

Mondadori Group 1Q15 Results

Investor Presentation – Conference call

May 12th 2015



Agenda



1Q15 Highlights



1Q15 Results

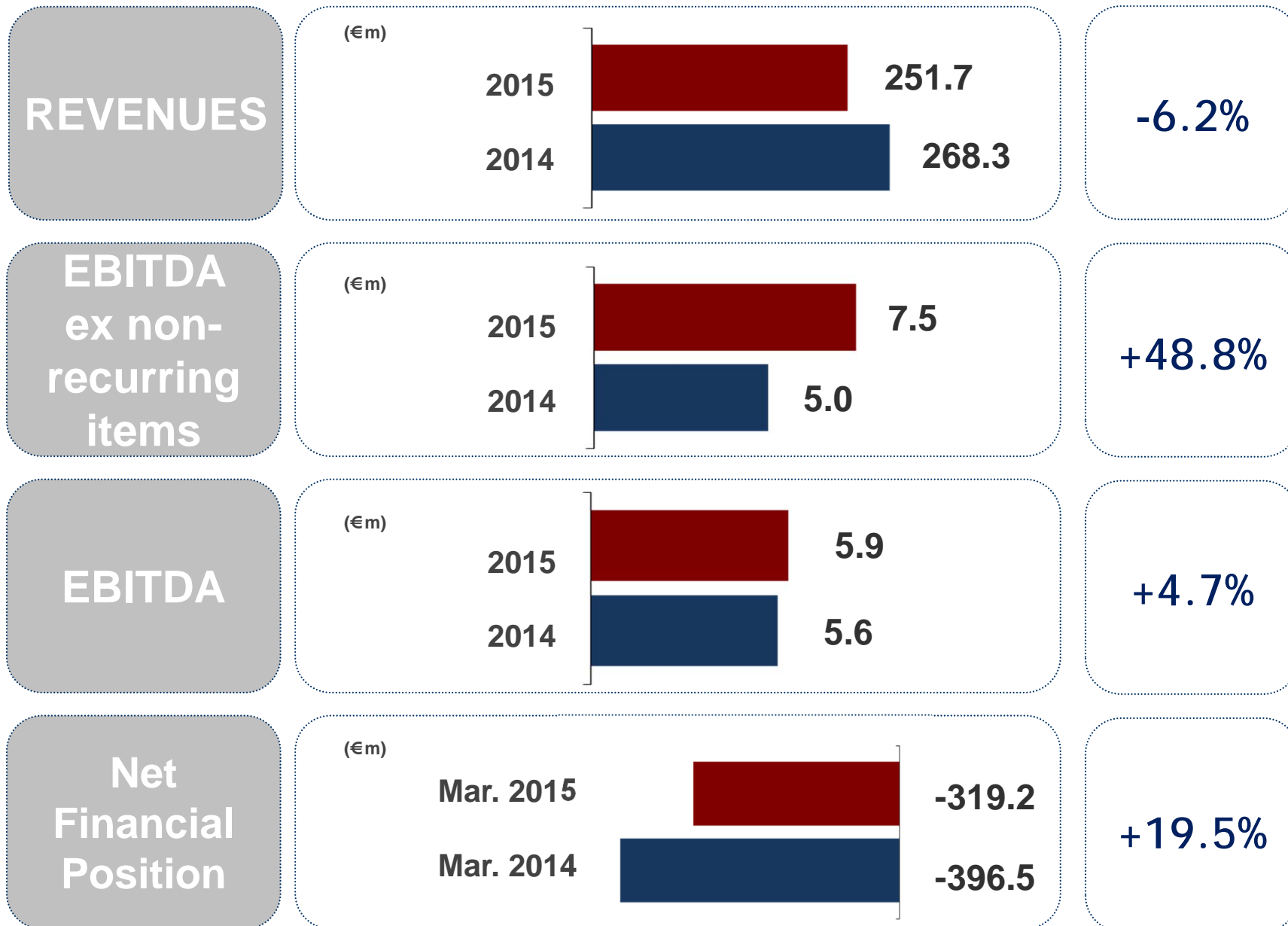


Focus on Business Areas



FY 2015 Outlook

1Q15 Highlights

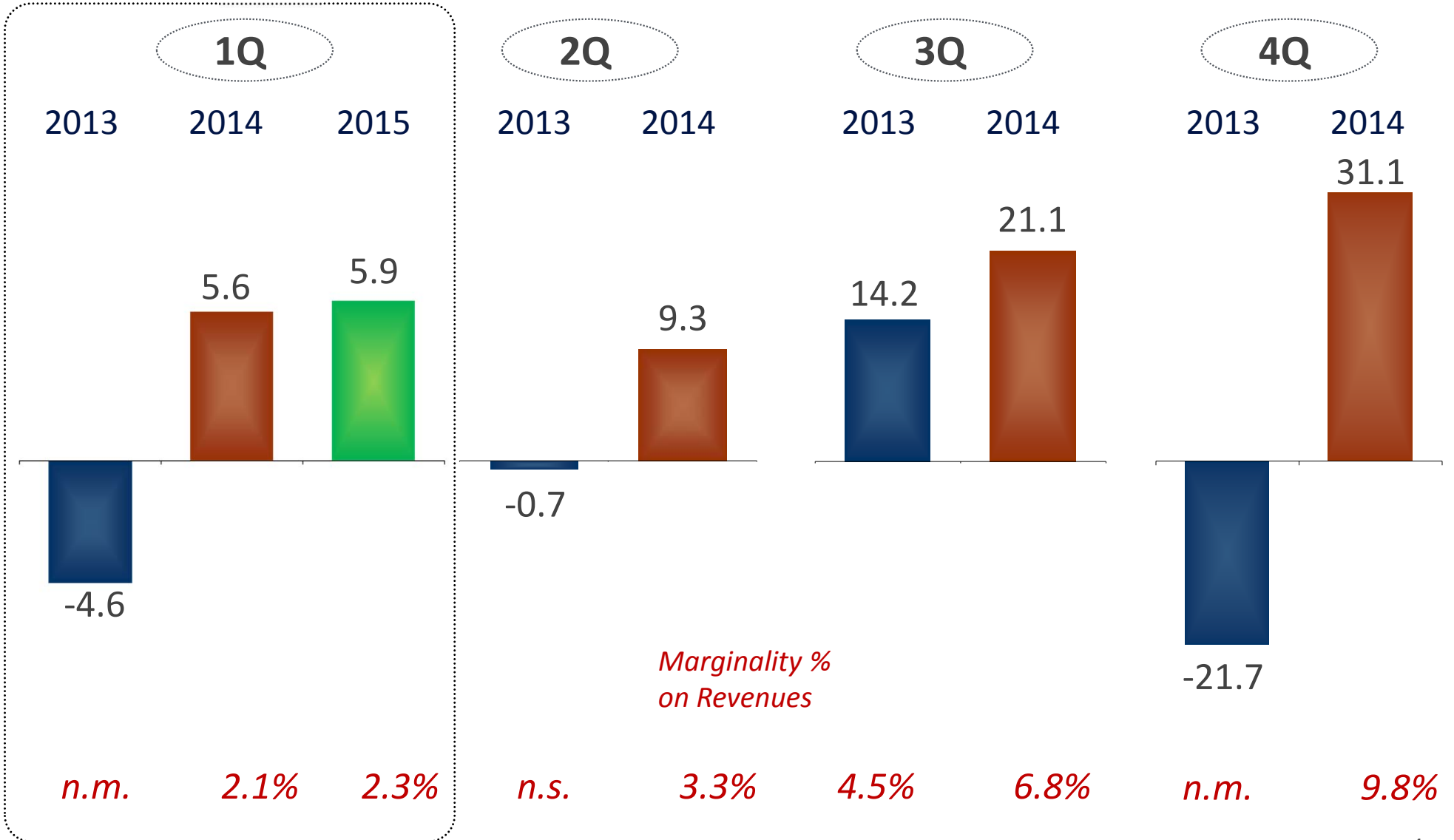


1Q15 Highlights

€ m



Quarterly continuous EBITDA improvement



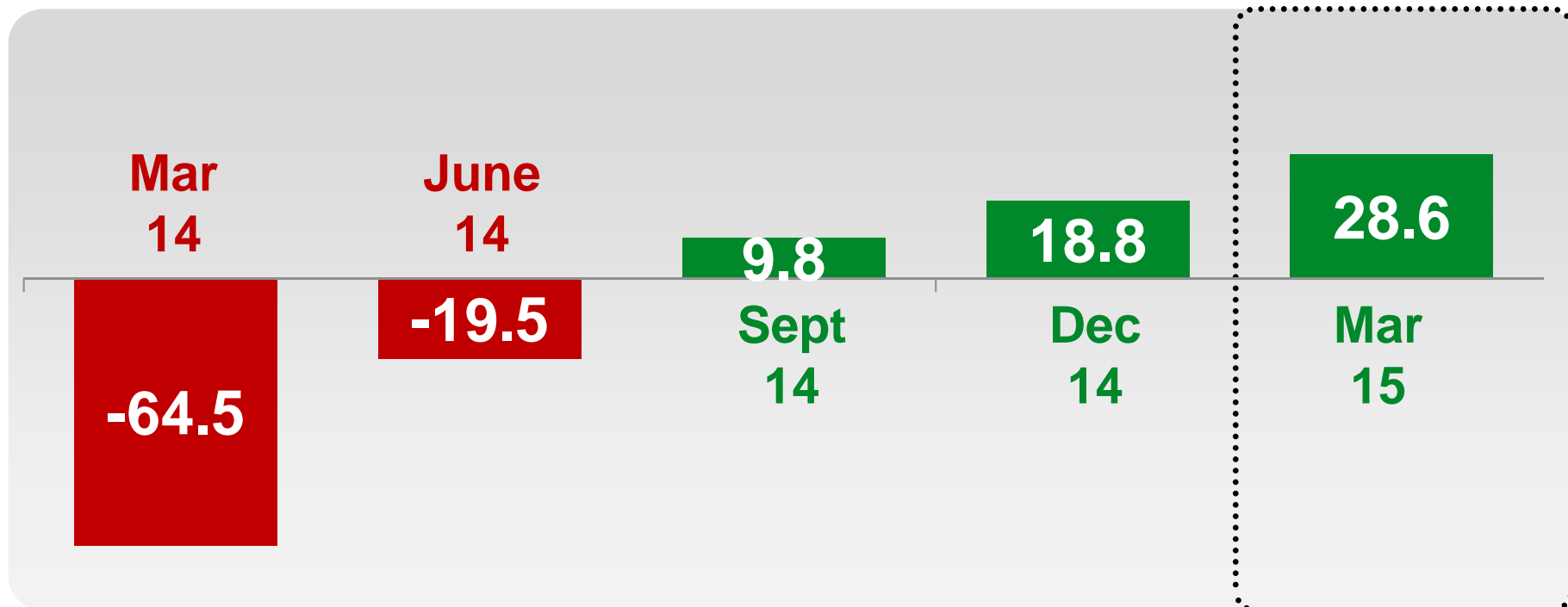
Highlights 1Q15



Quarterly cash-generation increase confirmed

€ m

Ordinary Cash Flow (LTM)



Agenda

 1Q15 Highlights

 ***1Q15 Results***

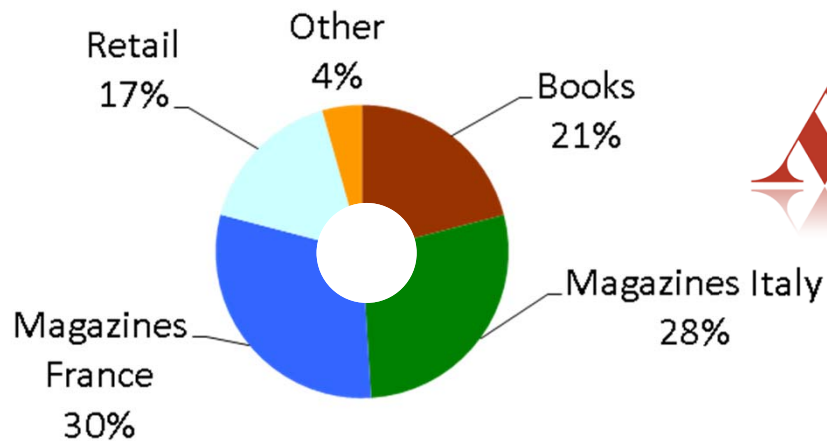
 Focus on Business Areas

 FY 2015 Outlook

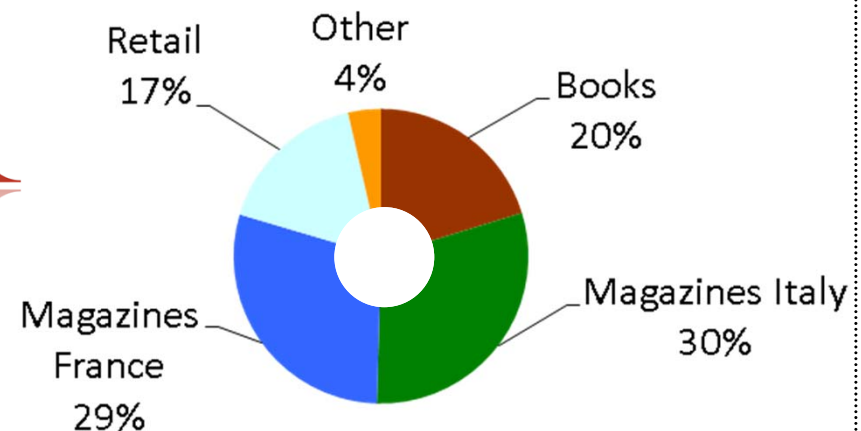
1Q15 - Revenues by Business Area

€ m	1Q 2015	1Q 2014	Var.
Books	55.8	56.8	-1.8%
Magazines Italy*	74.6	84.7	-11.9%
Magazines France	79.9	81.7	-2.2%
Retail	44.0	47.2	-6.8%
Radio	2.9	2.6	9.5%
Holding & Other	8.8	7.5	17.4%
Intercompany	-14.3	-12.2	n.m.
Net Revenues	251.7	268.3	-6.2%

1Q 2015



1Q 2014



* Nell'area Periodici Italia dal 1° gennaio 2015 sono incluse le attività dell'area Pubblicità

1Q15 - EBITDA by Business Area

EBITDA BEFORE NON RECURRING ITEMS

€ m	1Q 2015	1Q 2014	Margin % 2015	Margin % 2014	Var. (€ m)
Books	2.7	1.4	5%	2%	↑ 1.3
Magazines Italy	6.5	6.0	9%	7%	↑ 0.5
Magazines France	4.7	5.8	6%	7%	↓ -1.1
Retail	-1.9	-3.4	-4%	-7%	↑ 1.5
Radio	-1.3	-1.2	n.m.	n.m.	↓ -0.1
Holding & Other	-3.2	-3.6	n.m.	n.m.	↑ 0.4
EBITDA	7.5	5.0	3.0%	1.9%	2.5

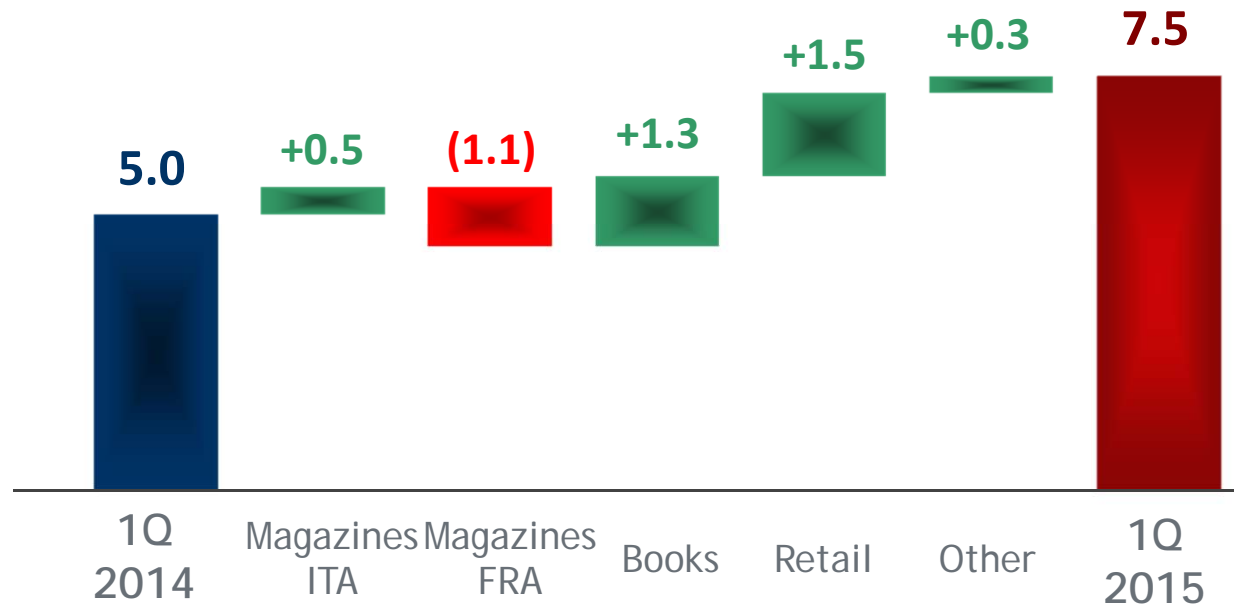


REPORTED EBITDA

€ m	1Q 2015	1Q 2014	Margin % 2015	Margin % 2014	Var. (€ m)
Books	0.3	1.3	1%	2%	-1.0
Magazines Italy	6.3	6.9	8%	8%	-0.6
Magazines France	4.8	5.2	6%	6%	-0.4
Retail	-1.9	-3.7	-4%	-8%	1.8
Radio	-1.1	-1.2	n.m.	n.m.	0.1
Holding & Other	-2.5	-2.9	n.m.	n.m.	0.4
EBITDA	5.9	5.6	2.3%	2.1%	0.3

1Q15 - EBITDA generation

**EBITDA
BEFORE NON
RECURRING
ITEMS**

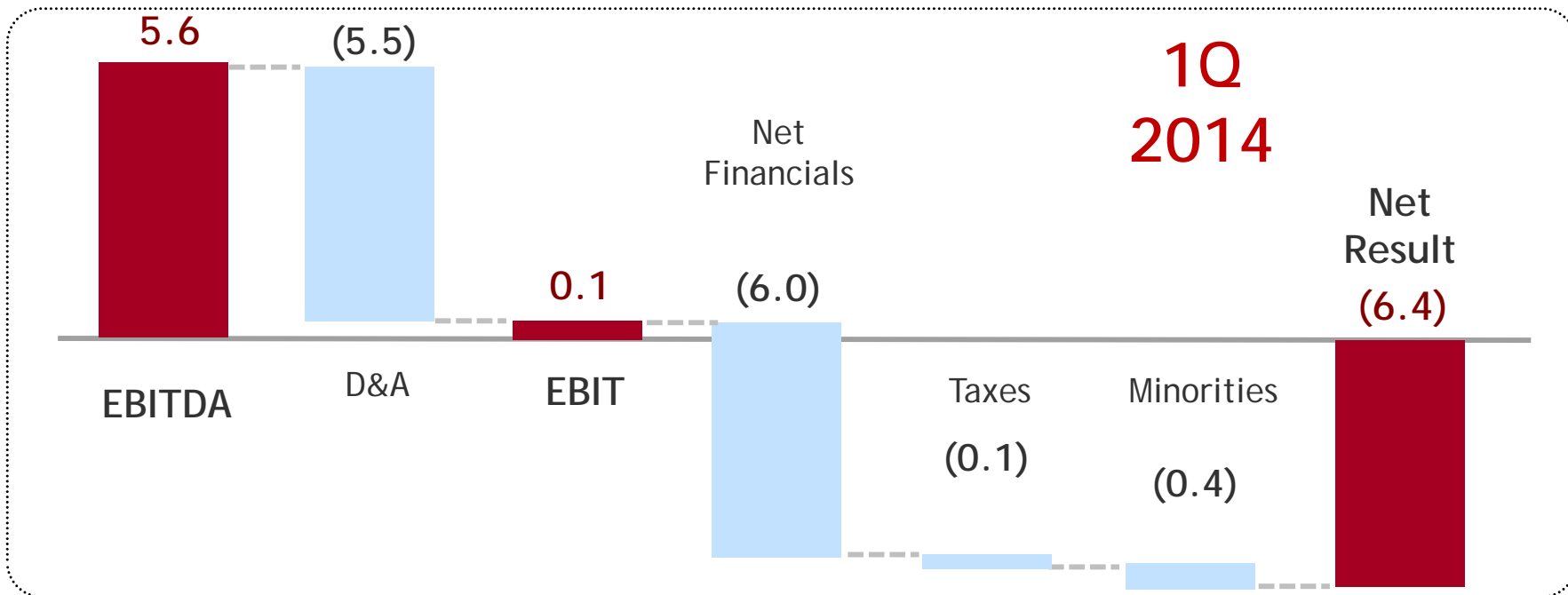
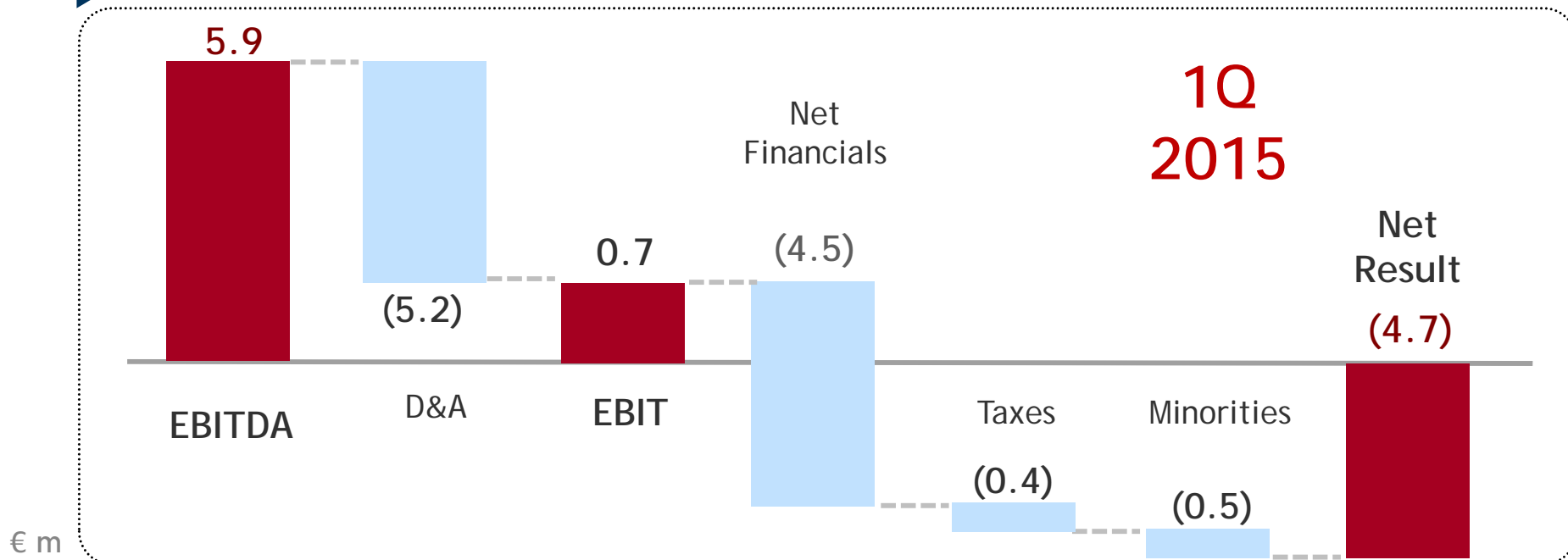


€ m

**REPORTED
EBITDA**



1Q15 - From EBITDA to Net Result

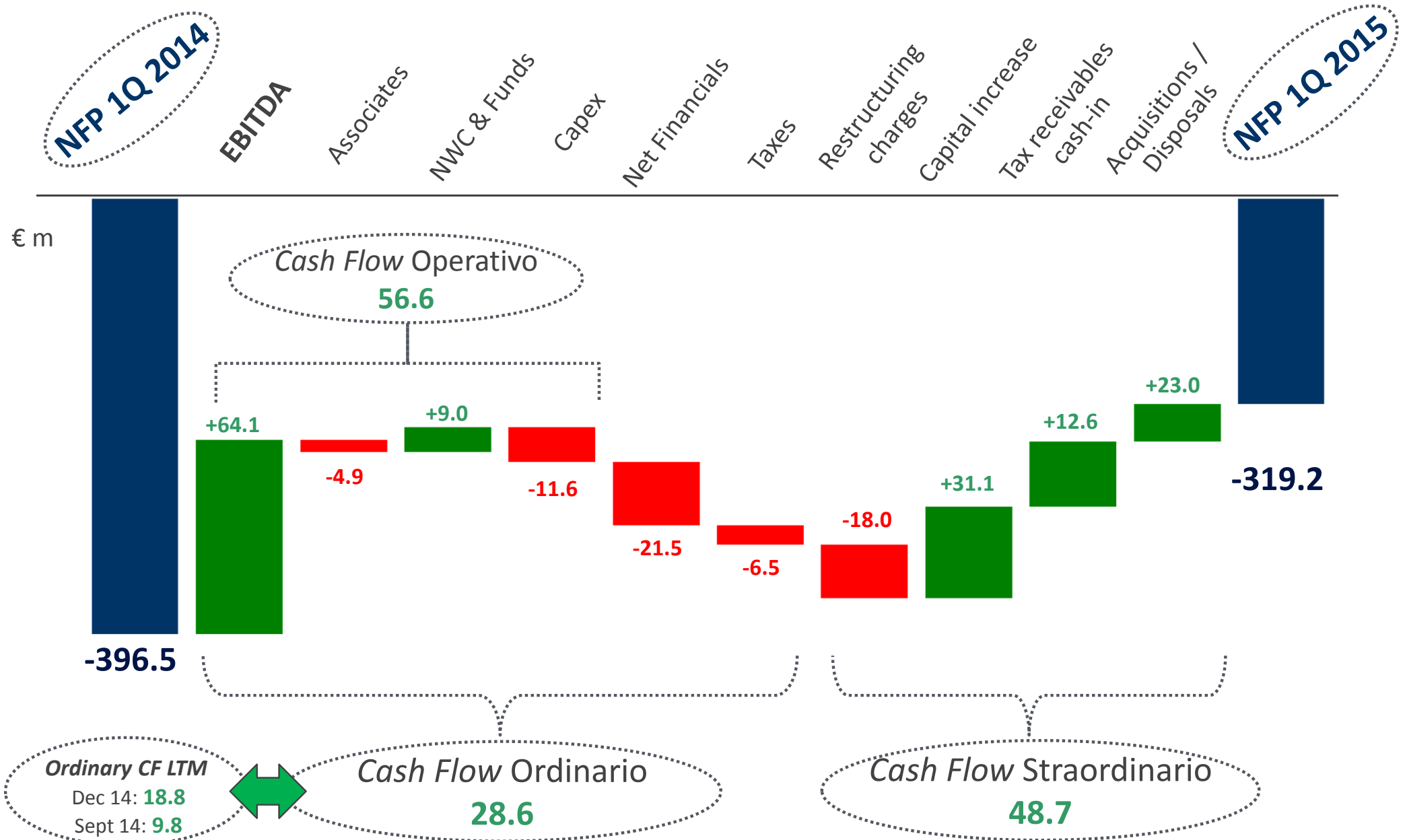


1Q15 - P&L



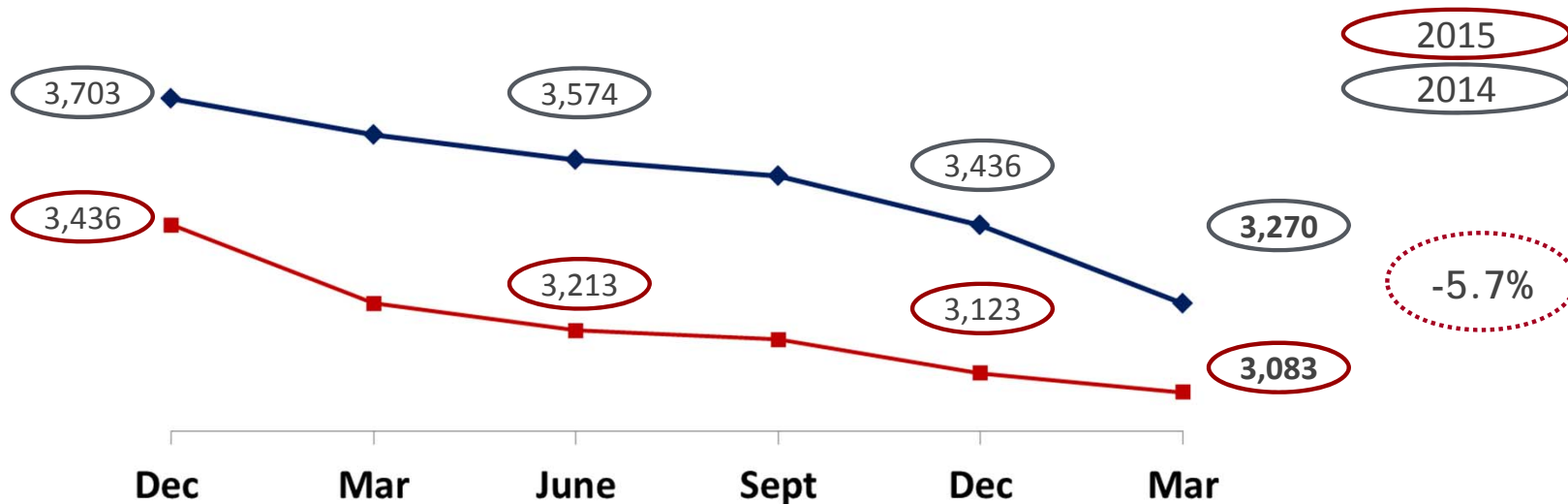
€m	1Q 2015	Inc %	1Q 2014	Inc %	Var. %
Net Revenues	251,7	100,0%	268,3	100,0%	-6,2%
COGS	99,7	39,6%	112,8	42,0%	-11,7%
Variable costs	49,8	19,8%	51,8	19,3%	-3,8%
Fixed costs	41,5	16,5%	44,9	16,7%	-7,4%
Labour costs	54,2	21,5%	58,1	21,7%	-6,7%
Other (income) / expenses	-2,5	-1,0%	-5,4	-2,0%	-53,4%
Associates	-1,5	-0,6%	-1,2	-0,4%	-30,2%
EBITDA before non recurring items	7,5	3,0%	5,0	1,9%	48,8%
Restructuring costs	-3,0		-1,8		67,8%
Positive / (negative) non recurring items	1,5		2,4		-39,2%
EBITDA	5,9	2,3%	5,6	2,1%	4,7%
D&A	5,2	-2,0%	5,5	-2,1%	-7,2%
EBIT	0,7	0,3%	0,1	0,0%	n.s.
Net Financials	-4,4	1,8%	-6,0	2,2%	-25,0%
Revenues (costs) from other investments	-0,1				n.s.
Pre-Tax Result	-3,8	-1,5%	-5,9	-2,2%	34,6%
Taxes	0,4	0,2%	0,1	0,1%	n.s.
Minority Interests	0,5	0,2%	0,4	0,2%	n.s.
Net Result	-4,7	-1,9%	-6,4	-2,4%	27,2%

1Q15 - LTM Cash Flow generation

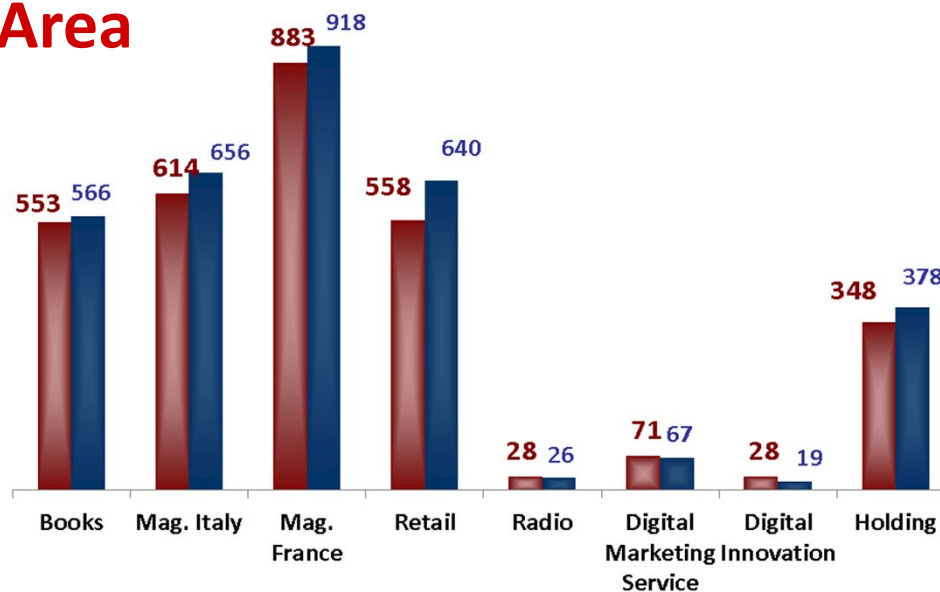


Evoluzione *Headcount* - 1Q15

Total Headcount evolution



Headcount by Area



Agenda

 1Q15 Highlights

 1Q15 Results

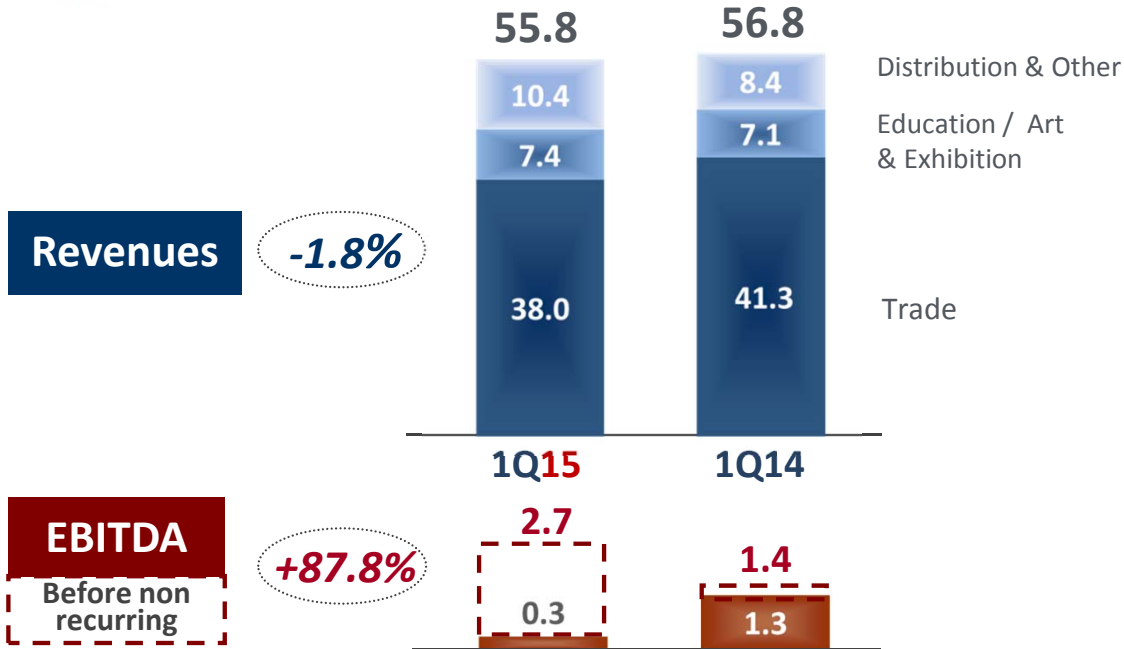
 ***Focus on Business Areas***

 FY 2015 Outlook

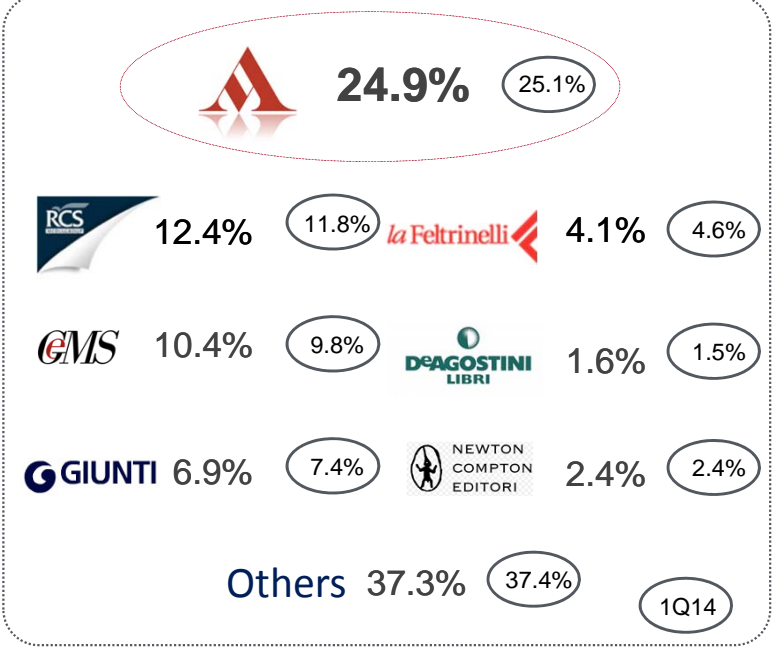
Highlights 1Q15 - Books



1Q 2015 Performance (€m)



Market Share - 1Q 2015

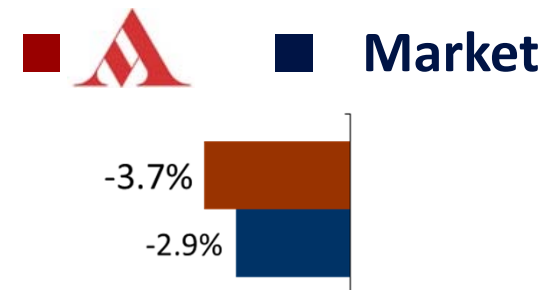


REVENUES down:

- Trade Books:** greater than the market decrease, affected by a selective publishing policy aimed at boosting profitability; digital revenues (e-book) growing by 23%
- Libri Educational:** revenues up by 3% (although first quarter is seasonally not relevant)
- Revenues from **distribution activities** on behalf of third publishers sharply up (+24%)

EBITDA before non recurring items up from 1.4 to 2.7 Euro million thanks to more efficient operating procedures

Mondadori vs Market



Decline in the market, in particular in the large-scale retailer channel (-8.5% towards -13.4% in 2014)

Highlights 1Q15 – Magazines Italy

Including Advertising area's activities

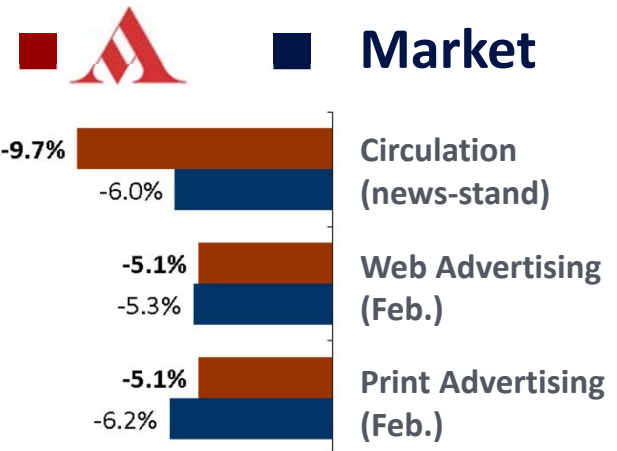
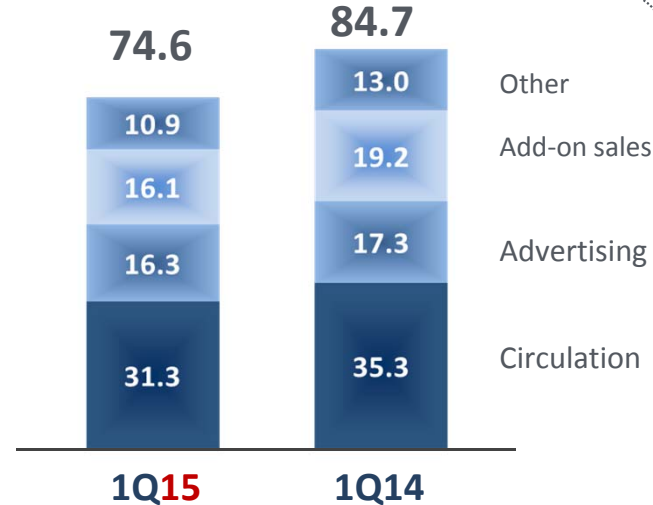


1Q 2015 Performance (€m)

Mondadori vs Market

Revenues

-11.9%



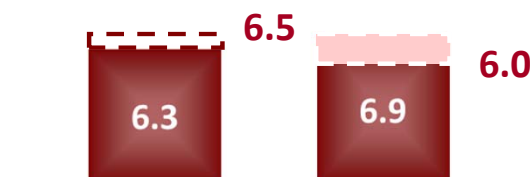
▲ Circulation Market Share at 31.8% (33% in March 2014)

▲ Advertising collection basically in line with the reference market

EBITDA

Before non recurring

+9.5%



REVENUES down by 11.9% (-11.2% on a like-for-like basis*):

- ▲ Revenues from circulation, down by 11.3% (-9.8% on a like-for-like basis*), affected by the markets performance and the rigorous policy driven to select the most profitable initiatives both for subscriptions and news-stands (the latter -5,2% net of lower on-pack activities)
- ▲ Revenues from advertising sales (print+web) down by 5.7% (-5.1% on a like-for-like basis*)
- ▲ Add-on sales dropping by 15.9% also due to the selection of initiatives, aimed at supporting profitability, and to a different scheduling
- ▲ Mondadori International: revenues essentially flat (+0.2%)

EBITDA net of non recurring items up by 9.5% as a result of the important re-organization implemented in the editorial and operating structures, despite the revenue reduction and the promotional costs to launch *Grazia Shop*

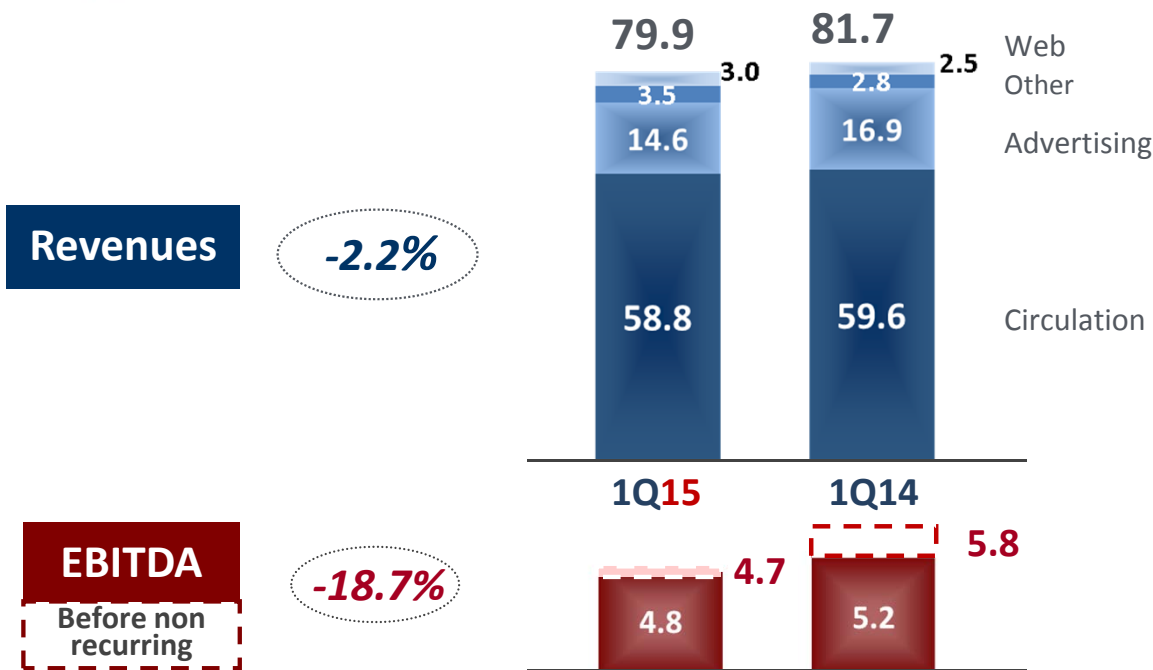
Reported EBITDA in 1Q 2014 (€ 6.9 million) included a capital gain of approx. € 1 million (resulting from *Mediamond* contribution)

* In 1Q15 2 titles less in portfolio

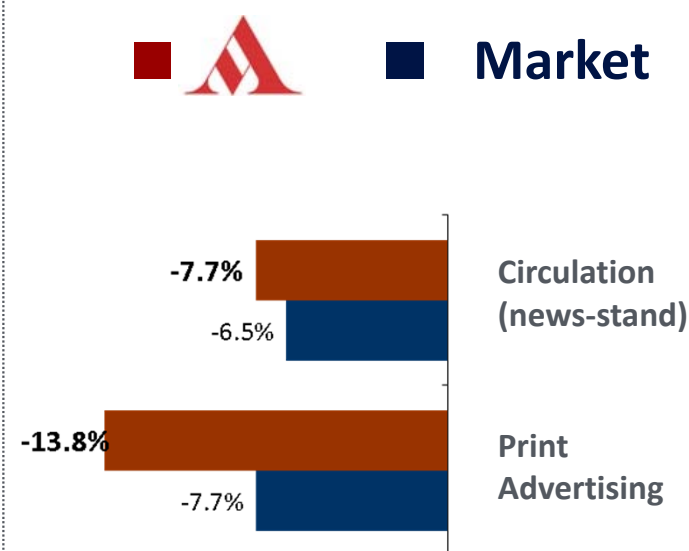
Highlights 1Q15 - Magazines France



1Q 2015 Performance (€m)



Mondadori vs Market



REVENUES down by 2.2%:

- Revenues from **circulation** -1.3%, of which news-stands -7.7% (1Q 2014 benefitted from «Hollande scoop» by the Closer magazine) and subscriptions +0.4%
- Revenues from **advertising sales (print+web)** down by 9.6% of which digital (14% of revenues) grew by 26%

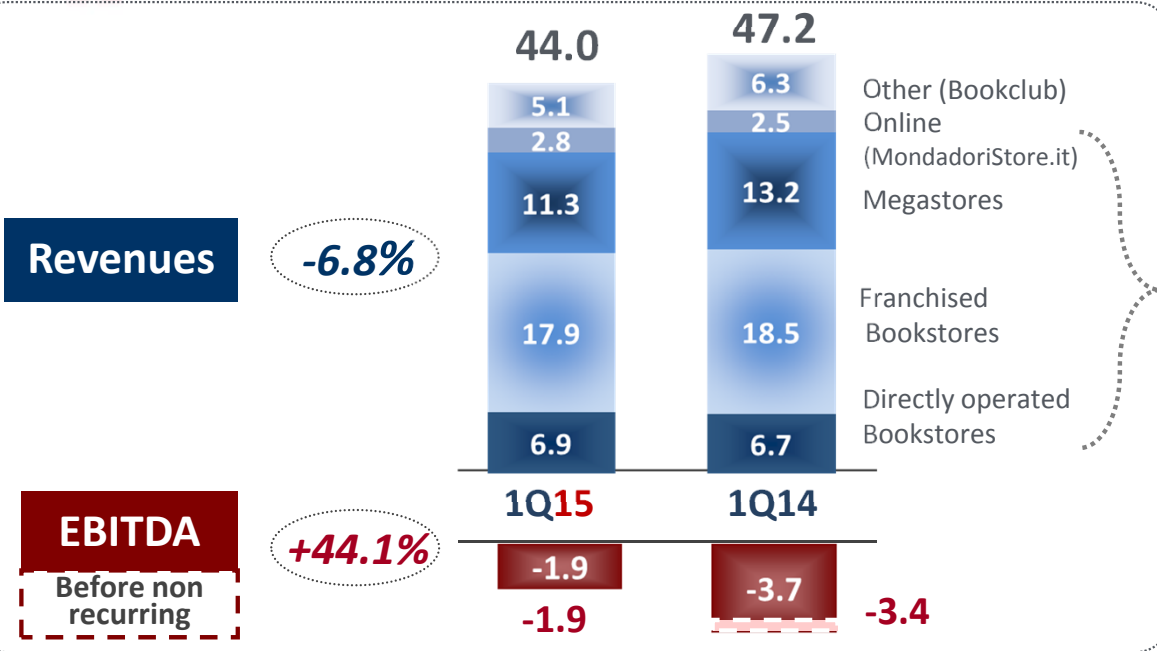
EBITDA net of non recurring items down by Euro 1.1 million; - €0.4 million including restructuring charges.

Actions targeted to structure rationalization and editorial cost control in order to support profitability are continuously carried on.

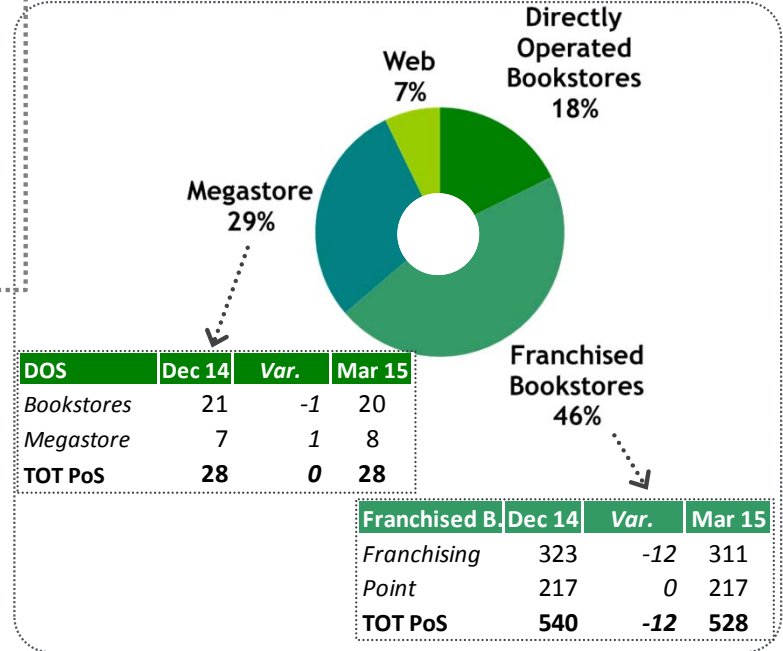
Highlights 1Q15 - Retail



1Q 2015 Performance (€m)



1Q15 Revenues* by channel



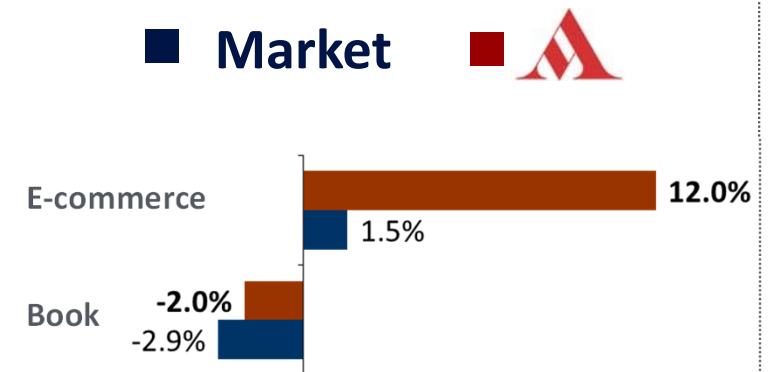
REVENUES:

- Directly operated bookstores +4.0%
- Franchised bookstores -3.2% with a steady performance in the Book sales
- Megastores down due to the Vittorio Emanuele flagship store disposal (Milan)
- online sales up 12.0%

EBITDA net of non recurring items significantly improved thanks to:

- Gross margin improvement in Book & Consumer Electronic products
- Lower incidence of promotional, fixed and labour costs

1Q15 vs Book Market = 77% of Total Revenues*



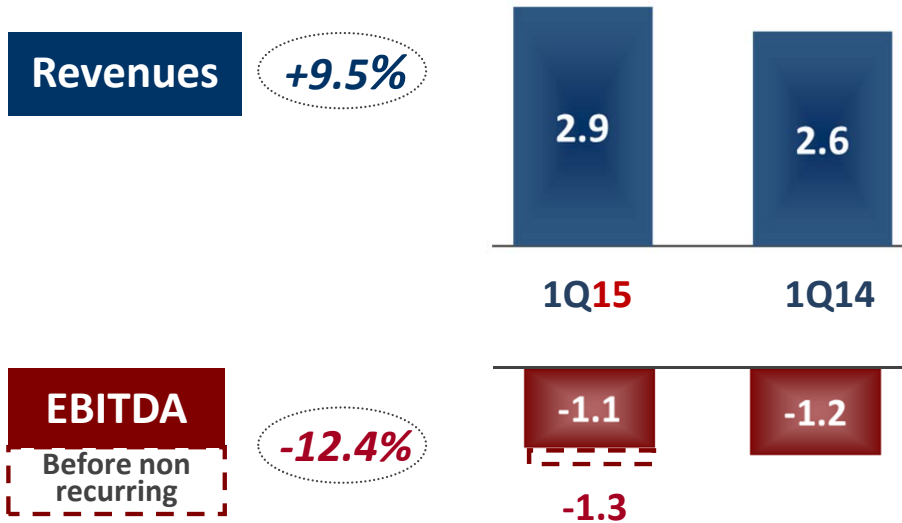
* "Total Store" Revenues; not including Bookclub

Source: GFK, March 2015 (value data)

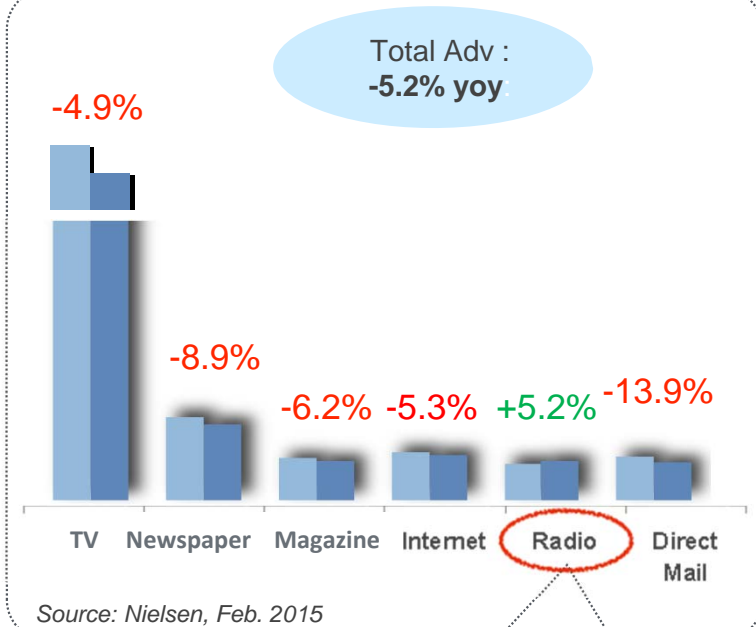
Highlights 1Q15 - Radio R101



1Q 2015 Performance (€m)



Adv Market Jan - Feb. 2015



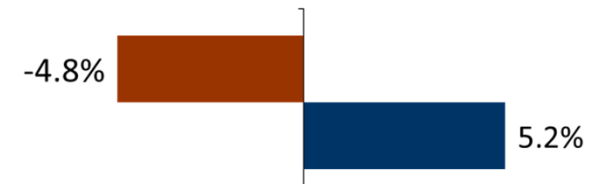
REVENUES up 9.5% thanks to the new TV channel starting operations in June 2014

EBITDA net of non recurring items, negative for Euro 1.3 million (from Euro -1.2 in 1Q 2014), reflected higher promotion costs for the launch of the new TV channel, compensated by the cost reductions reached in the technical and artistic area

EBITDA, including non recurring items, benefitted in 2015 from the positive contribution of the disposal of a transmission system (+€0.2 million)



Market

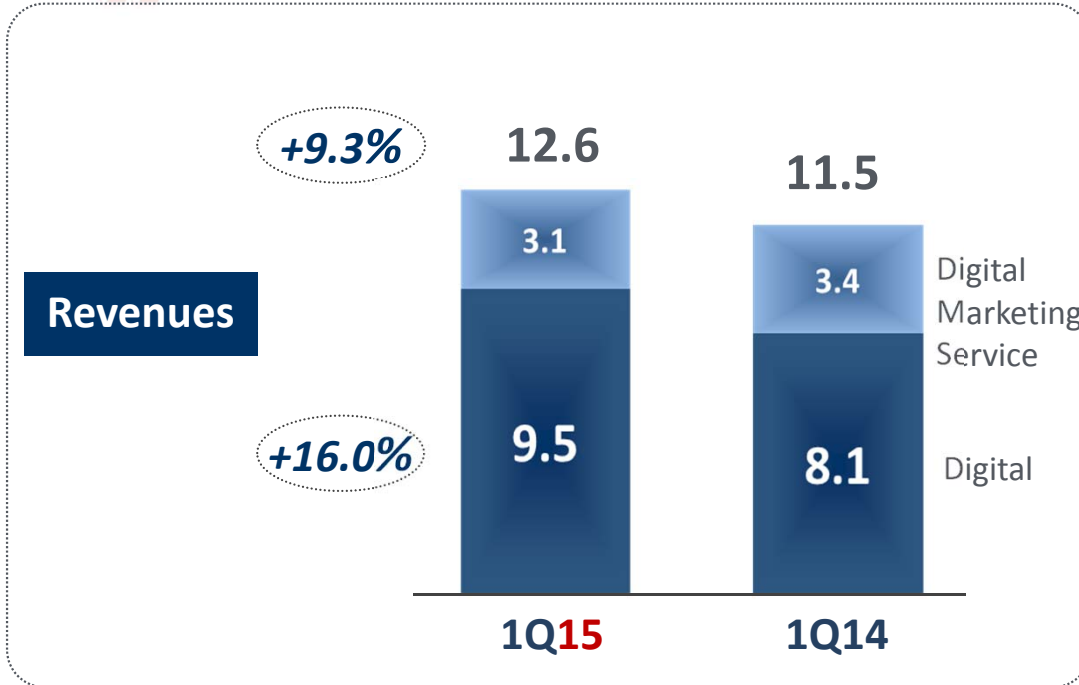


Advertising collection **lower** than the market (Feb. data) penalized by the audience performance

Highlights 1Q15 - Digital



1Q 2015 - Performance* (€m)



Audience properties



Italy

Advertising revenues: -5.1%, in line with the reference market (Grazia.it +9.3%)

Audience: relevant growth (+25%) at **18.4 million unique browsers**

- *Grazia* (+29%)
- *Panorama* (+12%)



France

Advertising revenues: +26% (14% of total)

Audience: **unique visitors at 8.6 milioni** in February (+27% on 2014 average)



REVENUES up by 9.3%



Revenues from **Digital Marketing Services** down dueo to the shift of some projects of Cemit, only partially off-set by new digital products

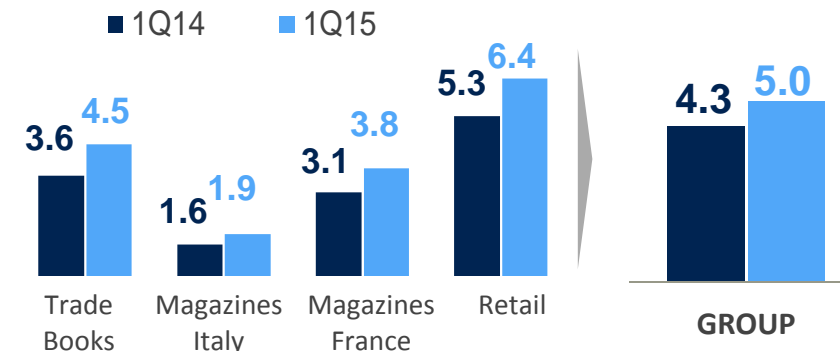


Revenues from **purely digital activities** rose by 16%



Digital contribution to consolidated revenues up at 5%

% Digital Revenues on Total




* Revenues are accounted in the different Business Areas and in the Parent Company

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-  1Q15 Highlights
-  1Q15 Results
-  Focus on Business Areas

 ***FY 2015 Outlook***

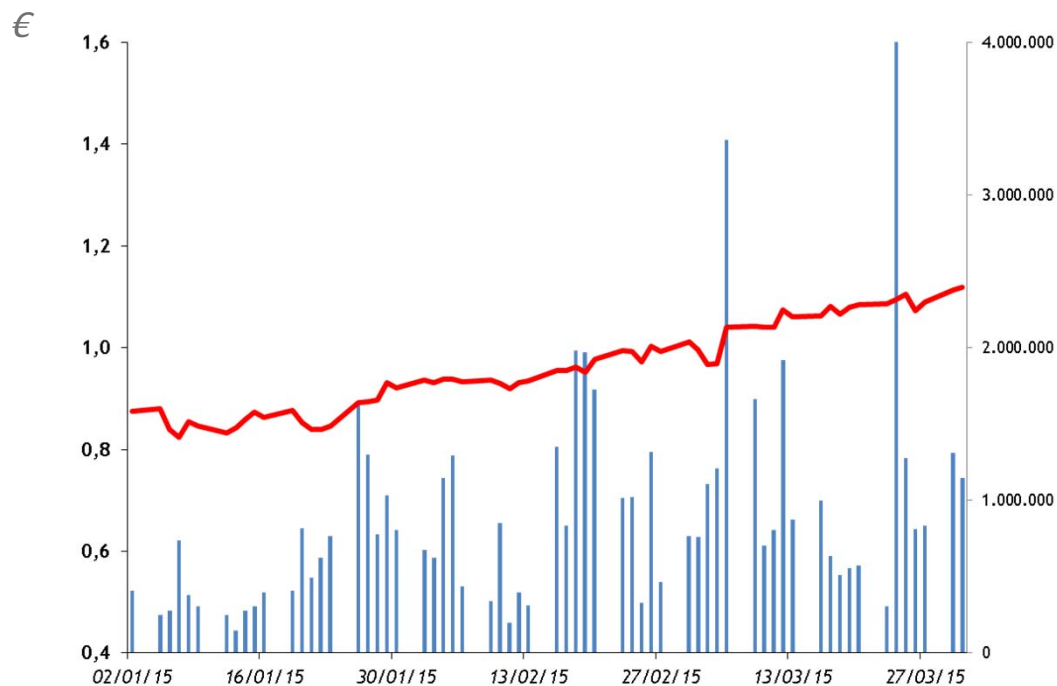
 Based on the Group's performance in the first months of 2015 and the **optimization actions** targeted to operating processes and cost structure of all business areas, as well as the measures aimed at **mitigating the downturn in revenues** resulting from market performance, it is reasonable to confirm the 2015 estimate of a **sustained growth in Group's operating EBITDA** as already indicated in the presentation of the financial statements at 31 December 2014. In parallel, activities focused on a rigorous evaluation of the possible disposal of the Group's non-core assets are continued.

 Consistently with the description above and notwithstanding the higher investments and eventual changes in the Digital area, the **Net Financial Position is also expected to improve** towards 2014 year end.

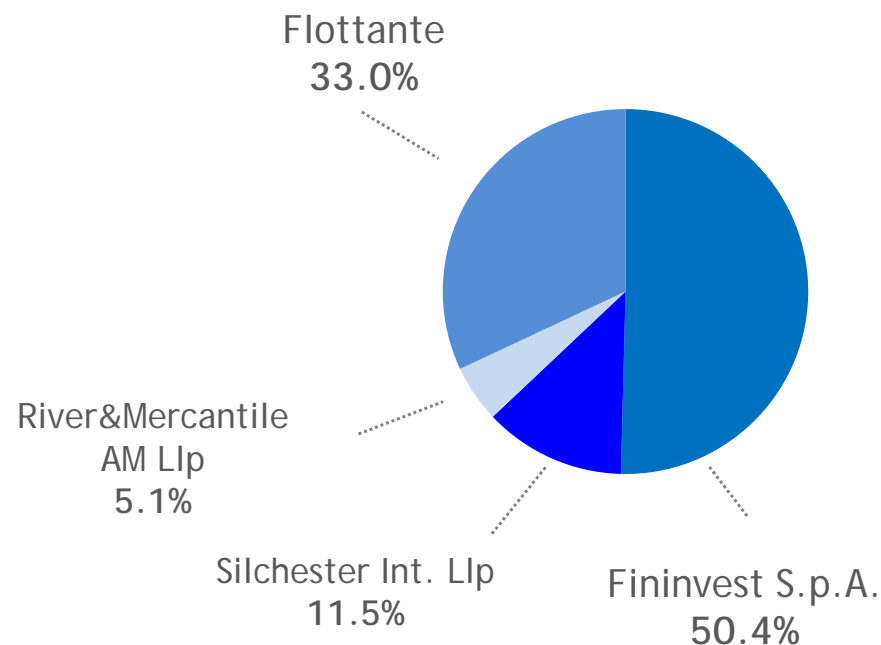
ATTACHMENTS

Company Profile

Stock Performance (1Q 15)



Current Shareholding Structure



Share Information

Ticker	MN IM (Bloomberg). MN.MI (Reuters)
Market Cap.	€285 m
Shares outstanding	261,458,340
Last 30 days avg. daily trade	654,980

1Q15 Consolidated Balance Sheet



€m	31.03.2015	31.03.2014	31.12.2014	Delta 1Q15/1Q14	Delta % 1Q15/1Q14
Trade receivables	254.1	266.0	268.7	-11.9	-4.5%
Inventory	116.7	122.6	108.4	-5.9	-4.9%
Trade payables	-337.9	-336.4	-347.4	-1.5	0.4%
Other assets/(liabilities)	0.3	18.7	-11.1	-18.4	-98.4%
NWC	33.2	70.9	18.6	-37.7	-53.2%
Intangible asstes	600.8	619.1	601.6	-18.3	-3.0%
Tangible assets	35.6	41.9	37.1	-6.3	-15.0%
Investments	40.0	37.9	39.6	2.1	5.4%
Fixed invested capital	676.4	698.9	678.3	-22.5	-3.2%
Provisions and severances	-105.2	-120.1	-116.0	14.9	-12.4%
NET INVESTED CAPITAL	604.4	649.7	580.9	-45.3	-7.0%
SHAREHOLDERS' EQUITY	285.2	253.2	289.1	32.0	12.6%
NFP	319.2	396.5	291.8	-77.3	-19.5%
NET INVESTED CAPITAL	604.4	649.7	580.9	-45.3	-7.0%



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.

Investor Relations

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