

**INTERIM REPORT
ON OPERATIONS
AT 30 SEPTEMBER 2015**

ARNOLDO MONDADORI EDITORE S.p.A.

Share Capital Euro 67,979,168.40

Legal Offices in Milan

Administrative Offices in Segrate (Milan)

**INTERIM REPORT
ON OPERATIONS
AT 30 SEPTEMBER 2015**

Arnoldo Mondadori Editore S.p.A.

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**MONDADORI GROUP
HIGHLIGHTS IN THE FIRST
NINE MONTHS OF 2015**

(Euro/million)	9M2015	9M2014	Var. %*
Mondadori Group			
Revenues	817.1	851.9	(4.1%)
EBITDA before non-recurring items	48.0	43.6	10.0%
<i>% EBITDA on revenues</i>	5.9%	5.1%	
EBITDA	48.8	40.2	21.3%
<i>% EBITDA on revenues</i>	6.0%	4.7%	
EBIT	30.0	24.0	24.7%
<i>% EBIT on revenues</i>	3.7%	2.8%	
Result from continuing operations	6.6	(3.8)	n.s.
Business Areas			
Revenues	817.1	851.9	(4.1%)
Books	232.7	238.9	(2.6%)
Magazines Italy	224.0	231.0	(3.0%)
Magazines France	246.8	254.2	(2.9%)
Retail	131.6	144.9	(9.2%)
Other business, Corporate and Digital Innovation	25.4	20.9	21.4%
Intercompany	(43.3)	(38.0)	13.8%
EBITDA	48.8	40.2	21.3%
Books	39.6	34.8	13.7%
Magazines Italy	3.3	0.4	n.s.
Magazines France	20.0	22.3	(10.0%)
Retail	(2.8)	(6.0)	n.s.
Other business, Corporate and Digital Innovation	(11.3)	(11.3)	0.3%
Balance Sheet			
	30.09.2015	30.09.2014	Var. %*
Shareholders' equity	285.0	280.3	1.7%
Net financial position	(243.6)	(327.4)	(25.6%)
Human Resources			
End-of-period headcount	3,090	3,194	(3.3%)

* Changes in this report were calculated on amounts expressed in euro thousands.

COMPOSITION OF CORPORATE BODIES

Board of Directors*

CHAIRMAN

Marina Berlusconi

CEO

Ernesto Mauri

DIRECTORS

Pier Silvio Berlusconi

Pasquale Cannatelli

Bruno Ermolli

Alfredo Messina

Martina Forneron Mondadori**

Daniilo Pellegrino

Roberto Poli

Oddone Pozzi

Angelo Renoldi**

Mario Resca

Cristina Rossello**

Marco Spadacini**

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Board of Statutory Auditors*

CHAIRMAN

Ferdinando Superti Furga

STANDING STATUTORY AUDITORS

Francesco Antonio Giampaolo

Flavia Daunia Minutillo

SUBSTITUTE STATUTORY AUDITORS

Annalisa Firmani

Ezio Maria Simonelli

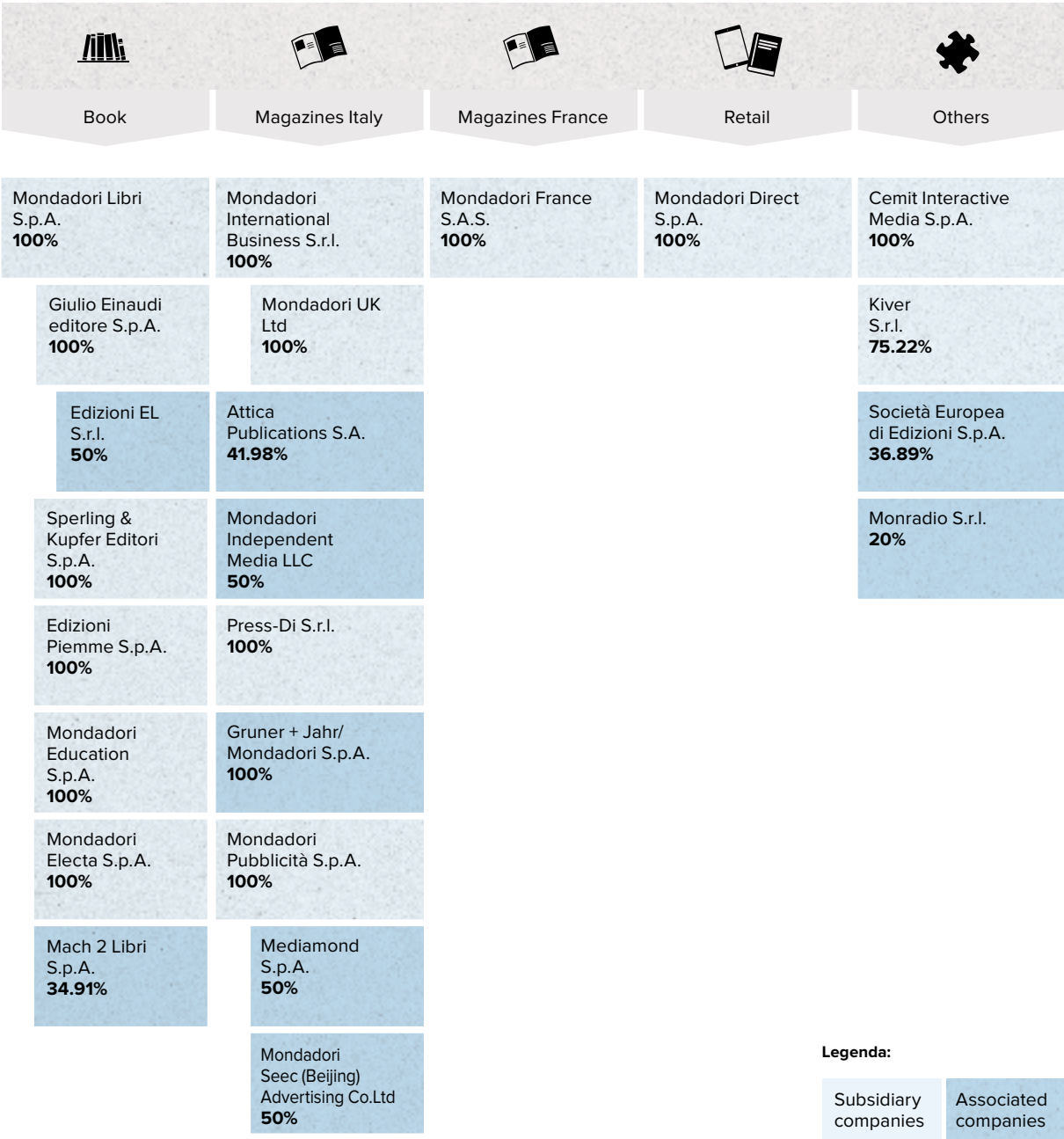
Francesco Vittadini

* The Board of Directors and the Board of Statutory Auditors currently in office were appointed by the Shareholders' Meeting of 23 April 2015.

** Independent Director.

MONDADORI GROUP ORGANIZATION

ARNOLDO MONDADORI EDITORE S.P.A.



Legenda:

Subsidiary companies	Associated companies
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**Directors' Report on Operations
at 30 September 2015**

The international macroeconomic scenario over the summer months remained characterized by high uncertainty due to the continuing geopolitical tensions (in Europe concerning the situation in Greece) as well as the slowdown in the emerging economies and in global trade.

Recent developments in the Chinese economy, only partially mitigated by the positive performance of the US economy, helped to fuel stock market volatility.

In the **Euro area** growth in the second quarter stabilized at +0.4% against +0.5% of the first quarter, with different performances at the national level. Comprehensively, the economic recovery and the improved financial conditions have had a positive impact on domestic demand and on reducing unemployment.

In **Italy**, in 2015 the economic situation improved, favouring a new economic recovery: in the first two quarters of 2015 the changes in GDP were equal to +0.4% and +0.3% respectively, exceeding analysts' projections and showing a reversal after 14 consecutive negative or zero-growth quarters (since the beginning of 2011). Full year GDP projections in Italy were revised at 0.7% with a bullish trend at 0.9% (up from 0.7%).¹ Therefore, 2016 projections increase from 1.4% to 1.6% mainly as a result of the progressive growth of domestic demand.²

Unemployment, projected to remain in 2015 essentially in line with the previous year (12.6%), posted a performance above expectations in August at 11.9%³, a rate that was expected to be achieved at the end of 2016.²

In **France**, the second quarter closed with a growth rate essentially in line with the first quarter at 0.7%⁴; GDP for 2015 is expected to grow by approximately 0.9%; and unemployment also remained steady, in line with the full-year projections at approximately 10.3%⁴ and with the values of the previous year.

MAIN ELEMENTS OF MONDADORI GROUP'S AREAS OF ACTIVITY IN THE PERIOD OF REFERENCE AGAINST MARKET PERFORMANCE:

• Italy

- in the Trade **Books Area**, down by 2.0% in the first nine months of the year (GfK at September), yet progressively recovering quarter after quarter (1Q: -2.9%; 2Q: -2.4%; 3Q: -0.5%), the Group confirmed its leadership despite a slight market share reduction (25.0% against 25.9% at September 2014);
- also in the **Magazines Italy** Area, despite the negative trend recorded in the market both in terms of circulation - down by 7.2% (internal source, newsstand channel at August) – and sales from advertising – down by 3.6% (source: Nielsen at August) - Mondadori confirmed its leadership with a 32.0% market share in circulation (slightly up from 31.8% at August 2014).

• France

The magazines market showed a bearish trend both in terms of sales from advertising, down 8.0% (source: Kantar Media, data at July) and circulation, which fell by 3.9% at newsstands (internal source, data at August excluding the extraordinary edition of *Charlie Hebdo* in February).

¹ Source: Update to the *Documento di Economia e Finanza* (Ministry of Economy and Finance), 18 September 2015.

² Source: *Bollettino economico* No.3 - Bank of Italy, July 2015.

³ Source: Monthly note on economic performance in Italy, ISTAT, September 2015.

⁴ Source: Insee, August 2015.

CONSOLIDATED FINANCIAL HIGHLIGHTS FOR THE FIRST NINE MONTHS OF 2015

Consolidated income statement (Euro/million)	9M2015	% on revenues	9M2014	% on revenues	Var. %
Revenues from sales and services	817.1	100.0%	851.9	100.0%	-4.1%
Cost of goods sold	316.6	38.7%	349.6	41.0%	-9.4%
Variable costs	177.0	21.7%	169.8	19.9%	4.3%
Fixed costs	114.8	14.1%	125.9	14.8%	-8.8%
Cost of personnel	159.8	19.6%	164.3	19.3%	-2.8%
Other (income) cost	-0.7	-0.1%	-3.5	-0.4%	n.s.
Revenues from affiliates	-1.6	-0.2%	-2.2	-0.3%	24.7%
EBITDA before non-recurring items	48.0		43.6		10.0%
<i>% EBITDA on revenues</i>	5.9%		5.1%		
Re-organization costs	-6.6		-4.3		51.6%
Extraordinary positive/(negative) items	7.4		0.9		n.s.
EBITDA after non-recurring items	48.8		40.2		21.3%
<i>% EBITDA on revenues</i>	6.0%		4.7%		
Depreciation, amortization and impairments	18.8	2.3%	16.2	1.9%	16.2%
EBIT	30.0		24.0		24.7%
<i>% on revenues</i>	3.7%		2.8%		
Net financial costs	-13.7	-1.7%	-17.8	-2.1%	-22.8%
Income /cost) from investments	-0.1	0.0%			
Result before taxes	16.1		6.2		158.3%
<i>% on revenues</i>	2.0%		0.7%		
Taxes	7.7	0.9%	8.0	0.9%	-3.2%
Minorities	1.8	0.2%	2.0	0.2%	-10.9%
Result from continuing operations	6.6		-3.8		n.s.
<i>% on revenues</i>	0.8%		-0.4%		
Result from discontinuing operations	-9.4	-1.2%	-3.8	-0.4%	148.6%
Net result	-2.8		-7.5		n.s.
<i>% on revenues</i>	-0.3%		-0.9%		

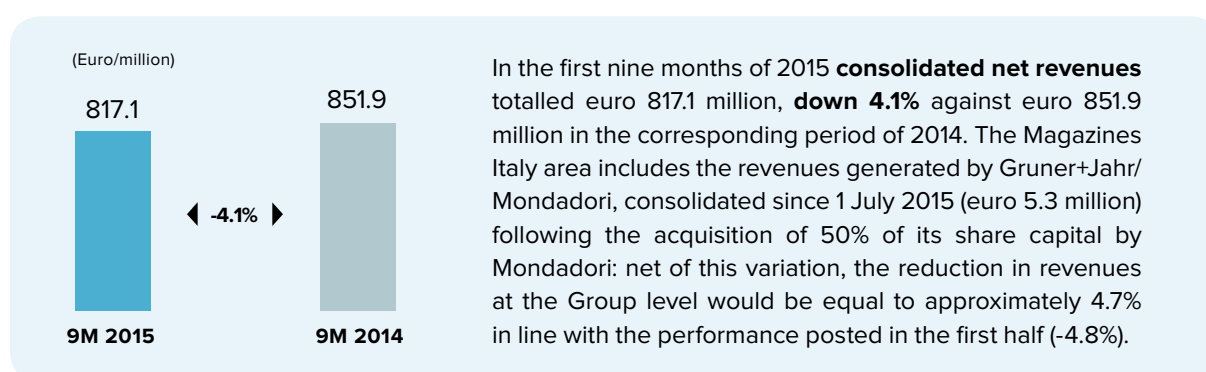
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On 30 September 2015 the transfer of 80% of the share capital of Monradio S.r.l. to R.T.I. S.p.A. was completed for a price equal to euro 36.8 million.

Pursuant to IFRS 5 ("Non-current assets held for sale"), the Group's radio business was listed as "discontinued operations" and as such it was entered in the tables at 30.09.2015. As a result, in the income statement for the first nine months of 2015 and for 2014, included for comparison purposes, the results achieved in the radio business area in the period, along with the depreciation of operations made in order to bring their value in line with the fair value resulting from the offer, were listed under "Result from discontinued operations".

ECONOMIC RESULTS

REVENUES



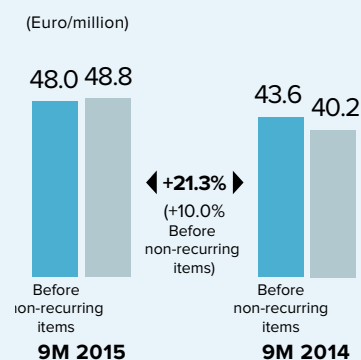
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Revenues by Business area (Euro/million)	9M2015	9M2014	Var. %
Books	232.7	238.9	(2.6%)
Magazines Italy	224.0	231.0	(3.0%)
Magazines France	246.8	254.2	(2.9%)
Retail	131.6	144.9	(9.2%)
Other Business, Corporate and Digital Innovation	25.4	20.9	21.4%
Total aggregate revenues	860.4	889.9	(3.3%)
Intercompany revenues	(43.3)	(38.0)	(13.8%)
Total consolidated revenues	817.1	851.9	(4.1%)

Revenues by geographic area (Euro/million)	9M2015	9M2014	Var. %
Italy	554.1	582.5	(4.9%)
France	231.7	240.3	(3.6%)
Other EU countries	26.3	23.9	9.9%
Extra EU countries	5.0	5.1	(1.6%)
Total consolidated revenues	817.1	851.9	(4.1%)

EBITDA

Consolidated EBITDA was up 21.3% at euro 48.8 million against euro 40.2 million at 30 September 2014, also as a result of the positive contribution of non-recurring items (specifically the capital gain generated by the transfer of the 50% of the interest held in the Harlequin Mondadori joint venture). The margin performance, net of non-recurring items, shows increased profitability by nearly one percentage point: **EBITDA before non-recurring items** registered an increase of 10%, from euro 43.6 million in the first nine months of 2014 to euro 48.0 million this year, with a percentage on revenues rising from 5.1% to 5.9%. The consolidation of Gruner+Jahr / Mondadori as of 1 July 2015 contributed positively for euro 0.7 million.



This performance is the result of a rigorous and targeted management policy.

In particular:

- reduced incidence of the cost of goods sold by over 2% (from 41% to 38.7% of revenues), resulting in a better performance in all business areas and, specifically, in the Books area due to a more effective management of operating processes and to a targeted pricing policy, and, in the Magazines Italy area, due to effective publishing revision actions;
- the rising incidence of variable costs on revenues from 19.9% to 21.7% is mainly attributable to the Magazines France area and refers to increased mail tariffs for subscriptions;
- the reduction in fixed costs (-8.8% against the first nine months of 2014) exceeded the reduction in revenues and was obtained through a cost containment policy implemented in all corporate areas;
- headcount at the end of the period was down by 3.3% against the corresponding period in 2014 and, on a like-for-like basis, the reduction would be equal to -5.6% as a result of the ongoing reorganization process implemented both in Italy and in France.

EBITDA by Business area before non-recurring items (Euro/million)	9M2015	9M2014	Var.
Books	35.5	35.2	0.3
Magazines Italy	4.1	(0.4)	4.6
Magazines France	22.1	23.2	(1.1)
Retail	(3.1)	(5.4)	2.3
Other business, Corporate and Digital Innovation	(10.7)	(9.0)	(1.7)
Total EBITDA	48.0	43.6	4.4

The quarter-by-quarter results confirm the Group's increasing efficiency, achieved despite the difficult market scenario in which it operates, deriving from the industrial revision actions and re-organization

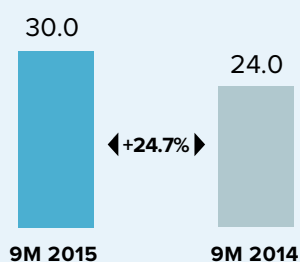
launched in the last two years, but still maintaining continuous improvement in the quality of the publishing programme as a key objective.

EBITDA by Business area (Euro/million)	9M2015	9M2014	Var.
Books	39.6	34.8	4.8
Magazines Italy	3.3	0.4	2.8
Magazines France	20.0	22.3	(2.2)
Retail	(2.8)	(6.0)	3.2
Other business, Corporate and Digital Innovation	(11.3)	(11.3)	(0.0)
Total EBITDA	48.8	40.2	8.6

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EBIT

(Euro/million)

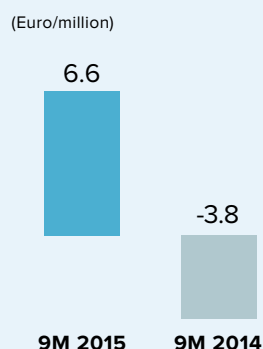


Consolidated EBIT in the first nine months of 2015 **amounted to euro 30 million, up** approximately **25%** against euro 24.0 million of 2014 as a result of the abovementioned increased EBITDA, despite increased amortization and impairment deriving from the devaluation of the interest held in the Greek Attica Publications subsidiary (in the Magazines Italy area). The worsened macroeconomic scenario in the country, especially during the summer months, resulted in an increase in interest rates above the levels applied in the impairment test carried out in December 2014 and thus with a negative impact on the performance of the advertising market. In light of the new scenario, the management revised the medium-long term plan approved in January 2015 and updated the impairment test, which resulted in a devaluation of the shareholding by euro 4 million.

Amortization of intangible assets (euro 5.1 million vs euro 6.2 million at 30 September 2014) and depreciation of tangible assets (euro 9.8 million vs euro 10.0 million at 30 September 2014) continued on the downturn recorded in the previous quarters.

Consolidated EBIT by Business area (Euro/million)	9M2015	9M2014	Var.
Books	37.0	32.7	4.3
Magazines Italy	(0.9)	0.1	(1.0)
Magazines France	11.5	13.9	(2.4)
Retail	(4.9)	(9.6)	4.7
Other business, Corporate and Digital Innovation	(12.7)	(13.1)	0.3
Total EBIT	30.0	24.0	5.9

RESULT FROM CONTINUING OPERATIONS



Consolidated profit before taxes is positive for euro 16.1 million against euro 6.2 million at 30 September 2014; in the first nine months of 2015, **financial costs** amounted to euro 13.7 million, **considerably down** against euro 17.8 million of the same period of the previous year, as a result both of reduced average net debt for the period and average total cost of debt.

Tax costs in the period totalled euro 7.7 million (euro 8.0 million in 2014).

Consolidated net result from continuing operations, after minority interest, was **positive for euro 6.6 million, up by over euro 10 million** against a loss of euro 3.8 million registered at 30 September 2014.

RESULT FROM DISCONTINUED OPERATIONS

The result from discontinued operations in the first nine months of 2015, negative for euro 9.4 million, included the period net result of the Radio Business

area (up from euro -3.8 million at 30 September 2014 to euro -3.1 million), as well as the depreciation of Monradio operations for euro 6.3 million.

RISULTATO NETTO

The Group's net result at 30 September 2015, after the result from discontinued operations, amounted to euro -2.8 million, up euro 4.7 million

against the loss recorded in the previous year, despite the inclusion of the depreciation of Monradio operations.

FINANCIAL RESULTS

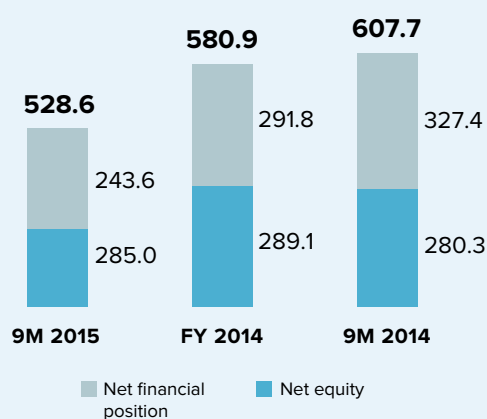
NET INVESTED CAPITAL

The **Group net invested capital** at 30 September 2015 totalled euro 528.6 million, **down** from euro 607.7 million at 30 September 2014 (euro 580.9 million at 31 December 2004).

At 30 September 2015 the **Group's net working capital** (net of the radio business) **dropped** from euro 20.7 million registered at 30 September 2014 to euro 4.5 million as a result of an improved collection of trade receivables and a more effective management of the relevant items.

The **Group's net financial position** at 30 September 2015 was equal to **euro -243.5 million, considerably up** against **euro-327.4 million** of 30 September 2014 as a result of the Group's twelve-month cash generation, deriving both from ordinary operations (euro 34.4 million) and extraordinary operations (euro 49.5 million).

(Euro/million)



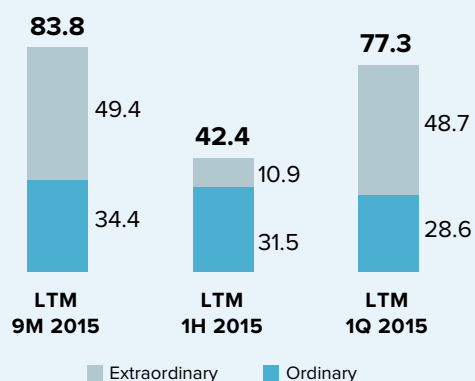
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CASH FLOW FROM LTM

At 30 September 2015, **cash flow from operations** in the last twelve months was **positive for euro 59.9 million; ordinary cash flow** (after the cash-out relative to financial charges and taxes for the period) was **equal to euro 34.4 million**, continuing the positive trend registered in the previous three quarters (*LTM*: euro 31.5 million in June, euro 28.6 million in March 2015 and euro 18.8 million in December 2014).

Cash flow from extraordinary operations was positive for euro 49.5 million mainly as a result of the capital gain generated by the disposals completed in the period, amounting comprehensively to euro 56.4 million (of which euro 45.1 million include the transfer of 80% of Monradio and 50% of the Harlequin Mondadori joint venture).

(Euro/million)



SUMMARY OF THE GROUP CONSOLIDATED RESULTS FOR THE THIRD QUARTER OF 2015

Consolidated income statement (Euro/million)	3Q2015	% on revenues	3Q2014	% on revenues	Var. %
Revenues from sales and services	300.0	100.0%	308.6	100.0%	-2.8%
Cost of goods sold	113.1	37.7%	121.2	39.3%	-6.7%
Variable costs	70.1	23.4%	66.1	21.4%	6.1%
Fixed costs	37.8	12.6%	44.5	14.4%	-15.0%
Cost of personnel	51.5	17.2%	50.8	16.4%	1.4%
Other (income) cost	2.6	0.9%	-0.1	0.0%	n.s.
Revenues from affiliates	-0.7	-0.2%	-0.6	-0.2%	-28.2%
EBITDA before non-recurring items	24.2		25.5		-5.4%
% EBITDA on revenues	8.1%		8.3%		
Re-organization costs	-1.6		-1.4		15.5%
Extraordinary positive/(negative) items	7.3		-1.5		n.s.
EBITDA after non-recurring items	29.9		22.7		31.6%
% EBITDA on revenues	10.0%		7.4%		
Depreciation, amortization and impairments	9.1	3.0%	5.6	1.8%	61.4%
EBIT	20.8		17.0		21.7%
% on revenues	6.9%		5.5%		
Net financial costs	-5.2	-1.7%	-5.5	-1.8%	-5.7%
Income / (cost) from investments	0.0	0.0%			
Result before taxes	15.6		11.5		34.8%
% on revenues	5.2%		3.7%		
Taxes	4.9	1.6%	5.9	1.9%	-16.4%
Minorities	0.7	0.2%	0.8	0.3%	-18.4%
Result from continuing operations	10.0		4.8		106.4%
% on revenues	3.3%		1.6%		
Result from discontinuing operations	-0.6	-0.2%	-1.3	-0.4%	n.s.
Net result	9.4		3.5		168.9%
% on revenues	3.1%		1.1%		

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Consolidated net revenues in the third quarter of 2015 totalled euro 300.0 million, down by 2.8% against euro 308.6 million of the corresponding period of the previous year and progressively **improving** against the trend recorded in the first six months of the year (-4.8%); the Magazines Italy area included revenues

from Gruner+Jahr/Mondadori, consolidated as of 1 July 2015 (euro 5.3 million), which was previously recognized at equity; net of this variation, at the Group level, the reduction in revenues would be equal to 4.5%, while revenues for the area would be down by 3.4% against the 4.4% growth rate registered.

Revenues by Business area (Euro/million)	3Q2015	3Q2014	Var. %
Books	109.7	110.4	(0.7%)
Magazines Italy	71.0	68.0	4.4%
Magazines France	80.2	84.3	(4.8%)
Retail	45.9	52.3	(12.3%)
Other business, Corporate and Digital Innovation	8.1	6.3	28.0%
Total aggregated revenues	314.9	321.3	(2.0%)
Intercompany	(14.9)	(12.8)	16.5%
Total consolidated revenues	300.0	308.6	(2.8%)

Consolidated EBITDA was up by **over 30%** in the third quarter of the year, totalling euro 29.9 million against euro 22.7 million recorded in the same period of 2014. As already mentioned, the third quarter closed with the positive contribution of

non-recurring items, specifically, the capital gain generated by the disposal of 50% of the Harlequin Mondadori joint venture and the consolidation of Gruner+Jahr/Mondadori (as of 1 July 2015 for euro 0.7 million).

Consolidated EBITDA by Business area (Euro/million)	3Q2015	3Q2014	Var. %
Books	34.3	30.1	4.2
Magazines Italy	(6.5)	(8.7)	2.2
Magazines France	5.6	6.9	(1.4)
Retail	0.1	(0.4)	0.5
Other business, Corporate and Digital Innovation	(3.6)	(5.3)	1.6
Total EBITDA	29.9	22.7	7.2

Net of non-recurring items, the margin dropped by 5%, from euro 25.5 million to euro 24.2 million in the quarter of reference. The most significant variation is attributable to the different scheduling for the releases of some best sellers, which were mainly concentrated in the second quarter in 2015 and in the third in 2014, and, specifically, of the most recent novel by Ken Follett, *I giorni dell'eternità*.

Consolidated EBITDA by Business area before non-recurring items (Euro/million)	3Q2015	3Q2014	Var. %
Books	27.0	30.1	(3.1)
Magazines Italy	(6.4)	(8.6)	2.2
Magazines France	6.0	7.1	(1.1)
Retail	0.1	(0.3)	0.4
Other business, Corporate and Digital Innovation	(2.6)	(2.8)	0.2
Total EBITDA	24.2	25.5	(1.3)

Consolidated net profit equalled euro 20.8 million (euro 17.0 million in the third quarter of 2014), up by 21.7%. The increase in amortization and impairment reflected the devaluation of the interest held in Attica Publications, as already mentioned in the summary of the results for the first nine months of 2015.

Consolidated profit before taxes was positive for euro 15.6 million against euro 11.5 million in the previous year; in the third quarter of 2015 financial costs equalled euro 5.2 million against euro 5.5 million of the same period of 2014.

Consolidated net profit from continuing operations, after minority shareholders' result, was positive for euro 10.0 million up from euro 4.8 million recorded in the third quarter of 2014.

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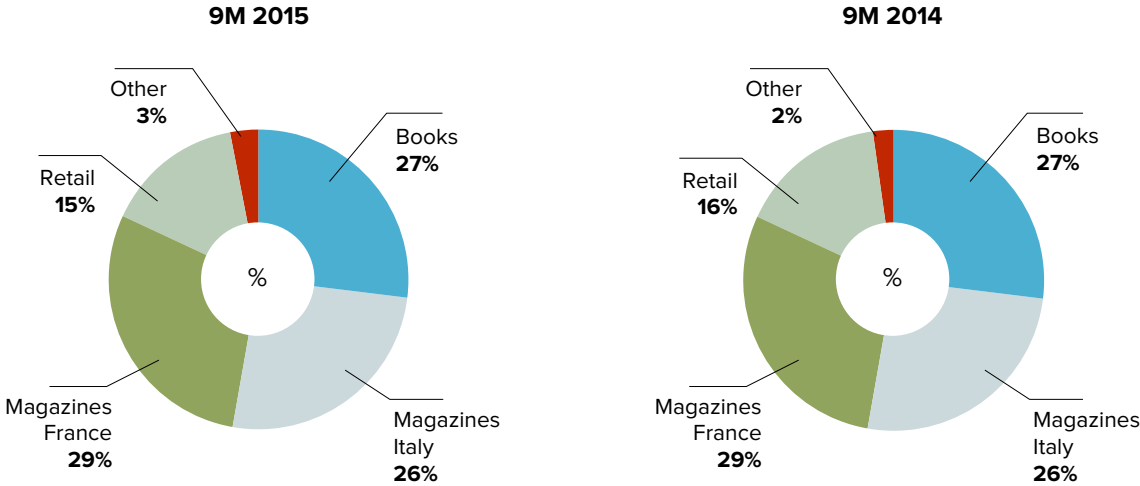
ECONOMIC PERFORMANCE BY BUSINESS AREA

ECONOMIC PERFORMANCE BY BUSINESS AREA

(Euro/million)	Revenues		EBITDA before non-recurring		EBITDA		Depreciation, amortization & impairments		EBIT	
	9M2015	9M2014	9M2015	9M2014	9M2015	9M2014	9M2015	9M2014	9M2015	9M2014
Books	232.7	238.9	35.5	35.2	39.6	34.8	2.6	2.1	37.0	32.7
Magazines Italy	224.0	231.0	4.1	(0.4)	3.3	0.4	4.2	0.3	(0.9)	0.1
Magazines France	246.8	254.2	22.1	23.2	20.0	22.3	8.5	8.4	11.5	13.9
Retail	131.6	144.9	(3.1)	(5.4)	(2.8)	(6.0)	2.1	3.6	(4.9)	(9.6)
Other business, Corporate and Digital Innovation	25.4	20.9	(10.7)	(9.0)	(11.3)	(11.3)	1.4	1.8	(12.7)	(13.1)
Adjustments	(43.3)	(38.0)	0.0	(0.0)	0.0	(0.0)			0.0	(0.0)
TOTAL	817.1	851.9	48.0	43.6	48.8	40.2	18.8	16.2	30.0	24.0

The above breakdown of economic results by business area reflects the system used by the management to compare Group performance according to IFRS 8. In this respect, following the transfer of the business unit relating to advertising sales in magazines and properties to Mediamond S.p.A., it was deemed appropriate to include the Advertising Area activities in the Magazines Italy Area starting from 2015.

REVENUES



BOOKS



As of 1 January 2015, the newly established **Mondadori Libri** S.p.A. is the key company for all Group activities in the Books Area.

Mondadori Group is Italy's market leader in the **Trade Books** Area with four publishing houses: Edizioni Mondadori, Giulio Einaudi editore, Edizioni Piemme and Sperling & Kupfer (the latter also includes the Frassinelli brand).

The Group is also present in the **Education** segment with Mondadori Education S.p.A., Italy's third largest player in the Italian school textbook market, and in the provision of services for the management of museum concessions and the organisation and management of exhibitions and cultural events with Mondadori Electa S.p.A.

Market performance

In the third quarter of 2015 the Trade Books area posted a progressive increase against the first two quarters with a 0.5% reduction, which resulted in a nine-month negative performance of 2.0% against the same period in 2014.

As to the sales channels:

- bookstore chains and independent bookstores (which jointly make for approximately 71% of the total) posted a reduction of -2.2% and -2.5%, respectively, against the same period in 2014;
- e-commerce, the only growing segment, increased by 6.4%, making for over 15% of the total market;
- large retailers confirmed a bearish trend with a 7.6% reduction, making for approximately 14% of the total market.

As to products, hardcovers (making for 80% of the total market) posted a 1.1% reduction, less than that recorded in the first half of 2015, while paperbacks, representing approximately 20% of the total market, recorded a sharper downturn, equal to 5.3%.

In this context, Mondadori Group confirmed its leadership position with a 25.0% market share (25.9% at 30 September 2014).⁵ In the period the Group had 5 titles in the 10 top best-selling books for the first nine months of 2015 (*Grey, La ragazza del treno, Cinquanta sfumature di grigio, La vigna di Angelica, Storia di una ladra di libri*), *La ferocia* by Nicola Lagioia (Einaudi) won the Strega Prize for 2015 and *Chi manda le onde* by Fabio Genovesi (Mondadori) won the Strega Giovani Prize for 2015.

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Trade Books (Euro/million)	Market share 9M2015	Market share 9M2014
Total Mondadori Group	25.0%	25.9%
RCS Group	12.1%	11.7%
Gems Group	10.2%	10.3%
Giunti Group	6.9%	7.2%
Feltrinelli	4.3%	4.3%

Source: GFK, data in value at September

In the Education segment, Mondadori confirmed its position as the third largest player in the market of school textbooks with a 12.5% share⁶.

⁵ Source: GFK, data in value at September

⁶ Source: AIE, data based on adoptions (primary and lower secondary schools)

The economic performance of the Books Area

(Euro/million)	9M2015	9M2014	Var. %
Revenues	232.7	238.9	(2.6%)
EBITDA before non-recurring items	35.5	35.2	0.8%
EBITDA	39.6	34.8	13.7%
EBIT	37.0	32.7	13.2%

Revenues

(Euro/million)	9M2015	9M2014	Var. %
Edizioni Mondadori	43.8	55.9	(21.7%)
Giulio Einaudi editore	24.9	28.2	(11.7%)
Edizioni Piemme	19.7	19.6	0.2%
Sperling & Kupfer	15.8	17.7	(10.7%)
Trade Books	104.2	121.5	(14.2%)
Mondadori Electa	30.2	26.3	14.6%
Mondadori Education	62.6	61.4	2.0%
Educational Books	92.8	87.7	5.8%
Distribution and other revenues - Third Publishers	35.7	20.7	20.0%
Total consolidated revenues	232.7	238.9	(2.6%)

Revenues in the first nine months of 2015 showed a 2.6% reduction against the same period of last year:

Revenues from the Trade Books Area: the revenue trend, down by 14.2% in the first nine months of 2015, was influenced by the aforementioned market conditions, especially in the large retailer channel and in the paperback product segment, and also by a more selective publishing policy, aimed at increasing profitability.

In the hardcover segment, the Group's publishers posted positive performances in the period thanks to sales of:

- *Grey*, the novel by E.L. James, followed by the *Cinquanta sfumature di grigio* trilogy, published in June by Mondadori,
- *La ragazza del treno*, the year's best seller under the Piemme brand,
- the *After* series by Sperling&Kupfer,
- *La ferocia* by Nicola La Gioia, published by Einaudi, which won the Strega Prize for 2015.

• In the first nine months of 2015 **Edizioni Mondadori** confirmed its consolidated position as the leading player with a 11.3% market share (11.8% at 30 September 2014), despite posting lower revenues than the previous year, mainly as a result of the selective editorial schedule combined with a reduced number of copies and the presence in the third quarter of 2014 of Ken Follet's last novel, *I giorni dell'eternità*.

The period was characterized by the release in July in Italy of *Grey*, the latest novel by E.L. James, which in just 3 months climbed up the rankings to become the best-selling book of the year (300,000 copies sold and 40,000 downloaded - sell-out results); and the persisting success of "*Cinquanta sfumature di grigio*".

The paperback segment further dropped in the period against the same period in 2014, also due to the implemented policy aimed at maintaining profitability, particularly with reference to the Oscar series.

- In the first nine months of 2015, **Einaudi** confirmed its third position in Italy with a 5.2% market share, in line with the previous year, despite dropping revenues, due to the combined effect of:
 - the positive performance of hardcovers and, in particular, of *Uomini senza donne* by Haruki Murakami in foreign fiction; *Momenti di trascurabile infelicità* by Francesco Piccolo, *Tempi glaciali* by Fred Vargas, and *La ferocia* by Nicola Lagioia, which won the Strega Prize for 2015 for Italian fiction;
 - the reduction recorded in the paperback segment, penalized in the comparison with the previous year due to the support provided by the restyling of the Einaudi Tascabili line.
- In the first nine months of 2015 **Edizioni Piemme** increased its market share to 4.3% (4.1% at 30 September 2014) due to positive performance (revenues up +0.2% against the previous year); among others, the title which mostly contributed to this result was *La ragazza del treno* by new author Paula Hawkins, the most eagerly awaited thriller of the year after its great international success, which ranked first for six consecutive weeks.
Other important titles in the period were - in fiction - *La scatola nera* by Michael Connelly and *Still Alice* by Lisa Genova (the book on which the Oscar-winning film was based).
- In the period of reference **Sperling & Kupfer** posted dropping revenues (-10.7%) and its market share fell to 3.2% (from 3.6% of the previous year), despite the ongoing success of *Storia di una ladra di libri* by Markus Zusak (Frassinelli) and *La vigna di Angelica* by Sveva Casati Modignani, which remained in the bestseller ranking in the first nine months of the year.
The performance of the three volumes of the *After* series by new author Anna Todd was also positive, with the inclusion of the fourth volume released on 20 October 2015.

Revenues from Education: in the first nine months of 2015 Group revenues in this segment were up by 5.8% compared to the same period of last year.

- **Mondadori Education** generated revenues of euro 62.6 million, up 2.0% against the first nine months of 2014 (euro 61.4 million).
The sale of digital books was irrelevant in the period.
- **Mondadori Electa** generated revenues of euro 30.2 million (euro 26.3 million in the same period of 2014), up 14.6% due to the increase deriving from the management of activities regarding Cultural Heritage; the activities regarding the management of museum concessions performed positively compared to the previous year, in particular with regard to the organization of exhibitions and ancillary publishing activities (bookshop, merchandising) associated with Expo; also the positive performance of the archaeological area in Rome contributed to the period trend. After more than 5 years the activity regarding the organization of exhibitions in Naples and Pompeii was resumed.
Art books, on order and illustrated books, posted an essentially steady trend compared to the first nine months of 2014, despite a still difficult market scenario, with a different performance by channel: bookshops recorded a reduction against 2014 also due to a different publishing schedule, which in 2014 included *Il bacio di Giuda* by Sveva Casati Modignani; conversely, books on order and add-ons (in particular the “La grande storia dell’Arte” series attached to the *La Repubblica* daily) posted a positive performance in the period.
- **Revenues from activities carried out on behalf of Third Publishers:** revenues generated from the circulation activities and other services provided in favour of Third Publishers, equal to euro 35.7 million, were up by 20% against 2014 due to greater volumes managed in favour of both Group companies and Third Publishers.

Digital

Revenues from the download of e-books rose by 19% against the previous year in line with the trend recorded in the first half of 2015, with a 7.3% share of digital sales on the total (5.3% at 30 September 2014).

Total e-book downloads in the period amounted to 1.8 million, up by 10% against 2014; particularly, in the third quarter the high seasonality of sales in the summer period was confirmed: in July and in August the average number of e-books downloaded reached nearly 8,000. *Grey* and *La ragazza del treno* were at the top of the bestseller ranking.

At 30 September 2015 the e-book catalogue included more than 9,750 titles.

EBITDA

EBITDA, net of non-recurring items and despite reduced revenues (-4.3%), **remained essentially steady** compared to the previous year, totalling **euro 35.5 million** as a result of more effective management of operations deriving from the radical process and product reorganization implemented in the Trade Area, including actions aimed at reducing the number of titles and the average number of copies but still maintaining research and continuous improvement in the quality of the publishing programme. Concurrently, the cost containment policy aimed at cutting fixed costs and discretionary expenses was continued and resulted in improved profitability.

Reported EBITDA for the area, including the capital gain equal to euro 7.6 million deriving from the transfer of the interest held in the Harlequin Mondadori joint venture (completed on 30 September 2015) and a higher incidence of restructuring costs compared to last year (euro 3.5 million in 2015 against 0.6 million in 2014), was equal to **euro 39.6 million**, up from euro 34.8 million recorded in the same period of 2014.

MAGAZINES



Mondadori is Italy's leading publisher in the sector by market share (32% at August⁷) and number of magazines (28) and ranks third in **France** (with a portfolio of 31 magazines). It has consolidated its presence in the sector over time, covering different segments of activity.

On 1 July 2015, Mondadori acquired 50% of the share capital of Gruner+Jahr/Mondadori S.p.A., a joint venture in which it already owned the remaining 50%, from Gruner und Jahr Management GmbH, a company belonging to the Bertelsmann Group, thus consolidating the Group's leadership in the Italian magazines market thanks to the contribution of magazines like Focus (the most widely read magazine in Italy), *Focus Storia*, *Focus Junior*, *Focus Pico*, *Geo* and *Wild*.

In addition to the publication of weekly and monthly magazines sold at newsstands, in digital version and by subscription, the Group also focuses on the sector of add-on sales and designated websites and portals that enable it to reach a larger number of Mondadori readers by exploiting the relevant brands.

Through the subsidiary Press-Di Distribuzione Stampa and Multimedia, the Group distributes its own magazines and third party magazines at the national level.

Mondadori is also present in other **foreign countries** directly through joint ventures or through licensing agreements with international publishers: there are 47 international editions of Mondadori magazines (*Grazia International Network* accounts for 23 of them and *Il mio Papa* 12).

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MAGAZINES ITALY



Market performance

2015 was again characterized by dropping sales in the markets of reference, even if the reduction was less sharp than in the previous years. At August:

- revenues from advertising sales dropped comprehensively by 2.3%, with Magazines and Internet down by 3.6% and 2.1%,⁸ respectively;
- revenues from sales of magazines at newsstands dropped by 7.2% (at August) also due to reduced on-pack initiatives. Excluding the latter, the market would have dropped by 6.6%. In this context, Mondadori, whose circulation in the newsstand channel recorded a lower reduction equal to 7.1% (-6.3% net of on-pack initiatives) thanks to the focus on the editorial quality of its magazines, consolidated its leadership with a 32% market share (31.8% at August 2014⁹);
- in the market of add-ons, magazines, which in the first quarter recorded significant reductions (-14.4%), limited the downturn to -5.7%,⁹ while dailies grew (+4.0%), contributing to a combined slight downturn in performance compared to the previous year (-0.5% against May 2014). In this context, Mondadori recorded a -4.6% reduction.

The performance of Magazines Italy¹⁰

(Euro/million)	9M2015	9M2014	Var. %
Revenues	224.0	231.0	(3.0%)
EBITDA before non-recurring items	4.1	(0.4)	n.s.
EBITDA	3.3	0.4	n.s.
EBIT	(0.9)	0.1	n.s.

⁷ Internal source, data at August

⁸ Source: Nielsen, progressive data at August

⁹ Internal source: Press-di, data at August

¹⁰ Starting from the previous year the activities of the Advertising Area have been included in the Magazines Italy Area.

Revenues

Revenues from the Magazines Italy area amounted to euro 224.0 million, down by 3% (-5% on a like-

for-like basis, net of the acquisition of 50% of Gruner+Jahr/Mondadori completed on 1 July 2015).

Magazines Italy (Euro/milioni)	9M2015	9M2014	Var. %
Circulation	97.2	100.3	(3.0%)
Advertising	53.8	55.9	(3.9%)
Add-on sales	41.7	44.8	(6.8%)
Other revenues	31.3	30.0	4.3%
Total revenues	224.0	231.0	(3.0%)

On a like-for-like basis:

- revenues from **circulation** dropped by 7.3% due to the combined effect of :
 - the reduction in the subscription channel, which in the first part of 2014 reflected the positive impact of promotions, which were reduced in the second part of the year;
 - the reduction recorded in the newsstand channel, equal to -5.1%
 resulting, in addition to the performance of the market of reference, from a strict policy aimed at optimizing the magazine mix.
- revenues from **sales from print advertising** in Italy dropped by 5.5%, while the market average was down 3.6% (at August); revenues from **sales of advertising on websites** (+0.3%) performed better than the average market trend (-2.1% at August), posting a nearly 3% increase also in the third quarter. Comprehensively and on a like-for-like basis, revenues from advertising sales on Mondadori brands was down by 5.0% in the period;
- **revenues from add-ons** (DVDs, CDs, books and gifts) sold in attachment to Mondadori magazines were down by 8.1% against the first half of 2014 as a result of the rationalization actions aimed at supporting profitability, progressively recovering against the first half of 2015; in fact, in the second quarter revenues from add-ons recorded a 1% reduction.

Press-di - company specialized in the circulation and sale of magazines, dailies and multimedia products – is the second player in the Newsstand channel and leader in the Large Retailer and Subscription channels in Italy. The customer portfolio includes both publishers belonging to

the Mondadori Group and independent publishers (which account for over 50% of total revenues). Among the most important customers are Disney, Bonelli, RBA and Sprea for magazines and Libero, Il Giornale and Avvenire for newspapers in the Newsstand and Large-Scale Retail channels; and Disney, Condé Nast, Hearst and Quadratum in the Subscription channel. Net revenues generated in the first nine months of 2015 are essentially in line with the previous year (+0.5%), despite the more marked reduction in the circulation of dailies and magazines across all channels due to the Group's ongoing commitment to developing third publisher portfolios. In the period Press-di secured two important distribution contracts in the sector of magazines/collectibles and dailies.

International Operations, which in the period recorded revenues of euro 7.7 million (euro 7.9 million in the first nine months of 2014), included:

- Mondadori International Business, managing licensing contracts and advertising spaces on Mondadori magazines published in the world, whose revenues in the period were slightly down (-2.2%) due to the difficult macroeconomic scenario, which continues to have a negative impact on the magazines market. Activities mainly referred to the launch of *Grazia Turkey* (weekly) which increased to 23 the total number of Grazia international editions; the launch in February in China of the third international edition of *Interni* (after Russia and Thailand) and of *Il mio Papa*, which reached a total of 12 editions in just a few months;
- Mondadori UK, owner of the fashion e-commerce platform www.Graziashop.com.

Mondadori also holds foreign subsidiaries consolidated at equity:

- Attica Publications, leading publisher in Greece both for magazines (18 magazines) and radio stations (3 radio stations), which, after a positive performance posted in 2014, experienced a downturn due to the macroeconomic context and the crisis in the country, which had an impact on the advertising sales market especially in the summer months (euro -0.3 million);
- Mondadori Seec Advertising, a joint venture and exclusive agency for the sale of advertising spaces in the Chinese edition of *Grazia*, recorded an essentially stable performance against the first nine months of 2014, despite the significant slowdown in growth in the third quarter due to the harsh braking of the Chinese economy (euro 1.5 million);
- Despite the sharp reduction in revenues against the previous year due to the difficult political situation in the country, which had a negative impact on advertising sales and on the euro/rouble forex transactions, *Grazia* Russia essentially broke even.

The overall contribution of international operations in the period was positive for euro 1.2 million, in line with the same period of the previous year.

EBITDA

EBITDA for the Magazines Italy area, net of non-recurring items, posted a **remarkable improvement**, going from a loss of euro 0.4 million to a positive value of **euro 4.1 million** (of which euro 0.7 million deriving from the contribution of the consolidation of Gruner+Jahr/Mondadori as of 1 July 2015), as a result of the effective review of the publishing and operating organization as well as of promotional activities. The Group maintained its traditional publishing quality despite the downward revenue trend determined by market conditions and by the implementation of targeted project selection policies.

Reported EBITDA in the area confirmed the **growth trend**, rising from euro 0.4 million to euro 3.3 million as a result of the abovementioned actions and of the progressive recovery in advertising sales, even if the previous year benefited from non-recurring items amounting to approximately euro 1 million, deriving from the contribution to Mediamond.

Digital and diversification activities

In order to increase the number of readers using and retrieving information through the use of the new devices, the Group focused on further improving the portfolio of its web portals through:

- the release of the new *Grazia.it* website which, in light of interpreting user needs, is based on a mobile-first approach that optimizes use and user experience thanks to a new reading flow and content sharing options aimed at consolidating the relationship with readers;
- *Sorrisi.com*, with a publishing plan of weekly appointments with artists and live news;
- the launch of *Panorama TV* within the *Panorama* network, that includes a rich set of initiatives ranging from news to lifestyle and motors, as well as videoclips regarding the “*Panorama d'Italia*” event;
- as for design and interior design the new *Casafacile.it* site was launched, and *internimagazine.com* was restyled;
- Starbene.it was enriched by new functionalities and the “*Ask Starbene*” service, with over 100 experts.

Traffic data showed an overall **audience rate** equal to **6.7 million unique users**¹¹; more specifically, the latest survey available - dated August 2015 - showed significant growth in the performance of Donnamoderna.com (+8%), *Grazia.it* (+13%) and Salepepe.it (+48%).

At the beginning of May *La5* also launched - in collaboration with Magnolia - a new “*Donna Moderna Live*” TV programme presenting - for the first time - content and styles typical of Mondadori magazines on television.

¹¹ Source: Audiweb, progressive data at August

MAGAZINES FRANCE



Market performance

In the period, the market of reference for Mondadori France continued to post reductions:

- sales in the newsstand channel dropped (-3.9% in May excluding the extraordinary edition of *Charlie Hebdo*¹²)
- sales of advertising spaces fell (-8.0% in May¹³).

Economic performance of Magazines France

(Euro/million)	9M2015	9M2014	Var. %
Revenues	246.8	254.2	(2.9%)
EBITDA before non-recurring items	22.1	23.2	(4.7%)
EBITDA	20.0	22.3	(10.0%)
EBIT	11.5	13.9	(17.0%)

Revenues

In the first nine months of 2015, **revenues** from Mondadori France equalled euro 246.8 million, down 2.9% against the same period of the previous year, mainly confirming the trend recorded in the first half of 2015.

Revenues from **circulation**, accounting for approximately 72% of the total, posted a slight downturn equal to 2.4% against the previous year:

- the newsstand channel recorded a 6.2% reduction; the comparison with 2014 results is affected by the exceptional performance of January 2014, resulting from the publication of the “Hollande

scoop” on *Closer*; net of such exceptionality, revenues from circulation dropped by -4.1%, in line with the reference market;

- on the other hand, the subscription channel posted a 0.2% growth as a result of increased volume and higher prices, partly offsetting the decline in the newsstand channel and confirming the strategic opportunity for further investment in this channel.

These positive performances were made possible thanks to the close attention paid to publishing quality and innovation. In the period

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Magazines France (Euro/million)	9M2015	9M2014	Var. %
Circulation	178.1	182.5	(2.4%)
Advertising	56.8	60.5	(6.1%)
Other revenues	11.9	11.2	6.0%
Total revenues	246.8	254.2	(2.9%)

¹² Internal source, data at August

¹³ Source: Kantar Media, data at July

the specialized automotive press segment was strengthened (with *Auto-Plus Utilitaires* and *L'Auto-Journal Maxi-Tests*) along with the gaming segment (with the new bi-monthly magazine *Questions pour un champion* launched in February and *Télé-Poche Jeux* launched in June). In the period the restyling of six magazines was completed: *Réponses Photo*, *L'Auto-Journal*, *Les Cahiers de Science & Vie*, *Modes & Travaux*, *Pleine Vie & L'Ami des Jardins*, while the launch of a new magazine - *Vital Food* - (a quarterly magazine) recorded positive results.

Revenues from advertising sales were down 6.1% against the same period of the previous year, but performance differed between offline and online products: digital advertising was up +24% and now represents more than 14% of total advertising revenues, partially offsetting the drop in traditional print advertising (-9.8%).

The volumes relative to traditional advertising on Mondadori magazines posted a 3.6% drop compared to the sharper downturn of the market of reference (-5.3%), which enabled the Group to increase its market share to 11%¹⁴, confirming Mondadori France as second leading player in the magazine advertising market.

EBITDA

EBITDA, net of non-recurring items, was equal to euro 22.1 million, down by 4.7% against the previous year, mainly as a result of increased mail tariffs linked to subscriptions and the extraordinary contribution, included in the same period of 2014, of the “Hollande scoop” published in January 2014 by the magazine *Closer*.

Mondadori France has continued investing in the quality and progressive digitalization of

its editorial activities and also continued the process of rationalizing its structures (through the implementation of a new plan for voluntary redundancies) and the policy targeting editorial cost containment. These actions are expected to be extended through 2015 with a view to further adjusting the organization to market changes and maintaining profitability margins.

Reported EBITDA, equal to euro 20.0 million, was down 10.0% against the first nine months of 2014 (euro 22.3 million), due to higher restructuring costs for approximately euro 1.1 million resulting from the abovementioned plan.

Digital and diversification activities

In the first nine months the downturn in traditional activities stopped at 4.1%, while diversification and digital activities (about 8% of total revenues) grew by **13%** mainly as a result of the development of digital activities (+20.4%), with special emphasis on the growth of advertising sales of the properties (+24.5%).

The total number of readers of Mondadori France magazines reached **8.1 million** unique users,¹⁵ up approximately 28% against 2014, also as a result of the progressive digitalization of the editorial teams (currently approximately at 75%), which enabled the daily production of new content in parallel both for both offline and online magazines.

In the third quarter, the **web sites** of the following magazines were also launched: *L'Auto-Journal*, *Modes & Travaux*, *Pleine Vie & L'Ami des Jardins*.

In the period of reference Mondadori France also explored new opportunities for business **diversification**, including the development of a partnership with AB Group for the launch of a TV adaptation of *Science & Vie* in France and in Africa starting from the end of March.

¹⁴ Source: Kantar Media, data at July

¹⁵ Source: Nielsen, January-May 2015 average data

RETAIL



The Mondadori Group operates in Italy with a network of approximately 600 bookshops composed of directly managed bookshops (19), franchised bookshops (301), megastores (220) and Mondadori Points (48), in addition to web channels (mondadori.it) and book clubs.

Market performance

In general, the retail market remained weak mainly as a result of the economic scenario in Italy.

Books

The market of reference for the Retail Area is books (77% of revenues)¹⁶ which, although still negative in the third quarter of 2015, showed signs for recovery against the previous year. In the period the market share of Mondadori Retail in the Books channel held at 14.3% (from 14.9% at 30 September 2014)

despite the disposal of the flagship store located in Corso Vittorio Emanuele in Milan, completed at the end of 2014.

Non-book

The performance of the non-book segment differed depending on the product. In particular, consumer electronics bucked the trend in the first eight months of the year, with a 2.8% increase, though showing high volatility among the different product categories: tablets and e-readers recorded a double-digit reduction, while telephony products confirmed the positive trend of the last months of 2014. In the first eight months of 2015, the entertainment segment continued its positive performance compared to the previous year, with a 4.9% increase due to the recovery in the sales of music supports and giftboxes.

Economic performance of the Retail Area

(Euro/million)	9M2015	9M2014	Var. %
Revenues	131.6	144.9	(9.2%)
EBITDA before non-recurring items	(3.1)	(5.4)	42.6%
EBITDA	(2.8)	(6.0)	53.9%
EBIT	(4.9)	(9.6)	49.0%

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Revenues

In the first nine months of 2015, the Retail Area posted revenues down by 9.2% against the same period of the previous year, mainly as a result of the transfer of the flagship store located in corso Vittorio Emanuele in Milan (which in the first nine months of 2014 contributed for euro 10.4 million).

¹⁶ Store revenues

Revenues - Retail (Euro/million)	9M2015	9M2014	Var. %
Megastores	32.8	38.6	(15.0%)
Direct bookstores	20.4	21.3	(4.3%)
Franchised bookstores	56.3	59.4	(5.2%)
Online	7.4	7.8	(4.2%)
Store	116.9	127.0	(8.0%)
Bookclubs and other	14.7	17.9	(18.0%)
Total revenues	131.6	144.9	(9.2%)

The **Store** revenue composition (-8.0% against 2014) by product category is as follows:

- books are the predominant product category, representing 77.5% of the total, and outperform the reference market on a like-for-like basis by approximately 1 percentage point¹⁷. This result reconfirms the effectiveness of the actions undertaken in terms of product penetration and assortment and, also, in terms of communication and promotion campaigns;
- non-book revenues - specifically consumer electronics - showed signs of recovery after two weak years, as a result of the actions undertaken in the field of organization, sales network training and promotions.

The analysis by channel highlighted the following:

- a slight increase by directly managed book stores (+1.8% on a like-for-like basis);
- franchised bookstores: slight downturn in the revenues of the book category and a more substantial drop in the non-book segment;
- net of the transfer of the flagship store in corso Vittorio Emanuele in Milan, books in megastores recorded a positive performance (approx. +8%), while consumer electronics products recovered;
- on line products showed an overall reduction of 4.2% (better in the Books category and equal to -0.6%);
- book clubs performed in line with the structural reduction expected in the medium term development plan (-14.4%).

EBITDA

In the period Mondadori Retail posted **EBITDA**, net of non-recurring items, equal to euro -3.1 million, **sharply up** against euro -5.4 million for the corresponding period in 2014. This result was driven by two main elements:

- the improved product margin, especially in the book category - thanks to actions aimed at network review and promotion containment activities - and in consumer electronics thanks to a more targeted and well-studied product assortment focused on accessories and services;
- the extended implementation of cost reduction measures determined a lower incidence of promotional expenses, personnel costs and overhead.

The improved result against the first nine months of 2014, reached despite the negative impact deriving from the structural reduction in the book club channel, is reflected in the majority of the Group's sales channels.

Reported EBITDA increased substantially in the period, by euro 3.2 million against the same period of the previous year (euro -6.0 million including restructuring costs for euro 0.6 million), totalling **euro -2.8 million**.

¹⁷ Source: GfK, book store chains - at September

Ongoing activities

Numerous actions have been and will continue to be undertaken in order to recover market share and sustain profitability. In particular:

- communication and comarketing activities with leading partners in the banking and telephony sectors;
- the ongoing network and format revision: 33 franchised stores were shut down in the period of reference and in June a new megastore was opened in via S. Pietro all'Orto in Milan, the first store in line with the new concept;
- within the context of a broader refurbishment project completed during summer, the Duomo megastore (Milan) introduced an exclusive innovation in Italy, i.e. a print-on-demand service, which lets customers obtain an immediate printout on request of over 7 million international and Italian titles (and within 24-48 hours in the remaining chain stores);
- a project aimed at improving the productivity of the directly managed stores through the optimization of working hours in order to ensure top customer service and compliance with the principles of efficient management.

OTHER BUSINESS, CORPORATE AND DIGITAL INNOVATION



Other business

Other business includes the results from Digital Marketing Service (Cemit and Kiver) and the equity investment in Società Europea di Edizione S.p.A., publisher of the *Il Giornale* daily newspaper.

The offering of the **Digital Marketing Service** area was extended to better respond to the needs of increasingly demanding customers interested in innovative digital marketing solutions.

In this context, in the first nine months of 2015 this segment posted revenues of euro 8.8 million, essentially in line with the same period of last year, but up against the trend recorded in the first half of 2015.

EBITDA was negative for euro 0.9 million (euro -0.8 million in the first nine months of 2014) as a result of increased costs associated with the strengthening of the Kiver structure.

Società Europea di Edizioni: in the first nine months of 2015, the publisher of the *Il Giornale* daily turned in a positive performance, including euro 0.1 million in favour of Mondadori, against a loss of euro 1.4 million recorded in the same period of 2014 as a result of an extraordinary transaction regarding the transfer of a portal.

In the first nine months of 2015 new technology was implemented in order to expand and supplement the Group's editorial contents (in particular, properties in Italy) as well as to adjust user management platforms in the framework of the CRM systems adopted, through a series of initiatives aimed at populating the database and increasing the competencies of existing profiles.

EBITDA of the **Corporate and Digital Innovation** area was essentially in line with the same period of 2014 despite investments aimed at progressively enhancing the Digital operating structure.

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Corporate and Digital Innovation

The **Corporate** segment includes – besides the Group's top management organizations – Parent Company functions providing services to Group companies and the different business areas. These services are mainly associated with activities regarding IT, administration, management control and planning, treasury and finance, human resources, legal and corporate affairs and external and institutional relations.

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

Digital Innovation: the structure of this Area, which became operational at the end of 2013, is mainly concentrated on developing non-traditional activities with the objective of supporting all Group Areas in developing new business and strengthening the Group's presence in the digital market.

FINANCIAL POSITION

In this context, 3-month Euribor was further reduced, reaching an average value in the period equal to 0.3 base points; the average cost of the Mondadori Group's debt, relative to the rate component in the same period, was equal to **3.70%**, against 4.08% in the same period of 2014, as a result of a more effective use of credit lines.

Mondadori Group's financial position at 30 September 2015 showed a debt value of euro 243.6 million, improving significantly from euro -327.4 million at September 2014 (euro -291.8 million at 31 December 2014).

Net financial position (Euro/million)	30 September 2015	30 September 2014	31 December 2014
Cash and cash equivalents	24.2	31.1	13.0
Assets (liabilities) from derivative instruments	(1.4)	(1.8)	(1.7)
Other financial assets (liabilities):	(4.5)	(41.1)	(7.4)
Loans (short and medium/long term)	(262.0)	(315.6)	(295.7)
Net financial position	(243.6)	(327.4)	(291.8)

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The overall credit lines available to the Group at 30 September 2015 amounted to euro 749.4 million, of which euro 555.0 committed. In October 2015 a partial anticipated mandatory repayment of the committed lines for a total of euro 27.1 million was carried out.

The Group's short-term loans, totalling euro 194.4 million, used for euro 5.4 million at 30 September 2015, included overdraft credit lines on current accounts, advances subject to collection and "hot money" flows.

The main medium-long term loans at 30 September 2015 are:

Medium/long-term loans (Euro/million)	Bank pool	Intesa Sanpaolo	Mediobanca	Total	of which: unutilized	of which: with interest rate hedge (5)
Term Loan	172.5 (1)	45.0 (3)	47.5 (2)	265.0	-	133.8
Revolving Facility	90.0 (4)	150.0 (3)	50.0 (2)	290.0	290.0	-
Total loans	262.5	195.0	97.5	555.0	290.0	133.8

(1) instalments of equal amounts coming due in December 2016 and December 2017; partial anticipated mandatory repayment in January 2015 of euro 13.5 million

(2) coming due in December 2017; partial anticipated mandatory repayment in October 2015 of euro 4.5 million

(3) coming due in December 2016; partial anticipated mandatory repayment in October 2015 of euro 9.0 million

(4) coming due in December 2018

(5) partial unwinding of notional euro 11.3 million at October 2015 in order to align the contracts to the new amount covered following the partial anticipated mandatory repayment.

Following the qualification of Monradio activities as “discontinued operations” the cash generation impact from the radio business and the relevant financial costs and taxes were booked separately in the cash flow statement of the first nine months of 2015 (and also for 2014 for comparison purposes).

The Group’s cash flow in the period is detailed below:

Cash flow from ordinary operations, including outflows relative to taxes and financial costs, was **positive for euro 34.4 million**, confirming the improving trend of cash flow generation of the last twelve months, measured in June 2015 (euro 31.5 million) and in March 2015 (euro 28.6 million) and in December 2014 (euro 18.8 million).

Cash flow from extraordinary operations was positive for euro 49.5 million, despite cash-out for

Group’s Cash Flow (Euro/million)	30.09.2015	30.09.2014	LTM
NFP beginning of period	(291.8)	(363.2)	(327.4)
EBITDA before non-recurring items	48.0	43.6	70.0
Incidence of shareholdings/dividends	(2.4)	(1.1)	(4.5)
NWC + provision variation	(11.8)	(21.6)	8.4
CAPEX	(9.5)	(6.2)	(13.9)
Cash flow from operations	24.2	14.7	59.9
Financial costs	(13.7)	(16.5)	(18.9)
Taxes	(3.2)	(3.6)	(6.6)
Cash flow from the Radio business	0.0	(2.9)	0.0
Cash flow from ordinary operations	7.3	(8.3)	34.4
Capital increase / (Dividend payout)	0.0	31.2	0.0
Restructuring costs	(14.4)	(16.7)	(17.9)
Extraordinary costs / previous years	8.4	15.2	8.4
Asset acquisition	3.5	(2.9)	2.5
Asset disposal	43.4	17.3	56.4
Cash flow from extraordinary operations	40.9	44.1	49.4
Total Cash Flow	48.2	35.8	83.8
NFP end of period	(243.6)	(327.4)	(243.6)

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LTM cash flow from operations, which in the last 12 months generated euro 59.9 million, is attributable to the positive performance of operations net of non-recurring items (euro 70.0 million) and net working capital (including provisions), generating cash flows for euro 8.4 million as a result of an increasing focus on the management of receivables and working capital items. In the last twelve months capital expenditure increased: in the Educational Area investments were made in the development of new publishing products (euro 3.7 million) for the new Mondadori France offices, including, among others, plant modernization works (euro 4.1 million) and in the Retail Area for improvement work in the stores and new openings (euro 2.5 million) and the purchase of software and office automation systems (euro 2.5 million).

restructuring actions (euro 17.8 million), and was attributable to the capital gain deriving from the disposals completed in the period for a total of euro 56.4 million (of which euro 45.1 million deriving from the disposals of 80% of Monradio and 50% of the Harlequin Mondadori joint venture) and to the partial collection of tax receivables (VAT and IRES on IRAP reimbursement application) accrued in the previous year (euro 8.4 million).

These items resulted in **LTM cash flow generation equal to euro 83.9 million** with a consequent equivalent reduction in debt.

Cash flow from operations in the first nine months of 2015 showed an improvement compared to the value recorded in the same period of 2014 as a result of improved net working capital and provision management compensating for greater cash-out due to investments made mainly in the Retail area.

This performance was also confirmed at the level of cash flow from ordinary operations due also to the significant reduction in financial costs.

Cash flow from extraordinary operations posted a downturn against the value recorded at 30 September 2014, which included the amount raised in the capital increase transaction completed in June.

At 30 September 2015, Monradio assets/liabilities were booked separately under “Discontinued assets/liabilities”.

The reduction by approximately euro 13 million in trade payables is mainly attributable to lower purchases made in the period and lower overdraft. The fixed invested capital, equal to euro 630.6 million at 30 September 2015, dropped by euro 8 million against the same period of the previous year despite an increased value of investments resulting from the reclassification of Monradio as a subsidiary due to the transfer of the megastore located in corso Vittorio Emanuele, Milan, in the Retail area and the devaluation of the interest held

Consolidated balance sheet (Euro/million)	30.09.2015	30.09.2014	Var.	31.12.2014
Trade receivables, net	255.8	280.9	(25.1)	263.1
Inventories	110.2	112.3	(2.1)	108.4
Trade payables	(359.5)	(372.7)	13.2	(343.3)
Other assets/(liabilities)	(2.0)	0.2	(2.2)	(14.8)
Net working capital	4.5	20.7	(16.2)	13.4
Intangible assets	556.6	568.3	(11.7)	553.7
Fixed assets	30.4	33.7	(3.3)	32.4
Investments	43.6	37.0	6.6	39.5
Fixed invested capital	630.6	639.0	(8.4)	625.6
Funds	(61.0)	(62.6)	1.6	(68.4)
Post-employment benefits	(45.5)	(45.1)	(0.4)	(46.3)
Assets / (liabilities) sold	0.0	55.7	(55.7)	56.6
Net invested capital	528.6	607.7	(79.1)	580.9
Share capital	68.0	68.0	0.0	68.0
Reserves and minorities	219.8	219.8	(0.0)	220.5
Net result	(2.8)	(7.5)	4.7	0.6
Net equity	285.0	280.3	4.7	289.1
Net financial position	243.6	327.4	(83.8)	291.8
Total sources	528.6	607.7	(79.1)	580.9

At 30 September 2015, **net working capital** showed a significant increase against the previous year as a result of:

- reduced trade receivables due to the combined effect of revenue performance and improved management of trade receivables collection;
- lower advance payments made to authors (approximately euro 9.0 million).

in Attica Publications in the Magazines Italy area. The Group's net invested capital, equal to euro 528.6 million at 30 September 2015, showed a reduction of approximately euro 80 million against 30 September 2014 (euro 607.7 million), in part resulting from the transfer of the radio business for euro 36.8 million.

PERSONNEL

HUMAN RESOURCES

Employees with a fixed-term or permanent labour contract employed by the Group companies at 30 September 2015 totalled 3,090 people, down 3.3% against 3,194 people of the same period in the previous year.

On a like-for-like basis the reduction in the headcount against September 2014 would be equal to 5.6%, above -4.5% recorded in the first half of 2015 (the Magazines Italy area recorded a 4.9% reduction in its headcount on a like-for-like basis).

This performance is the result of the ongoing actions aimed at achieving greater efficiency

through the implementation of rationalization projects in all Group companies, both in Italy and in France. In the past year, these actions, after an intense industrial relations activity, resulted in a reduction in the headcount across all business areas (except the strengthening of the Digital Innovation area).

The cost of personnel in the first nine months of the year was equal to euro 166.5 million, down 1.2% against the same period of 2014; this reduction amounted to 2.8% (euro -4.5 million) net of restructuring costs. Similarly, cost of personnel before restructuring also dropped by 4.1% (euro -6.6 million) on a like-for-like basis.

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	30.09.2015	30.09.2014	Var. %
Personnel - actual	3,090	3,194	(3.3%)
Headcount - actual - on a like-for-like basis¹⁸	2,989	3,167	(5.6%)
(Euro/million)			
Cost of personnel (before restructuring)	159.8	164.3	(2.8%)
Cost of personnel (before restructuring on a like-for-like basis¹⁸)	157.0	163.7	(4.1%)
Cost of personnel (including restructuring)	166.5	168.6	(1.2%)

¹⁸ In 2015 the following companies were consolidated: Kiver (13 employees) in the Digital Innovation area and Gruner+Jahr/Mondadori as of 1 July (88 employees) in the Magazines Italy area. On 30 September 2015 80% of the share capital of Monradio (27 employees), the broadcaster of R101, was transferred. Qualified as "discontinued operations" the company was not included in the consolidation area.

The Group's actual personnel data at 30 September 2015 broken down by company and business area are listed below:

Personnel	30.09.2015	30.09.2014
Arnoldo Mondadori Editore S.p.A.¹⁹:		
- Managers, journalists, office staff	806	962
- Blue collars	5	91
	811	1,053
Italian subsidiaries¹⁹:		
- Managers, journalists, office staff	1,302	1,195
- Blue collars	100	27
	1,402	1,222
Foreign subsidiaries:		
- Managers, journalists, office staff	877	919
- Blue collars	-	-
Total	877	919
Total	3,090	3,194

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Personnel by Business area	30.09.2015	30.09.2014	Var. %
Books	564	594	(5.0%)
Magazines Italy	692	635	9.0%
Magazines France	852	903	(5.6%)
Retail	541	595	(9.1%)
Radio	-	27	n.s.
Digital Innovation	98	86	14.0%
Corporate	343	354	(3.1%)
Total	3,090	3,194	(3.3%)

¹⁹ For comparison purposes with 2014, it should be noted that Mondadori Libri S.p.A., a company fully owned by the Parent Company Arnoldo Mondadori Editore S.p.A., began operations on 1 January 2015. This company includes the business unit relative to the assets, liabilities and relationships inherent to the editorial activities and distribution carried out in the Books Area, including personnel.

RELEVANT EVENTS OCCURRED IN THE PERIOD

APPOINTMENTS TO THE BOARD OF DIRECTORS OF MONDADORI LIBRI S.P.A.

On **21 January 2015** the Board of Directors of Mondadori Libri S.p.A. defined its composition as follows: Ernesto Mauri, Chairman; Enrico Selva Coddè, Gian Arturo Ferrari, Antonio Porro and Oddone Pozzi, Directors.

Reporting to the Group's CEO Ernesto Mauri, Enrico Selva Coddè was appointed CEO of Mondadori Libri S.p.A. Trade Area and Antonio Porro was confirmed Managing Director of the Educational Area. Gian Arturo Ferrari, Deputy Chairman of Mondadori Libri S.p.A., will work in cooperation with Enrico Selva for the implementation and publication of the publishing programmes.

NON-BINDING EXPRESSION OF INTEREST FOR RCS LIBRI S.P.A.

On **18 February 2015** upon request made by CONSOB, Mondadori Editore S.p.A. informed that RCS MediaGroup S.p.A. had been subjected to a non-binding expression of interest relative to a possible acquisition transaction of the entire interest owned by RCS MediaGroup S.p.A. in RCS Libri S.p.A., equal to 99.99% of the company capital as well as the additional assets and activities making up the RCS MediaGroup book repertoire.

On **6 March 2015** RCS MediaGroup S.p.A. granted the Company a period of exclusivity until 29 May 2015 in order to conduct an in-depth analysis of the transaction terms and conditions.

SHAREHOLDERS' MEETING 2015: APPOINTMENTS OF THE NEW CORPORATE BODIES AND RELEVANT RESOLUTIONS

On **23 April 2015**, in addition to approving the financial statements of Arnoldo Mondadori Editore SpA at 31 December 2014 and renewing the authorization for the purchase and disposal of treasury shares, the Shareholders' Meeting appointed a new Board of Directors, composed as follows: Marina Berlusconi (Chairman), Ernesto Mauri, Pier Silvio Berlusconi, Oddone Maria Pozzi, Pasquale Cannatelli, Bruno Ermolli, Roberto Poli, Danilo Pellegrino, Alfredo Messina, Martina Forneron Mondadori, Marco Spadacini, Angelo Renoldi, Mario Resca and Cristina Rossello.

The Shareholders' Meeting appointed a new Board of Auditors, composed of the following members: Ferdinando Superti Furga (Chairman), Francesco Antonio Giampaolo e Flavia Daunia Minutillo (Standing Statutory Auditors); Francesco Vittadini, Annalisa Firmani ed Ezio Maria Simonelli (Substitute Statutory Auditors).

Both corporate bodies, which will remain in office for three financial years, i.e. until the Shareholders' Meeting called for the approval of the Group's financial statements at 31 December 2017, were appointed based on the only slate presented at the Meeting, filed by Fininvest S.p.A., the majority shareholder.

The Board of Directors confirmed Ernesto Mauri as CEO, vesting him with the relevant powers of management. The following committees were also appointed:

- Control and Risk Committee: Angelo Renoldi (Chairman), Marco Spadacini and Cristina Rossello;
- Remuneration and Appointment Committee: Marco Spadacini (Chairman), Bruno Ermolli and Cristina Rossello;
- Committee for Related Parties Transactions: Angelo Renoldi (Chairman), Cristina Rossello and Marco Spadacini.

Maria Pozzi was confirmed as Executive Manager, responsible for the drafting of the corporate accounting documentation.

BINDING OFFER FOR RCS LIBRI S.P.A.

On **29 June 2015** Arnoldo Mondadori Editore S.p.A. informed that it submitted a binding offer to RCS MediaGroup S.p.A. regarding the acquisition of the entire interest owned in RCS Libri S.p.A., equal to 99.99% of the company capital as well as the additional assets and activities making up the RCS MediaGroup book repertoire.

MONDADORI INCREASED ITS INTEREST IN GRUNER+JAHR/ MONDADORI S.P.A. TO 100%

On **1 July 2015** Arnoldo Mondadori Editore S.p.A. acquired from Gruner und Jahr Management GmbH - a Bertelsmann Group company - the remaining 50% of the Gruner+Jahr/Mondadori S.p.A. joint venture's capital.

TRANSFER OF 80% OF MONRADIO'S CAPITAL TO R.T.I.

On **30 June 2015** the Board of Directors of Arnoldo Mondadori Editore S.p.A. granted the CEO the power to proceed with the acceptance of the expression of interest, received from R.T.I. S.p.A., a subsidiary of Mediaset S.p.A., for the acquisition of 80% of the share capital of Monradio S.r.l., a company fully owned by Arnoldo Mondadori Editore S.p.A., which also owns the R101 radio station. The offer included a period of exclusivity until maximum 20 September 2015.

On **24 September 2015** the Company's Board of Directors (following the motivated favourable opinion expressed by the Committee of independent directors for related parties transactions pursuant to Consob Regulation and the procedures adopted) approved the information document relative to the aforementioned transaction (transaction of greater relevance with related parties), which was therefore disclosed pursuant to Article 5 of Consob Regulation no. 17221/2010 and subsequent amendments.

On **30 September 2015** the contract regarding the transfer to R.T.I. S.p.A. of Monradio S.r.l.'s capital was completed for a price (cash/debt free) equal to euro 36.8 million.

APPOINTMENT OF A NEW GROUP HEAD OF HUMAN RESOURCES AND ORGANIZATION

On **14 September 2015** Simonetta Bocca was appointed Head of Human Resources and Organization for the Mondadori Group, reporting directly to the CEO Ernesto Mauri.

Born in Biella in 1963, Simonetta Bocca graduated in mathematics and information science at the University of Turin. She started her professional career at Alenia Aeronautica in 1987 with increasing responsibilities in planning and control, total quality, business process, reengineering and organization. She joined Fiat Auto in 1998 as Head of processes, organization and IT for the supplier and production areas and was appointed Head of sales and marketing for Italy and Europe in 2000. In 2002 she joined the Aprilia and Moto Guzzi - Piaggio Group as Head of Human Resources, Organization and Strategic Planning. Subsequently, she was appointed Head of HR, staff and organization, development, training and internal communication at Trenitalia; then joined the Coin-Upim Group as Head of HR and organization, ICT and legal affairs.

In 2011 she was appointed vice president of HR and organization at Seda International Packaging Group for the establishment of a newco in the United States; in 2015 she was appointed vice president of HR, organization and ICT of the Nicotra Gebhardt CBI Group and managing director of Industrie CBI and CBI Service.

TRANSFER OF HARLEQUIN MONDADORI

On **30 September 2015** the transfer to Harlequin Italia (HarperCollins Publishers) of the entire interest held by Arnoldo Mondadori Editore through Mondadori Libri in Harlequin Mondadori, equal to 50% of the share capital, was completed. Established in 1980 as an equally owned joint venture, Harlequin Mondadori operates in the sector of romance novels mainly through the sale of the Harmony series in the newsstands channel. The price for the transaction amounted to euro 8.3 million, including an adjusted net financial position positive for euro 1.6 million.

SIGNIFICANT EVENTS AFTER CLOSURE

AGREEMENT FOR THE ACQUISITION OF RCS LIBRI

On **4 October 2015**, following approval by the Company's Board of Directors, the agreement relative to the acquisition of RCS Libri S.p.A. was signed. This agreement will enable Mondadori Group to consolidate its presence in Italy in the Trade Books area and in the school textbook segment and illustrated books at the international level.

The perimeter of the transaction includes the entire interest, equal to 99.99%, owned by RCS MediaGroup S.p.A. in RCS Libri S.p.A. with the underlying shareholdings, which include 94.71% of Marsilio Editore S.p.A. at closing and excludes 58% of interest held in Adelphi Edizioni S.p.A. In 2014 this perimeter recorded the following pro-forma results: revenues of euro 221.6 million, EBITDA before non-recurring items of euro 8.8 million and investments of euro 11 million, of which euro 1.7 million destined to the refurbishment of Rizzoli book stores.

The transaction price was equal to euro 127.5 million and reflected an average (in order to neutralize the effects of the business seasonality) adjusted (also including the re-purchase of Marsilio's minorities) NFP equal to euro -2.5 million. Since the price reflects the expectations about the result for the current year, price adjustment mechanisms will be applied ranging to maximum euro +/- 5 million indexed to the achievement of pre-established economic targets in 2015. An earn-out is also expected in favour of RCS MediaGroup S.p.A. up to euro 2.5 million depending on the achievement in 2017 of certain results in the Books area.

The transaction includes the usual warranties and guarantees in favour of the buyer.

Through this transaction Mondadori will acquire an exclusive title on all the brands in the book market, including Rizzoli. The agreement also envisages that RCS MediaGroup magazines can continue their book activities in line with the currently performed ones.

The acquisition, whose price will be settled in cash at closing, will be financed through the use of credit lines; the Group has recently signed an agreement with the lending banks to re-negotiate the current credit lines in relation to the envisaged transaction, including a revision of the relevant maturity dates and conditions. The completion of the transaction is subject to approval by the competent regulatory authorities; any conditions attached to the authorization will not prevent the transaction from being completed.

OTHER INFORMATION

Adhesion to the legislative simplification process adopted by Consob resolution No. 18079 of 20 January 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.

2015 FULL YEAR OUTLOOK

In the third quarter of 2015, the Group continued the non-core assets disposal plan, which, by increasing the availability of the consolidated financial resources, also contributed to supporting the future development of the Group and its competitive position consistently with the strategic guidelines announced. In line with the Group's focus on its core business, the Group recently signed an agreement to acquire RCS Libri. This transaction will enable the Group to consolidate its presence in Italy in the Trade Books and Educational segments and in illustrated books at the international level.

Based on the Group's **positive performance** in these first nine months and on the ongoing **optimization** of operating processes and cost structure, as well as on the **measures** aimed at **rationalizing** the portfolio of activities and **mitigating the downturn in revenues** also through an ongoing focus on editorial quality, it is reasonable to confirm the **2015 projections of a growing EBITDA at the Group level**.

In light of the aforementioned positive outlook, the recently completed disposals and the recovery of investments in the market, the Group's **net financial position** is also expected to **significantly improve** against 2014 year end.

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For the Board of Directors
The Chairman
Marina Berlusconi



The Executive Manager responsible for the drafting of the corporate accounting documentation - Oddone Pozzi – 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.
Oddone Pozzi





Consolidated balance sheet

**Consolidated income statement
and consolidated comprehensive
income statement**

CONSOLIDATED BALANCE SHEET

Assets (euro/000)	30/09/2015	31/12/2014
Intangible assets	556,568	601,593
Property investments	3,054	3,133
Land and buildings	6,293	7,895
Plant and equipment	9,431	8,853
Other tangible assets	11,647	17,187
Property, plant and equipment	27,371	33,935
Investments booked at equity	43,145	39,201
Other investments	443	443
Total investments	43,588	39,644
Non-current financial assets	316	316
Pre-paid tax assets	71,114	78,882
Other non-current assets	1,581	1,848
Total non-current assets	703,592	759,351
Tax receivables	45,219	50,040
Other current assets	89,198	87,687
Inventory	110,195	108,365
Trade receivables	255,763	268,736
Other current financial assets	10,856	11,916
Cash and cash equivalents	24,202	12,966
Total current assets	535,433	539,710
Discontinued assets	-	-
Total assets	1,239,025	1,299,061

Liabilities (euro/000)	30/09/2015	31/12/2014
Share capital	67,979	67,979
Share premium reserve	-	12,000
Treasury shares	-	-
Other reserves and results carried forward	189,387	176,706
Profit (loss) for the period	(2,817)	618
Group's Shareholders' equity	254,549	257,303
Minority shareholders' equity and reserves	30,418	31,818
Total Shareholders' equity	284,967	289,121
Provisions	60,958	69,109
Post-employment benefits	45,532	46,709
Non-current financial liabilities	239,773	266,327
Deferred tax liabilities	72,481	81,657
Other non-current liabilities	-	-
Total non-current liabilities	418,744	463,802
Income tax payables	5,880	139
Other current liabilities	194,468	204,224
Trade payables	295,724	291,079
Payables due to banks and other financial liabilities	39,242	50,696
Total current liabilities	535,314	546,138
Discontinued liabilities	-	-
Total liabilities	1,239,025	1,299,061

CONSOLIDATED INCOME STATEMENT

(euro/000)	9M2015	9M2014(*)
Revenues from sales and services	817,122	851,866
Decrease (increase) of inventory	(1,545)	9,727
Cost of raw, ancillary, consumption materials and goods	154,184	141,519
Cost of services	453,184	496,928
Cost of personnel	166,499	168,595
Other (income) cost	3,081	(7,923)
Revenues (costs) from investments valued at equity	7,084	(2,770)
EBITDA	48,803	40,250
Depreciation and impairment loss on property, plant and equipment	5,059	6,181
Amortization and impairment loss on intangible assets	9,762	10,023
Impairment loss on investments valued at equity and other enterprises	4,000	-
EBIT	29,982	24,046
Financial income (cost)	(13,739)	(17,798)
Revenues (costs) from other investments	(125)	-
Profit before taxes for the period	16,118	6,248
Income tax	7,713	7,966
Profit from continuing operations	8,405	(1,718)
Result from discontinued operations	(9,411)	(3,795)
Net result	(1,006)	(5,513)
Attributable to:		
- Minority shareholders	1,811	2,032
- Parent Company's shareholders	(2,817)	(7,545)
Net earnings per share (in euro units)	(0.01)	(0.03)
Diluted net earnings per share (in euro units)	(0.01)	(0.03)

(*) Data at 30 September 2014 were reclassified following the application of IFRS 5 relative to Discontinued Operations.

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

(euro/000)	9M2015	9M2014
Net result	(1,006)	(5,513)
<i>Items reclassifiable to income statement</i>		
Income (loss) deriving from the conversion of currency denominated financial statements of foreign companies	(130)	(34)
Other profit (loss) from companies valued at equity	98	29
Effective part of profit (loss) on cash flow hedge instruments (cash flow hedge)	386	(2,033)
Income (loss) deriving from held-for-sale assets (fair value)	-	-
Tax impact on other income (loss) reclassifiable to income statement	(106)	223
<i>Items reclassifiable to income statement</i>		
Profit (loss) on cash flow hedge instruments	-	21
Income (loss) deriving from held-for-sale assets (fair value)	-	-
Tax impact on other income (loss) reclassifiable to income statement	-	-
<i>Items not reclassifiable to income statement</i>		
Actuarial income/ (losses)	(45)	(216)
Tax impact on other income (loss) reclassifiable to income statement	12	57
Total other profit (loss) net of tax effect	215	(1,953)
Comprehensive income for the period	(791)	(7,466)
Attributable to:		
- Parent Company's shareholders	(2,582)	(9,495)
- Minority shareholders	1,791	2,029

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For the Board of Directors
The Chairman
Marina Berlusconi



CONTO ECONOMICO CONSOLIDATO

TERZO TRIMESTRE

(euro/000)	3Q2015	3Q2014 (*)
Revenues from sales and services	299,986	308,563
Decrease (increase) of inventory	5,418	5,903
Cost of raw, ancillary, consumption materials and goods	57,670	48,905
Cost of services	153,307	170,199
Cost of personnel	53,153	52,102
Other (income) cost	7,888	8,212
Revenues (costs) from investments valued at equity	7,301	(557)
EBITDA	29,851	22,685
Depreciation and impairment loss on property, plant and equipment	1,748	2,044
Amortization and impairment loss on intangible assets	3,350	3,593
Impairment loss on investments valued at equity and other enterprises	4,000	-
EBIT	20,753	17,048
Financial income (cost)	(5,191)	(5,502)
Revenues (costs) from other investments	-	-
Profit before taxes for the period	15,562	11,546
Income tax	4,918	5,886
Profit from continuing operations	10,644	5,660
Result from discontinued operations	(578)	(1,335)
Net result	10,066	4,325
Attributable to:		
- Minority shareholders	682	836
- Parent Company's shareholders	9,384	3,489

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(*) Data of the third quarter of 2014 were reclassified following the application of IFRS 5 relative to Discontinued Operations.

For the Board of Directors
The Chairman
Marina Berlusconi



Graphic design and composition:



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