base points (+Euribor). Waivers to the current net debt/EBITDA covenants for 2013 and 2014 were defined to complete the process of organizational restructuring and re-launch.

Personnel

Employees with a fixed-term or permanent labour contract employed by the Group companies at 30 September 2013 totalled 3,539 people, showing a reduction in employee count by 164 units (-4.4%) against the end of 2012 and 204 units (-5.5%) against the same period of the previous year, confirming the Group's concerted efforts to contain costs.

In terms of business areas, the sharpest reduction in employee count refers to the parent company Arnoldo Mondadori Editore, where, due to the combined effect of the pre-retirement decree for the graphic design staff, mainly belonging to the Central Units, and the restructuring plan for the journalists of the Magazines Italy area, the total headcount dropped by 8% on a year-on-year basis.

Also, with reference to subsidiary and associated companies, the effect of the cost containment policy led to a 6% reduction in jobs against the same period of last year, one third of which involved, in particular, the Retail Area.

Net of extraordinary items, the cost of personnel dropped to euro 17.3 million, down 8.6% against the same period of 2012, as a result of both the reduced number of employees and several redundancy arrangements made. More specifically, the Parent Company posted a 10% reduction in the cost of personnel, the Italian subsidiaries by over 12% and Mondadori France by over 4%.

It should be noted that the Parent Company's restructuring plans for the Central Units and the Magazines Italy area, as well as for the subsidiaries Mondadori Pubblicità and Press-Di, are expected to progress until April 2014 and May 2015, respectively, thus resulting in additional savings in the upcoming financial years.

The following table provides a detailed overview of Group personnel at 30 September 2013:

Personnel	30 September 2013	31 December 2012	30 September 2012
Arnoldo Mondadori Editore S.p.A.			
- Managers, journalists, office staff	1,072	1,126	1,169
- Blue collar workers	85	84	84
	1,157	1,210	1,253
Italian subsidiaries:			
- Managers, journalists, office staff	1,345	1,416	1,430
- Blue collar workers	63	55	72
	1,408	1,471	1,502
Foreign subsidiaries:			
- Managers, journalists, office staff	974	1,022	988
- Blue collar workers	-	-	-
	974	1,022	988
Total	3,539	3,703	3,743

Capital expenditures

During the first nine months of 2013, the Group made investments for a total of euro 2.6 million, mostly referring to furniture, décor and office equipment, as well as equipment for the radio business.

Relevant events after closure

No relevant events have occurred after closure.

Other information

The interim report at 31 September 2013 was drafted pursuant to the IAS/IFRS accounting principles and the valuation criteria adopted are in line with those used at 31 December 2012.

The document provides the information and disclosures required by Article 154 ter, par. 5 of Italian Legislative Decree 58/1998.

For the purpose of comparing the accounting data contained in this document with those contained in previous reports and providing consistent disclosures to the market, this interim report regarding the third quarter of 2013 also keeps the same layout used for the previous quarterly reports.

Therefore, international accounting principle No. 34 was not applied in the matter of interim financial reporting.

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

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

Foreseeable evolution

The actions implemented by the Group in relation to the changed strategy and organization and the cost containment policy adopted involved all the business areas and are expected to generate additional positive effects also in the last part of the year. As a result, the EBITDA margin (before restructuring costs and extraordinary items) is expected to be in line with that of the same period of 2012.

With reference to the entire financial year 2013, should the market scenario fail to show signs of recovery, EBITDA is expected to be significantly lower than the previous year's level, considering also the large difference in extraordinary items and restructuring costs.

For the Board of Directors
The Chairman
Marina Berlusconi

The Executive Manager responsible for the drafting of the corporate accounting documentation - Carlo Maria Vismara – hereby declares, pursuant to Art. 154 bis, par. 2, of the Finance Consolidation Act, that the accounting documentation contained in this Interim Report corresponds to the Company's accounting entries, books and results.

The Executive Manager responsible for the drafting of the corporate accounting documentation.

Carlo Maria Vismara

Consolidated balance sheet and income statement

Consolidated balance sheet

Assets	30 September 2013	31 December 2012
Intangible assets	737,002	745,999
Investments	3,207	3,238
Land and buildings	8,714	9,258
Plant and machinery	12,443	14,178
Total other tangible assets	22,239	26,318
Property, plant and equipment	43,396	49,754
Investments booked at equity	57,300	59,125
Other investments	1,538	1,374
Total investments	58,838	60,499
Non-current financial assets	2,871	5,571
Advanced tax assets	48,166	50,630
Other non-current assets	2,421	1,965
Total non-current assets	895,901	917,656
Tax receivables	98,361	61,872
Other current assets	105,525	85,225
Inventory	123,657	129,627
Trade receivables	310,609	335,423
Stocks and other current financial assets	18,477	32,073
Cash and cash equivalents	35,277	166,838
Total current assets	691,906	811,058
Assets held for sale or transferred	-	-
Total assets	1,587,807	1,728,714

Consolidated balance sheet

Liabilities	30 September 2013	31 December 2012
Shareholders' equity	64,079	64,079
Share premium reserve	170,625	210,200
Treasury shares	(73,497)	(73,497)
Other reserves and results carried forward	245,674	365,836
Profit (loss) for the period	(32,326)	(166,119)
Group's Shareholders' equity	374,555	400,499
Minority shareholders' equity and reserves	31,743	33,313
Total Shareholders' equity	406,298	433,812
Provisions	60,741	61,858
Post-employment benefits	50,521	53,877
Non-current financial liabilities	386,654	387,321
Deferred tax liabilities	91,107	89,393
Other non-current liabilities	-	-
Total non-current liabilities	589,023	592,449
Income tax payables	11,920	2,689
Other current liabilities	224,190	248,191
Trade payables	309,553	366,811
Payables due to banks and other financial liabilities	46,823	84,762
Total current liabilities	592,486	702,453
Liabilities held for sale or transferred	-	-
Total liabilities	1,587,807	1,728,714

Consolidated income statement

	30 September 2013	30 September 2012
Revenues from sales and services	931,244	1,028,400
Decrease (increase) of inventory	5,970	4,664
Cost of raw, ancillary, consumption materials and goods	122,781	150,711
Cost of services	553,402	590,857
Cost of personnel	206,089	204,937
Other (income) cost	33,160	20,171
Revenues (costs) from investments valued at equity	(961)	6,257
EBITDA	8,881	63,317
Depreciation and impairment loss on property, plant and equipment	8,544	8,485
Amortisation and impairment loss on intangible assets	9,912	10,014
EBIT	(9,575)	44,818
Financial revenues (costs)	(16,659)	(12,540)
Revenues (costs) from other investments	-	-
Profit before taxes for the period	(26,234)	32,278
Income tax	4,392	14,657
Profit from operations	(30,626)	17,621
Income (cost) from financial assets held for sale or transferred	-	-
Net result	(30,626)	17,621
Attributable to:		
- Minority shareholders	1,700	1,317
- Parent Company's shareholders	(32,326)	16,304
Net earnings per share (in euro units)	(0.14)	0.07
Diluted net earnings per share (in euro units)	(0.14)	0.07

(*) Following the application as of 1 January 2013 (with retroactive effect) of the revised IAS 19, data was re-processed for comparison purposes.

In particular, the Group's shareholders' equity and minority shareholders' equity increased by euro 1,158 thousand and 24 thousand, respectively, compared to the data published in the consolidated financial statements as at 31 December 2012. These effects have been respectively allocated to a specific net equity reserve and under "Minority shareholders' equity and reserves" item. The Group's net result increased euro 180 thousand against the value recorded at 30 September 2012.

Consolidated comprehensive income statement

	30 September 2013	30 September 2012
Net result before minority interest	(30,626)	17,621
Income (loss) deriving from the conversion of currency denominated financial statements of foreign companies	-	-
Other profit (loss) from companies valued at equity	(66)	(145)
Effective part of profit (loss) on cash flow hedge instruments	4,961	(3,647)
Income (loss) deriving from assets held for sale (<i>fair value</i>)	2,221	860
Actuarial income/ (losses)	(355)	(248)
Tax effect on other profit (loss)	(382)	719
Total other profit (loss) net of tax effect	6,379	(2,461)
Comprehensive result for the period	(24,247)	15,160
Attributable to:		
- Parent Company's shareholders	(25,947)	13,843
- Minority shareholders	1,700	1,317

For the Board of Directors
 The Chairman
 Marina Berlusconi

Consolidated income statement - third quarter

	Third quarter 2013	Third quarter 2012 (*)
Revenues from sales and services	318,952	352,193
Decrease (increase) of inventory	5,614	4,630
Cost of raw, ancillary, consumption materials and goods	42,844	52,170
Cost of services	181,646	190,174
Cost of personnel	58,091	62,987
Other (income) cost	15,455	16,082
Revenues (costs) from investments valued at equity	(1,135)	1,139
EBITDA	14,167	27,289
Depreciation and impairment loss on property, plant and equipment	2,861	2,906
Total amortisation of intangible assets	3,212	3,378
EBIT	8,094	21,005
Financial revenues (costs)	(6,105)	(4,328)
Revenues (costs) from other investments	-	-
Profit before taxes for the period	1,989	16,677
Income tax	6,472	8,163
Profit from operations	(4,483)	8,514
Income (cost) from assets/liabilities held for sale or transferred	-	-
Net result	(4,483)	8,514
Attributable to:		
- Minority shareholders	694	(232)
- Parent Company's shareholders	(5,177)	8,746

For the Board of Directors
The Chairman
Marina Berlusconi