



**GRUPPO  MONDADORI**

# **9M16 Results**

## **Investor Presentation**

Ernesto Mauri, CEO  
Oddone Pozzi, CFO

*Segrate, November 8th 2016*

**AGENDA**

**1 – 9M16 Highlights**

**2 – 9M16 Results**

**3 – FY 2016 Outlook**



Consolidated from  
1st April 2016  
(6M)



Not consolidated



July 2016

Transfer  
completed

Not consolidated



Sept. 2016

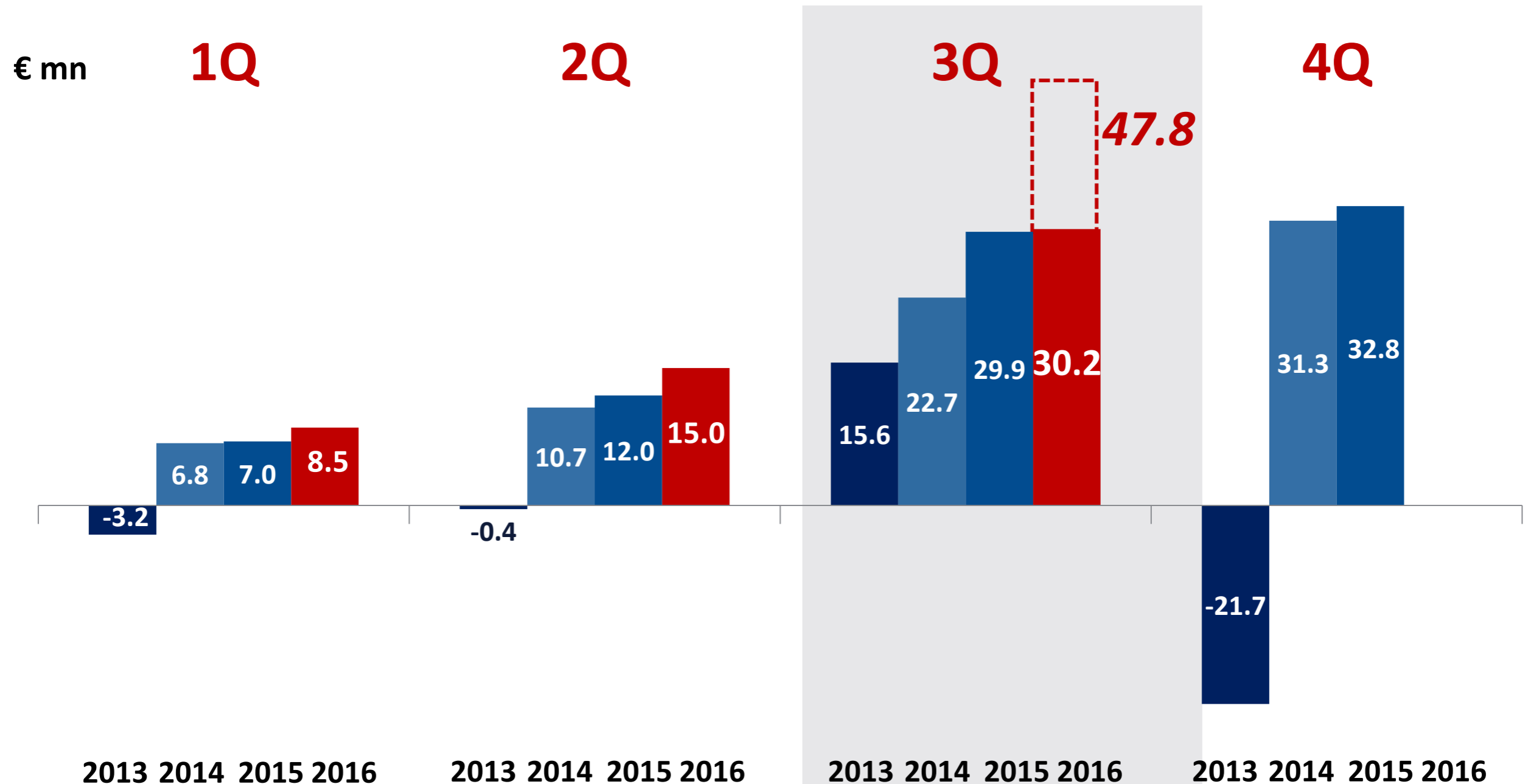
Transfer subject  
to Antitrust  
approval



Consolidated from  
1st June 2016  
(4M)



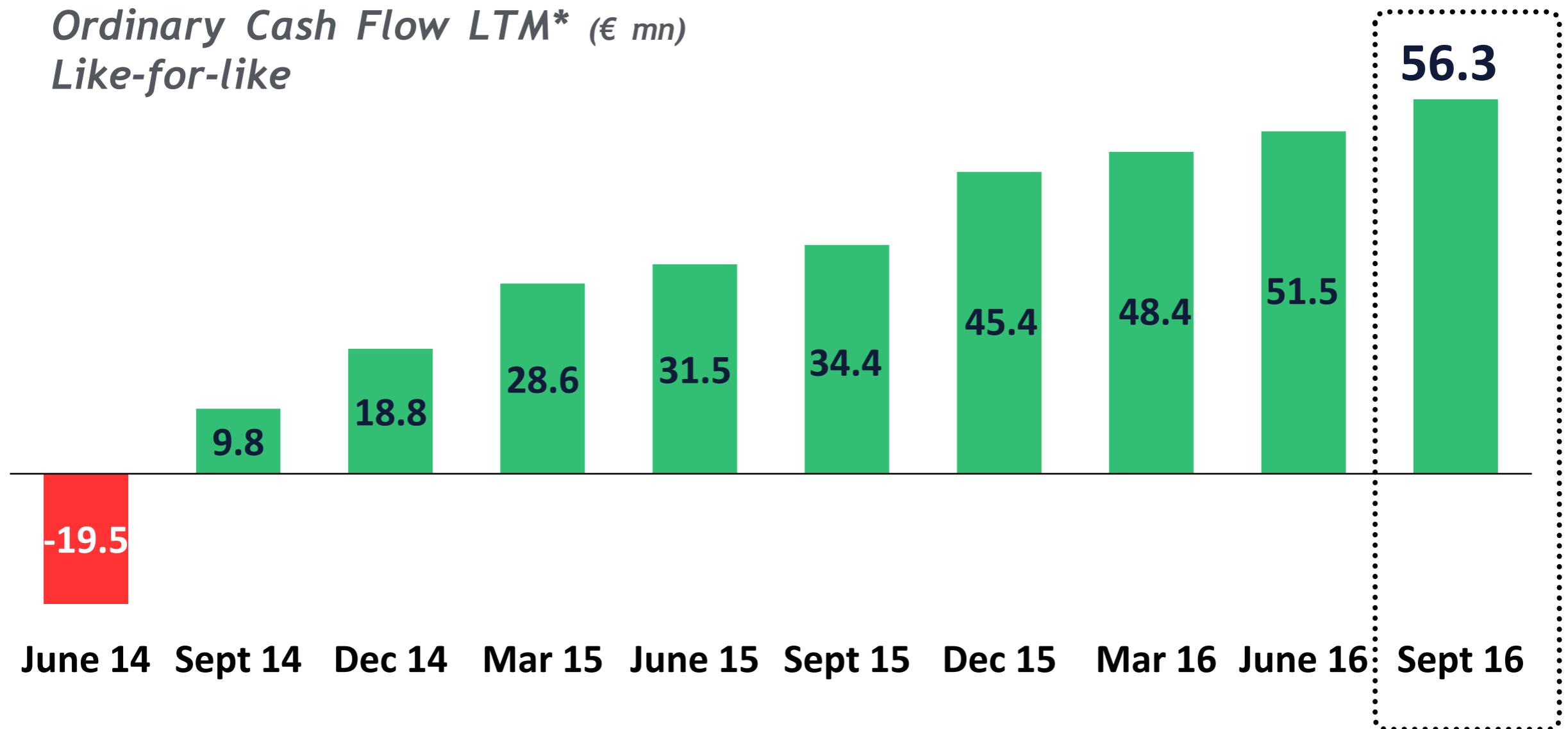
## 1. EBITDA improvement in the last 11 quarters



\* EBITDA reported like-for-like

## 2. Continuous increasing trend of cash generation from business

Ordinary Cash Flow LTM\* (€ mn)  
Like-for-like



\* Ordinary Cash Flow: Operating Cash Flow net of capex, taxes and financial charges

**AGENDA**

**1 – 9M16 Highlights**

**2 – 9M16 Results**

**3 - FY 2016 Outlook**

# 9M16 – Financial results

€ mn



**Like-for-like**

**9M16**

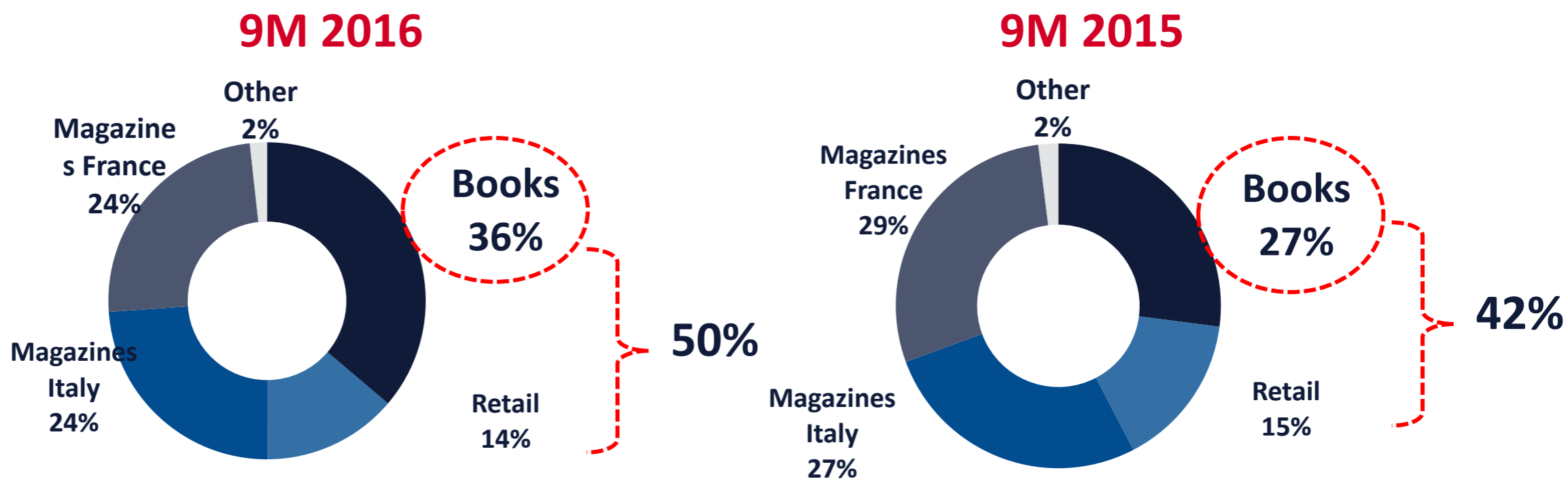
**3Q16**

**9M16**

Net Revenues	2016	935.3	<b>+14.3%</b>		
	2015	818.3			
EBITDA adjusted	2016	76.1	<b>+58.7%</b>		
	2015	48.0			
EBITDA	2016	70.3	<b>+44.0%</b>		<b>+1.0%</b> 3Q 15: capital gain for Harlequin transfer of €7.6 mn
	2015	48.8			
Net Profit	2016	17.9	Improvement of 20+ € million		<b>10.8 milioni</b> (9.4 mln in 3Q 2015)
	2015	-2.8			

# 9M16 – Revenues by Business Area

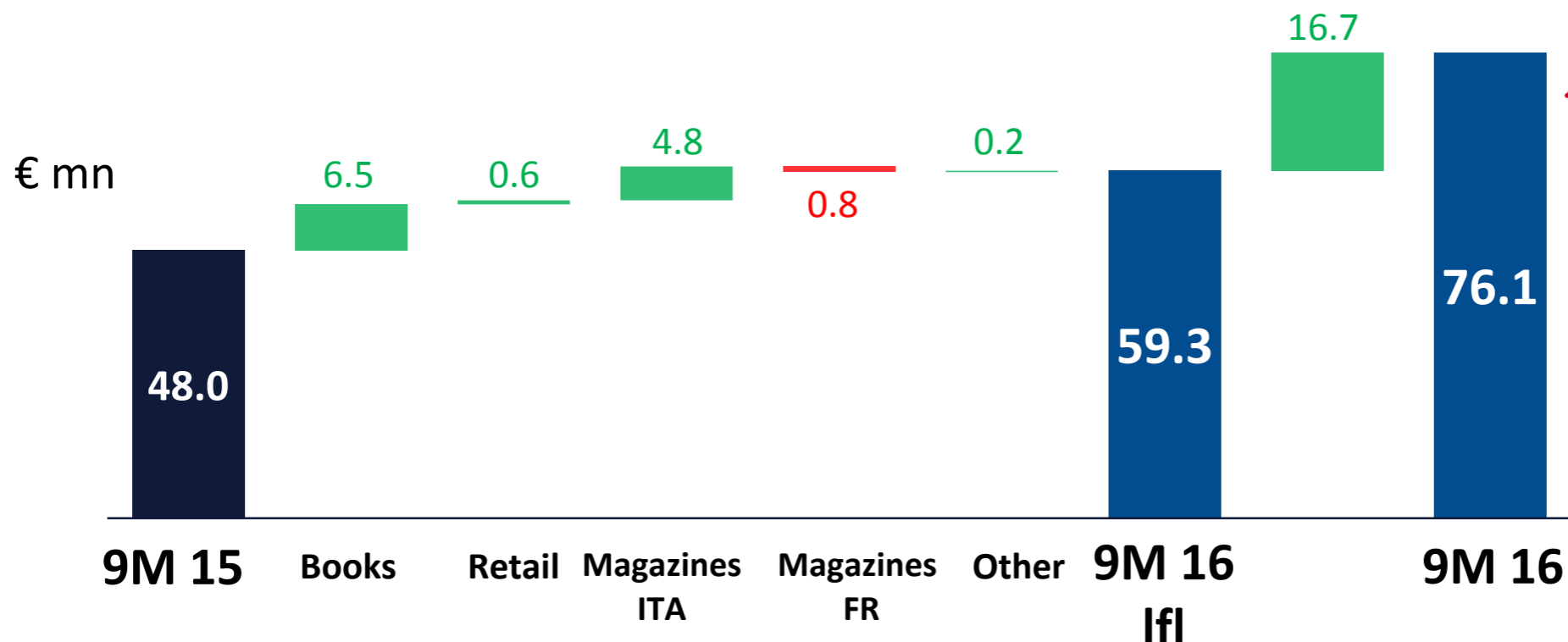
€ mn	9M 2016	9M 2016 Like-for-like	9M 2015	Var.%	Var.% lfl
Books	355.5	237.4	233.2	52.5%	1.8%
Magazines Italy	234.9	227.7	233.0	0.8%	(2.3%)
Magazines France	239.3	239.3	246.8	(3.0%)	(3.0%)
Retail	135.0	133.3	131.9	2.4%	1.1%
Corporate & Shared Services	17.1	17.1	17.1	(0.1%)	(0.1%)
Intercompany	(46.5)	(39.8)	(43.6)	6.8%	(8.7%)
<b>Total Revenues</b>	<b>935.3</b>	<b>815.0</b>	<b>818.3</b>	<b>14.3%</b>	<b>(0.4%)</b>





# 9M16 – EBITDA Adjusted by Business Area

**Acquisitions:**  
 +16.4 mn Rizzoli Libri  
 +0.3 mn Banzai Media



€ mn	9M 2016	9M 2016 Like-for-like	9M 2015	Var.%	Var.% lfl
Books	58.6	42.0	35.5	65.1%	18.2%
Magazines Italy	6.9	6.5	1.7	313.3%	292.4%
Magazines France	21.3	21.3	22.1	(3.8%)	(3.8%)
Retail	(2.7)	(2.5)	(3.1)	13.2%	20.4%
Corporate & Shared Services	(8.0)	(8.0)	(8.2)	3.2%	3.2%
<b>EBITDA adj.</b>	<b>76.1</b>	<b>59.3</b>	<b>48.0</b>	<b>58.7%</b>	<b>23.7%</b>

## EBITDA reported

	9M 2016	9M 2015	Var. %
Mondadori	41.2	39.6	4.2%
Rizzoli	16.7		
<b>Total Books</b>	<b>57.9</b>	<b>39.6</b>	<b>46.2%</b>
Magazines Italy	5.2	0.8	<i>n.s.</i>
Banzai Media	0.2		
<b>Total Magazines Italy</b>	<b>5.4</b>	<b>0.8</b>	<i>n.s.</i>
<b>Magazines France</b>	<b>19.4</b>	<b>20.0</b>	<b>(3.1%)</b>
Retail	(2.1)	(2.8)	24.7%
Librerie Rizzoli	(0.2)		
<b>Total Retail</b>	<b>(2.3)</b>	<b>(2.8)</b>	<b>16.7%</b>
Corporate & Shared Services	(10.1)	(8.8)	<i>n.s.</i>
<b>EBITDA like-for-like</b>	<b>53.7</b>	<b>48.8</b>	<b>9.9%</b>
<b>EBITDA</b>	<b>70.3</b>	<b>48.8</b>	<b>44.0%</b>
<i>Of which extraordinary items</i>	-2.6	+8.9	

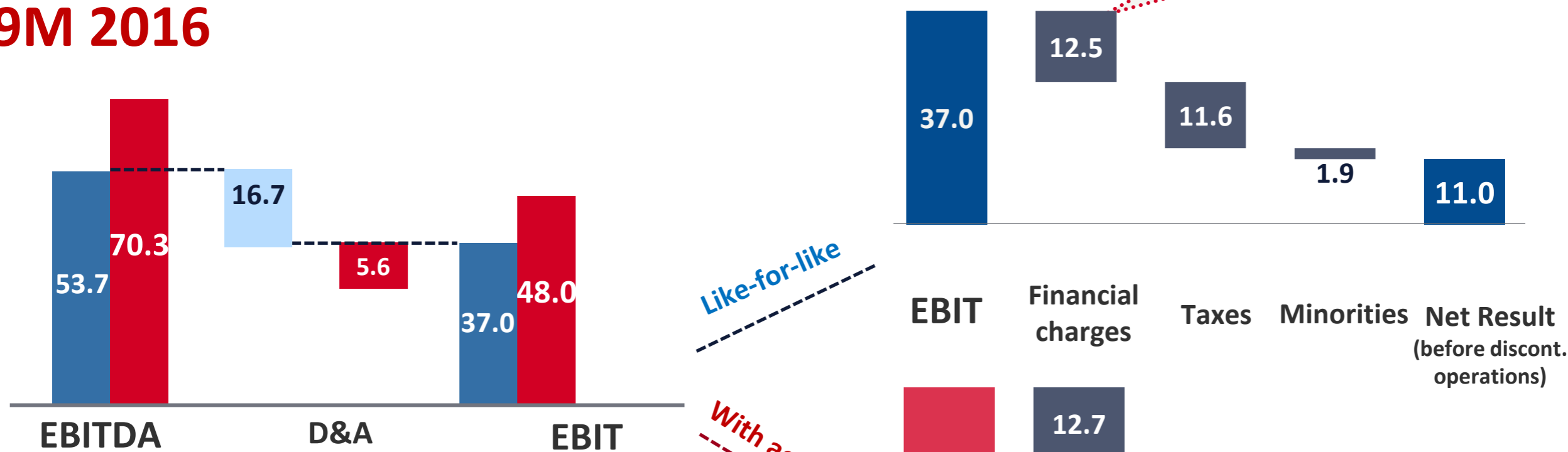
- 9M 2015: capital gain for Harlequin transfer of €7.6 mn;
- 9M 2016: transaction costs of €1.3 mln

- 9M 2015: capital gain for Il Giornale of €1.3 mln;
- 9M 2016: transaction costs of €1.3 mln

# 9M16 – From EBITDA to Net Result

€ mn

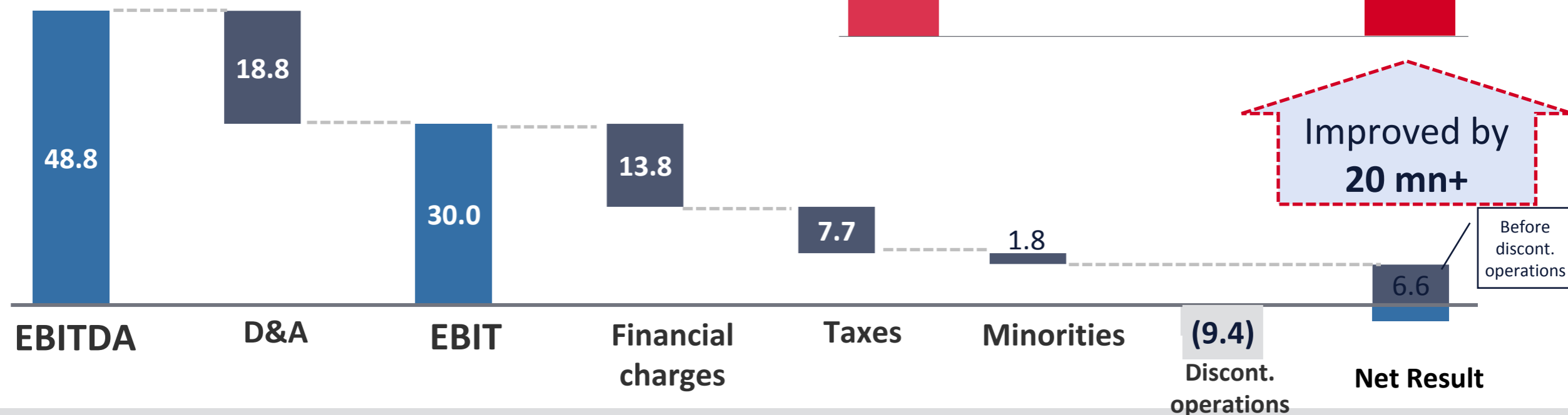
## 9M 2016



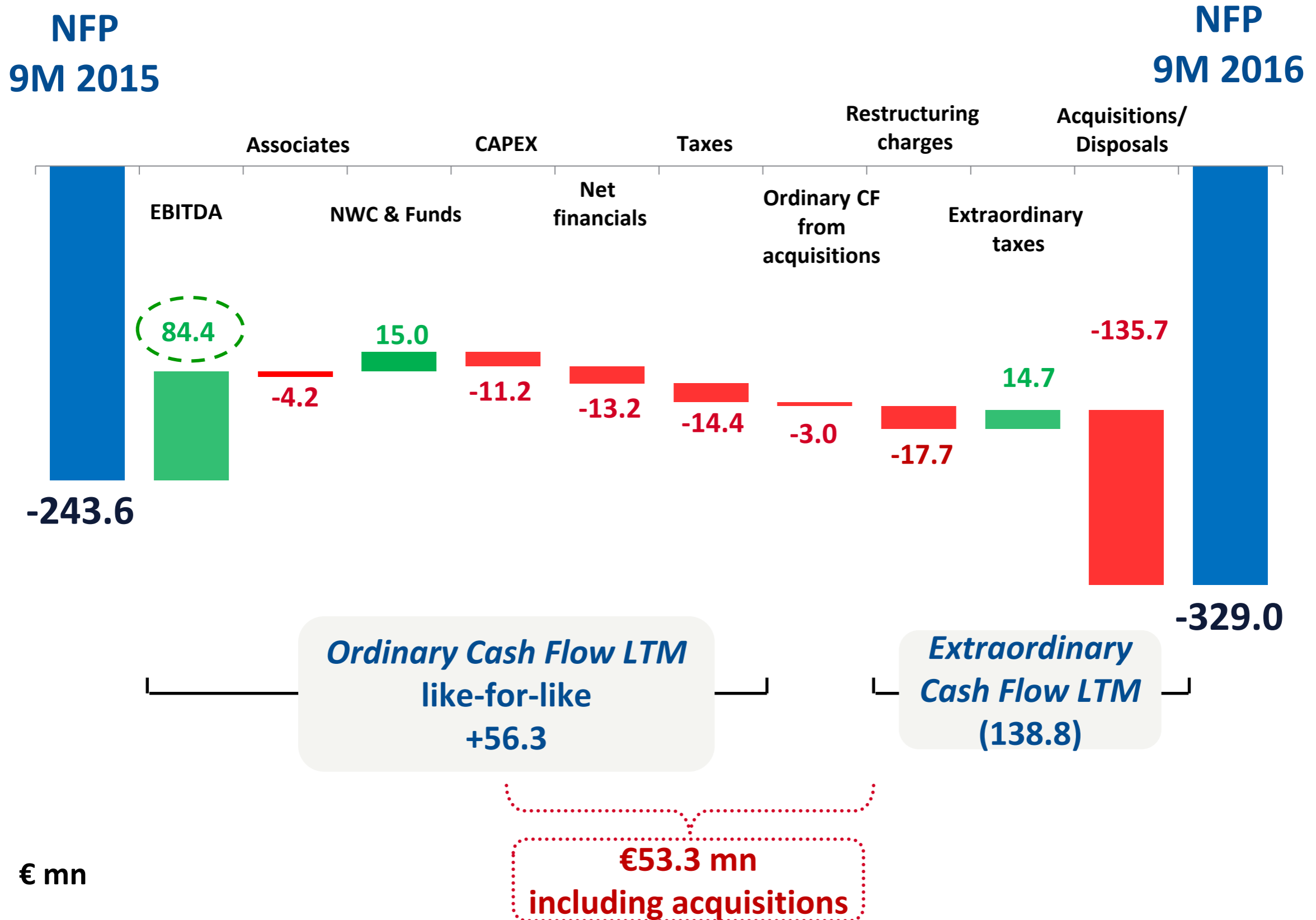
Improved by 9% like-for-like

- 90% average interest rate – from 3.72% to 3.05%
- 10% average Net Debt

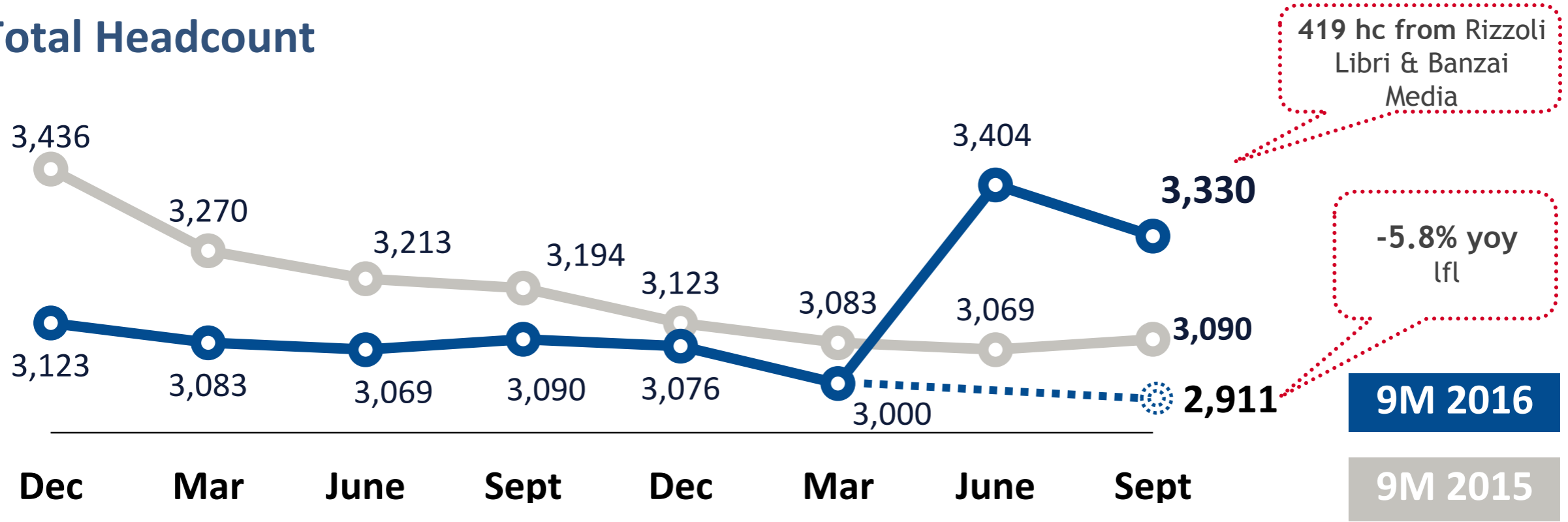
## 9M 2015



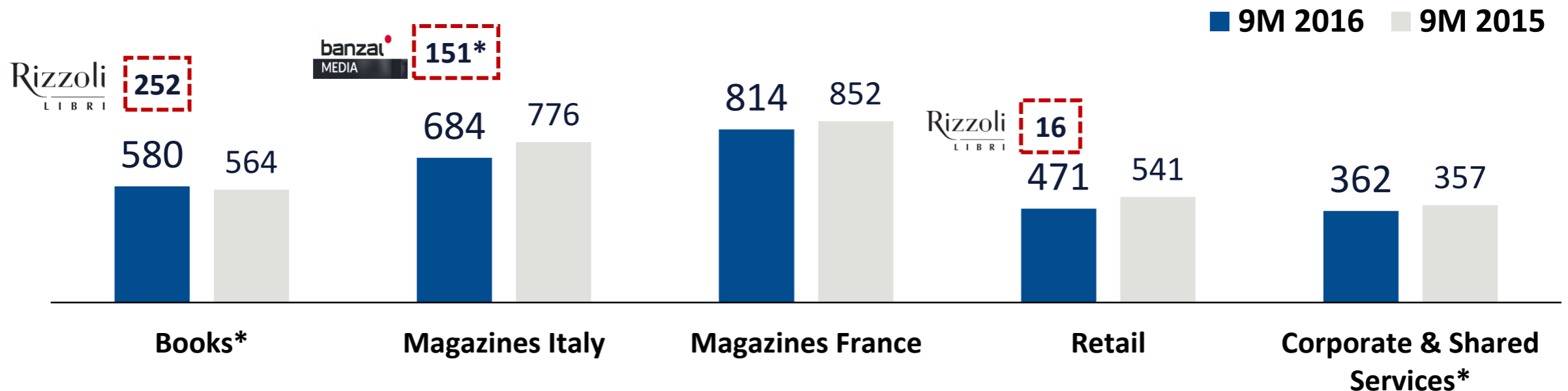
# 9M16 – Cash Flow



## Total Headcount



## Headcount by BU



\* Books area includes the stabilization of 48 labour contracts at the end of 2015; Corporate & Shared Services includes the incorporation of employees from other areas (16); Banzai Media includes 18 hc transferred to Mediamond as of Sept. 1<sup>st</sup>

**AGENDA**

**1 – 9M16 Highlights**

**2 – 9M16 Results**

**3 – FY 2016 Outlook**

## Improved 2016 GUIDANCE

*On a like-for-like basis*

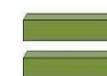
*With M&A deals\**

*Vs previous estimate*

**REVENUES**

**Steady revenues**

**~ +14%**



**EBITDA  
adjusted**

**Double digit  
operating growth**

**~ +35% Operating growth**



**NFP/EBITDA  
reported**

**< 2.5x**

**~ 3.3x  
(vs 4.5x covenant)**



\* Excluding Marsilio Editori and Bompiani consolidation

**GRUPPO  MONDADORI**

# **Attachments**



# 9M16 – Consolidated P&L

€ mn	9M 2016	Inc. %	9M 2016 lfl	Inc. %	9M 2015	Inc. %	Var.% lfl
<b>Net Revenues</b>	<b>935.3</b>	<b>100.0%</b>	<b>815.0</b>	<b>100.0%</b>	<b>818.3</b>	<b>100.0%</b>	<b>-0.4%</b>
COGS	376.3	40.2%	311.1	38.2%	314.3	38.4%	-1.0%
Variable costs	227.5	24.3%	202.6	24.9%	208.1	25.4%	-2.6%
Fixed costs	86.2	9.2%	82.2	10.1%	86.3	10.6%	-4.8%
Personnel costs	170.1	18.2%	158.4	19.4%	159.8	19.5%	-0.9%
Other expenses/(income)	-1.0	-0.1%	1.2	0.2%	0.2	0.0%	521.8%
Associates	0.0	0.0%	-0.1	0.0%	-1.6	-0.2%	-96.3%
<b>EBITDA adjusted</b>	<b>76.1</b>	<b>8.1%</b>	<b>59.3</b>	<b>7.3%</b>	<b>48.0</b>	<b>5.9%</b>	<b>23.7%</b>
Restructuring costs	-3.9		-3.7		-6.6		-43.7%
Positive /(negative) non recurring items	-2.0		-2.0		7.4		n.s.
<b>EBITDA</b>	<b>70.3</b>	<b>7.5%</b>	<b>53.7</b>	<b>6.6%</b>	<b>48.8</b>	<b>6.0%</b>	<b>9.9%</b>
D&A	22.3	2.4%	16.7	2.0%	18.8	2.3%	-11.5%
<b>EBIT</b>	<b>48.0</b>	<b>5.1%</b>	<b>37.0</b>	<b>4.5%</b>	<b>30.0</b>	<b>3.7%</b>	<b>23.4%</b>
Net Financials	-12.7	-1.4%	-12.5	-1.5%	-13.7	-1.7%	-9.2%
Other income/(charges) from associates	0.0	0.0%	0.0	0.0%	-0.1		
<b>Pre-Tax Result</b>	<b>35.3</b>	<b>3.8%</b>	<b>24.5</b>	<b>3.0%</b>	<b>16.1</b>	<b>2.0%</b>	<b>52.1%</b>
Income taxes	16.2	1.7%	11.6	1.4%	7.7	0.9%	50.3%
Minorities	1.9	0.2%	1.9	0.2%	1.8	0.2%	4.9%
<b>Result from continuing operations</b>	<b>17.2</b>	<b>1.8%</b>	<b>11.0</b>	<b>1.4%</b>	<b>6.6</b>	<b>0.8%</b>	<b>67.2%</b>
Result from discontinued operations	0.7	0.1%	0.0	0.0%	-9.4	-1.2%	
<b>Net Result</b>	<b>17.9</b>	<b>1.9%</b>	<b>11.0</b>	<b>1.4%</b>	<b>-2.8</b>	<b>-0.3%</b>	<b>n.s.</b>

# 3Q16 – Consolidated P&L

€ mn	3Q 2016	Inc.%	3Q 2016 lfl	Inc.%	3Q 2015	Inc.%	Var.% lfl
<b>Net Revenues</b>	<b>372.7</b>	<b>100.0%</b>	<b>291.4</b>	<b>100.0%</b>	<b>300.4</b>	<b>100.0%</b>	<b>-3.0%</b>
COGS	151.1	40.5%	111.2	38.2%	114.9	38.3%	-3.2%
Variable costs	90.0	24.1%	72.1	24.7%	78.0	26.0%	-7.6%
Fixed costs	28.0	7.5%	26.6	9.1%	28.9	9.6%	-8.0%
Personnel cost	55.5	14.9%	49.5	17.0%	51.5	17.1%	-3.9%
Other expenses/(income)	-1.0	-0.3%	0.4	0.1%	2.1	0.7%	-80.2%
Associates	0.3	0.1%	0.1	0.0%	-0.7	-0.2%	n.s.
<b>EBITDA adjusted</b>	<b>49.5</b>	<b>13.3%</b>	<b>31.7</b>	<b>10.9%</b>	<b>24.2</b>	<b>8.0%</b>	<b>31.4%</b>
Restructuring costs	-1.5		-1.4		-1.6		-11.6%
Positive /(negative) non recurring items	-0.2		-0.2		7.3		n.s.
<b>EBITDA</b>	<b>47.8</b>	<b>12.8%</b>	<b>30.2</b>	<b>10.4%</b>	<b>29.9</b>	<b>9.9%</b>	<b>1.0%</b>
D&A	8.2	2.2%	5.6	1.9%	9.1	3.0%	-38.5%
<b>EBIT</b>	<b>39.5</b>	<b>10.6%</b>	<b>24.6</b>	<b>8.4%</b>	<b>20.8</b>	<b>6.9%</b>	<b>18.4%</b>
Net Financials	-4.8	-1.3%	-4.6	-1.6%	-5.2	-1.7%	-10.5%
Other income/(charges) from associates	0.0	0.0%	0.0	0.0%	0.0		
<b>Pre-Tax Result</b>	<b>34.8</b>	<b>9.3%</b>	<b>19.9</b>	<b>6.8%</b>	<b>15.6</b>	<b>5.2%</b>	<b>28.0%</b>
Income taxes	13.1	3.5%	8.4	2.9%	4.9	1.6%	70.3%
Minorities	0.7	0.2%	0.7	0.2%	0.7	0.2%	3.3%
<b>Result from continuing operations</b>	<b>20.9</b>	<b>5.6%</b>	<b>10.8</b>	<b>3.7%</b>	<b>10.0</b>	<b>3.3%</b>	<b>8.8%</b>
Result from discontinued operations	0.7	0.2%	0.0		-0.6	-0.2%	n.s.
<b>Net Result</b>	<b>21.6</b>	<b>5.8%</b>	<b>10.8</b>	<b>3.7%</b>	<b>9.4</b>	<b>3.1%</b>	<b>15.5%</b>

# 9M16 – Consolidated Balance Sheet

€ mn	30/09/2016	30/09/2015	31/12/2015
Trade receivables	346.1	255.8	242.1
Inventory	165.9	110.2	108.2
Trade payables	-444.6	-356.8	-349.6
Other assets/(liabilities)	7.5	-2.0	-30.5
<b>NWC</b>	<b>74.9</b>	<b>7.2</b>	<b>-29.7</b>
Intangible asstes	599.9	556.6	552.3
Tangible assets	34.0	30.4	31.2
Investments	44.7	43.6	44.9
<b>FIXED INVESTED CAPITAL</b>	<b>678.6</b>	<b>630.6</b>	<b>628.5</b>
Provisions	-75.5	-63.6	-59.7
Indemnity severances	-50.1	-45.5	-44.1
Assets/(Liabilities) of discontinued operations	10.9		
<b>NET INVESTED CAPITAL</b>	<b>638.8</b>	<b>528.6</b>	<b>494.9</b>
<b>SHAREHOLDERS' EQUITY</b>	<b>309.8</b>	<b>285.0</b>	<b>295.5</b>
<b>NFP</b>	<b>329.0</b>	<b>243.6</b>	<b>199.4</b>
<b>NET INVESTED CAPITAL</b>	<b>638.8</b>	<b>528.6</b>	<b>494.9</b>

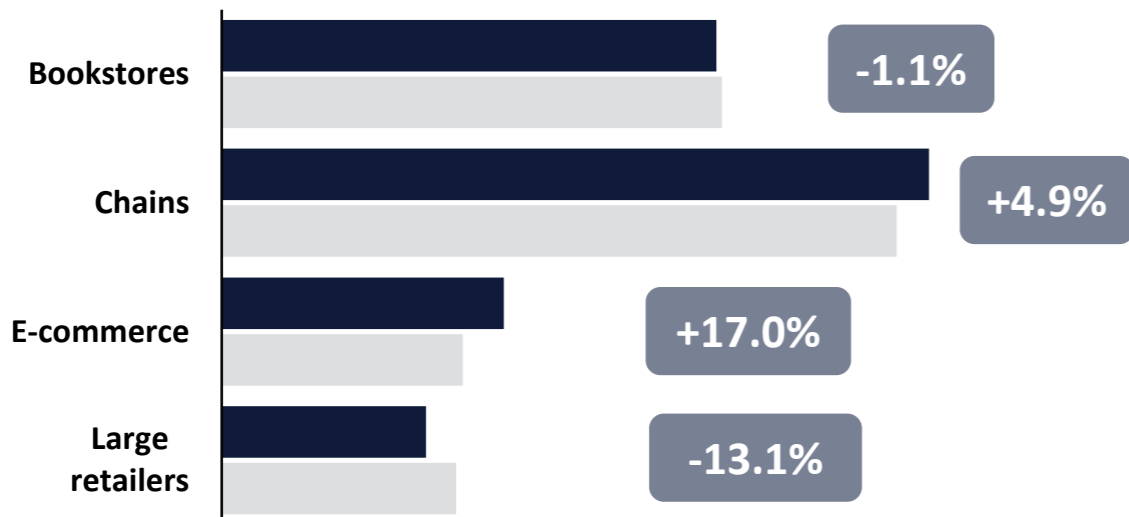
# 9M16 – Net Financial Position

€ mn	9M 2016		9M 2015
	Totale	Like-for-like	Totale
<b>Net Financial Position (start of the period)</b>	<b>(199.4)</b>	<b>(199.4)</b>	<b>(291.8)</b>
EBITDA adjusted	76.0	59.3	48.0
Associates	(4.3)	(4.2)	(2.4)
NWC and Funds	(24.3)	(11.0)	(11.8)
CAPEX	(8.8)	(6.0)	(9.5)
<b>Operating Cash Flow</b>	<b>38.6</b>	<b>38.1</b>	<b>24.2</b>
Net financial charges	(12.7)	(9.3)	(13.7)
Taxes	(10.8)	(10.7)	(3.2)
<b>Ordinary Cash Flow</b>	<b>15.1</b>	<b>18.2</b>	<b>7.3</b>
Cash-out for restructuring	(10.8)		(14.4)
VAT receivables cash-in	15.1		8.4
Acquisitions/Disposals	(148.9)		46.9
<b>Extraordinary Cash Flow</b>	<b>(144.7)</b>		<b>40.9</b>
<b>Total Cash Flow</b>	<b>(129.6)</b>		<b>48.2</b>
<b>Net Financial Position (end of the period)</b>	<b>(329.0)</b>		<b>(243.6)</b>

# Books – Highlights 9M16

## Trade Market – 9M 2016

**+2.3 %**



3 titles winning Italian prizes

3 titles in the first 5 Top sellers



3



4



5



Source: GFK. Sept. 2016 (value data, sell-out)

## Trade Market Share – 9M 2016

**GRUPPO MONDADORI 27.8%\***



## Educational Market Share – 9M 2016

**GRUPPO MONDADORI 24.1%**

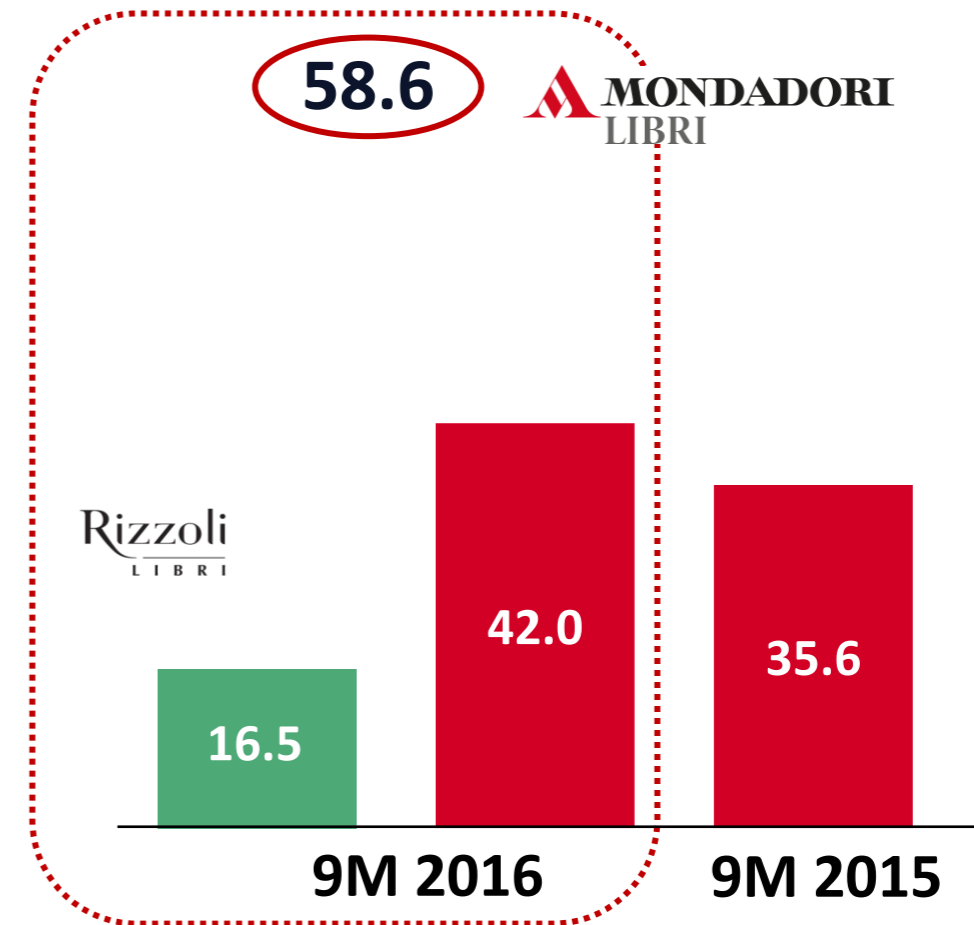
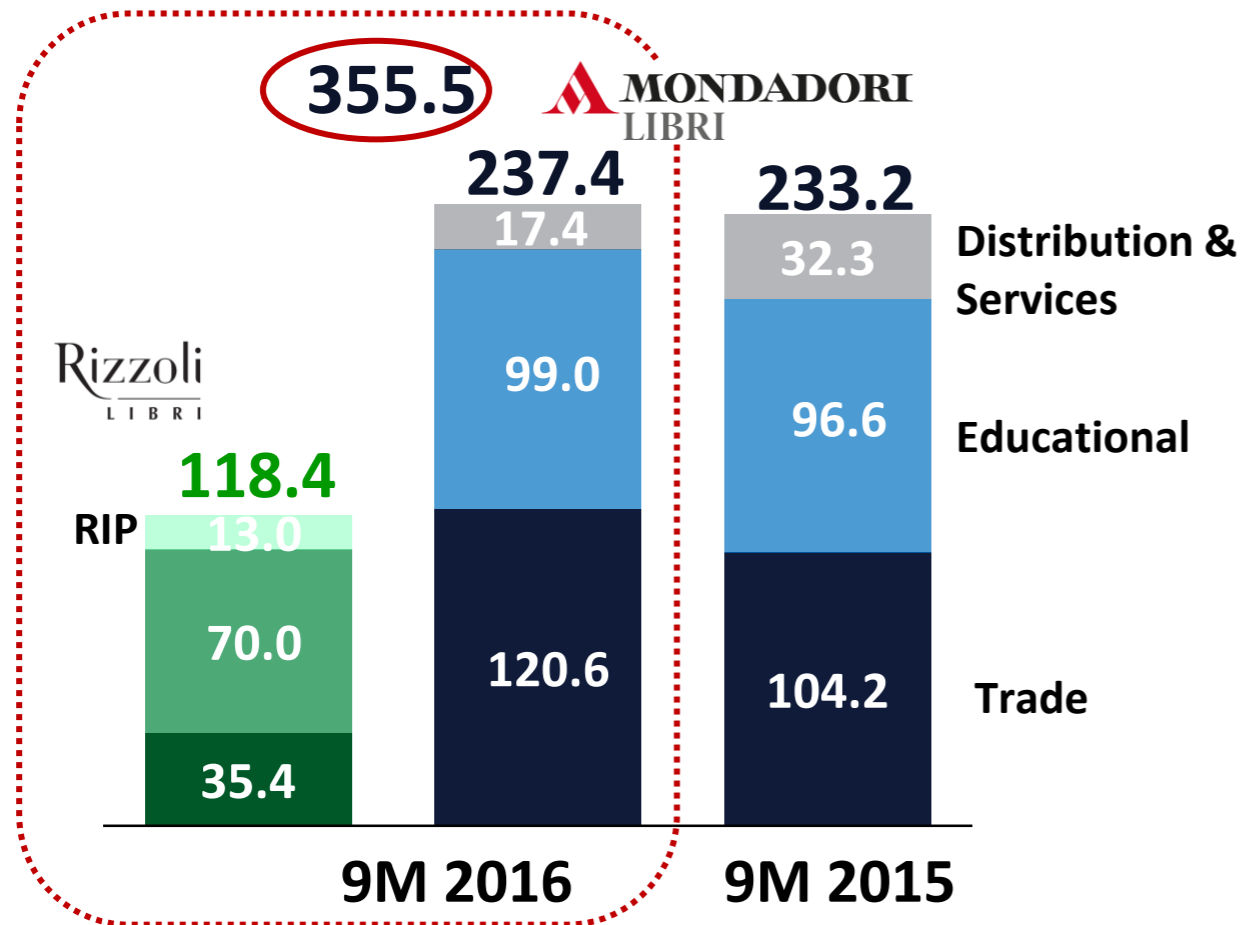


Revenues +52.5%

+1.8% lfl

EBITDA adj. +65.1%

+18.2% lfl



## REVENUES

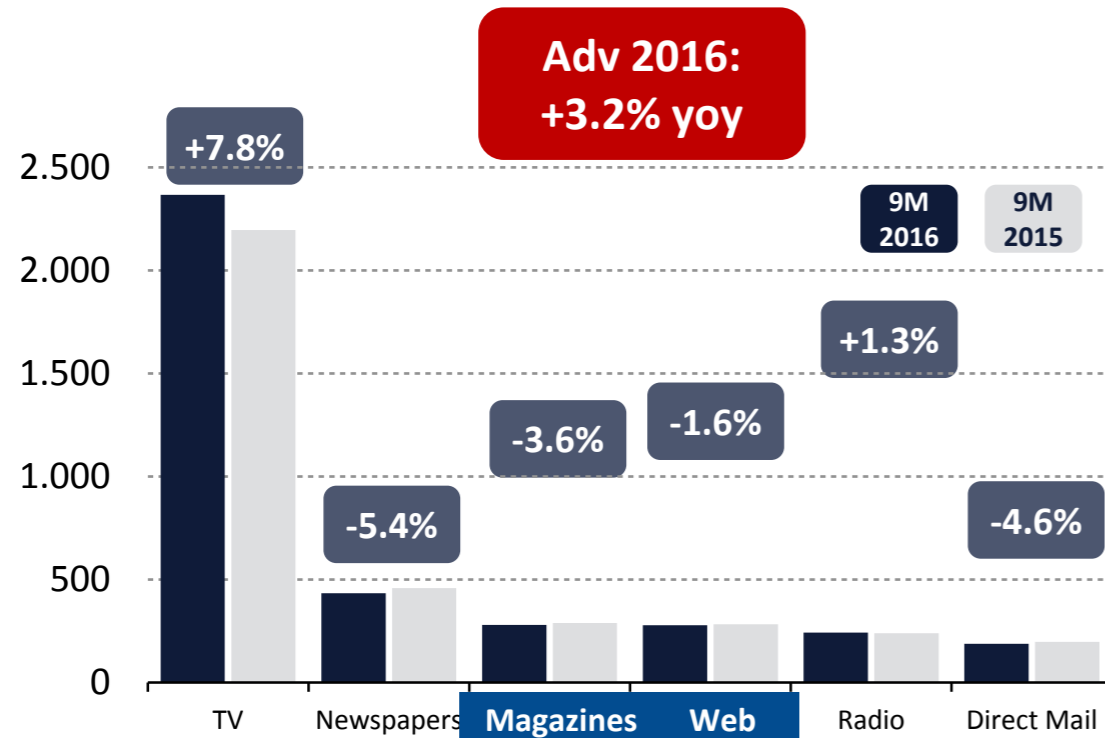
- ▶ Trade AME: +15.7% (*E-book*: 6.2% of Trade)
- ▶ Educational AME: +2.5% (Education +3.4%, due to a better adoptional result and a steady museum & exhibition activities)

## EBITDA adj.

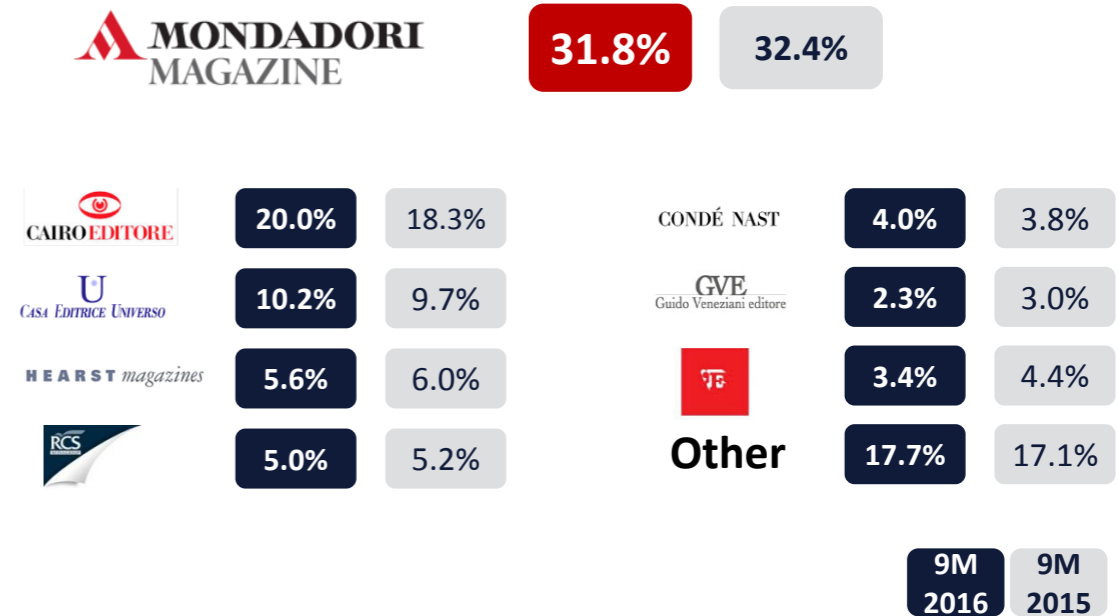
- ▶ Significant increase +18.2% like-for-like. mainly in the Trade segment due to revenue growth and a more effective operating management;
- ▶ Rizzoli Libri\* contribution for €16.5 million due to the positive Education performance



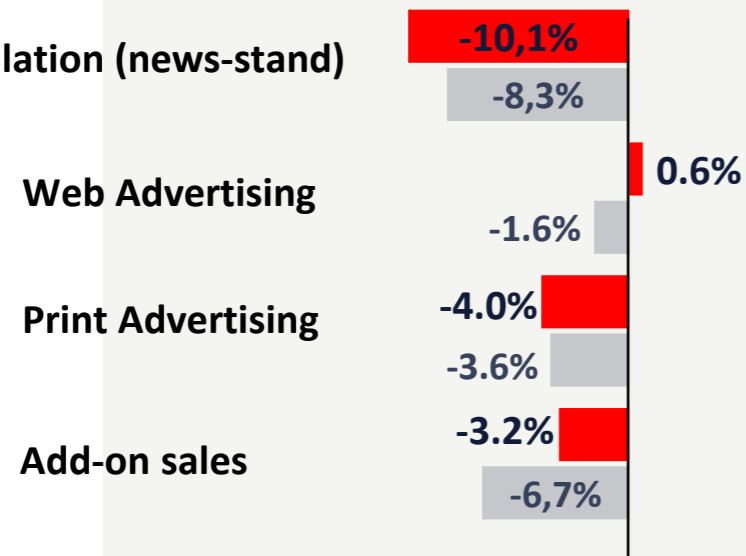
## Advertising Market – Jan/Aug 2016



## Market share – circulation Jan/Aug 2016



## Circulation (news-stand)



**MONDADORI MAGAZINE** **Market**



► For the first 3 magazines (52% of total) digital advertising has represented **17%** of overall collection

Source: advertising (value data) – Nielsen (August 2016); circulation (news-stand+subs) - internal data Press-Di (August 2016)

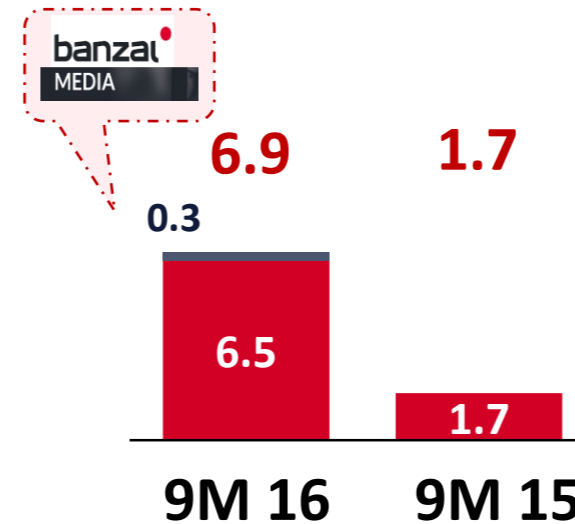
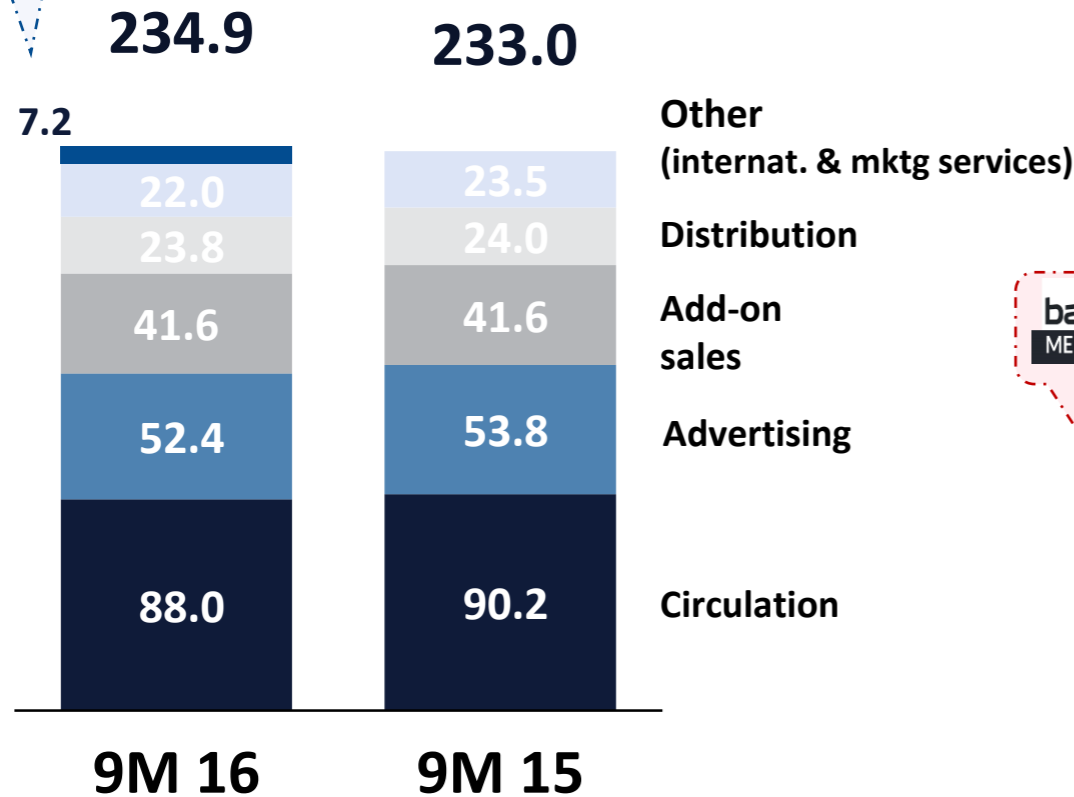
# Magazines Italy – Highlights 9M16

Revenues +0.8%

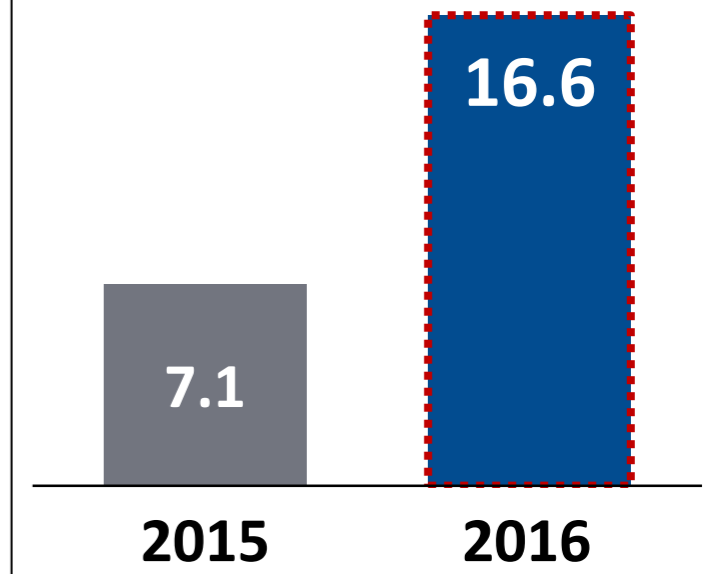
EBITDA adj. +5.1 mln €

-2.3% lfl

+4.8 mln € lfl



Monthly web U.V. (mn)



Source: Audiweb (average at August)

## REVENUES

Growth of +0.8% (-2.3% excluding *Banzai Media*\*):

- ▶ circulation down by 2.4%. (like-for-like in line with the market)
- ▶ advertising sales -2.6%; in Italy print+web collection -3.6%
- ▶ add-on sales -0.1%
- ▶ distribution and sales to third parties stable for the portfolio development of independent publishers

## EBITDA

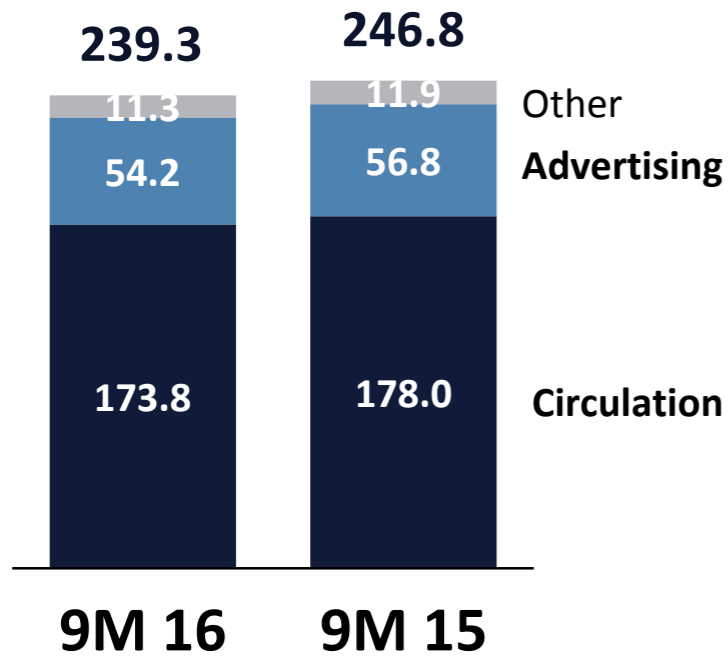
EBITDA significantly up like-for-like for the actions taken to:

- ▶ review of editorial structure and promotional activities
- ▶ reduction in industrial costs thanks to printing agreements renegotiation

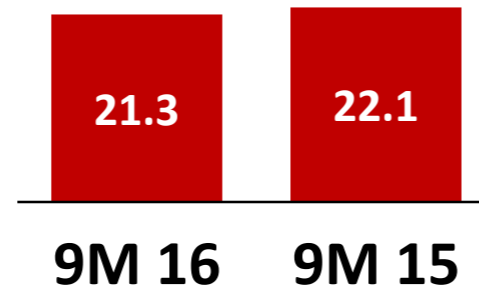


## Performance – 9M 2016 (€m)

### Revenues -3.0%

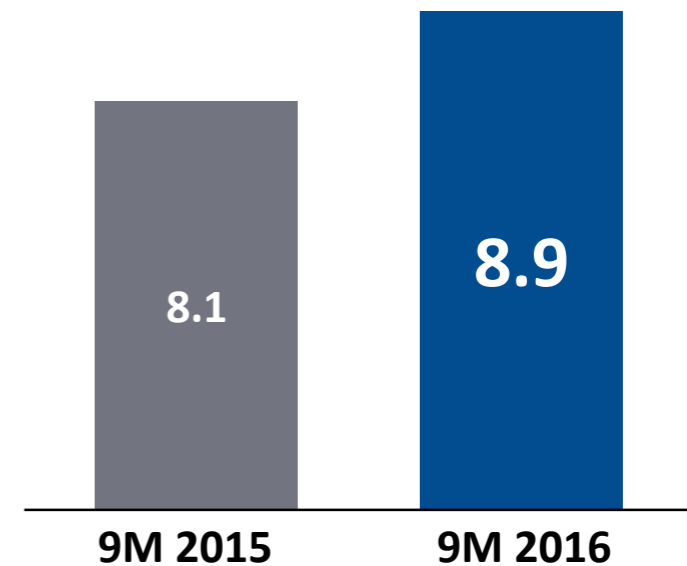


### EBITDA adj. -3.8%



### Monthly web U.V. (mn)

+9% yoy



Fonte: Médiamétrie Netratings. Aug. 2016

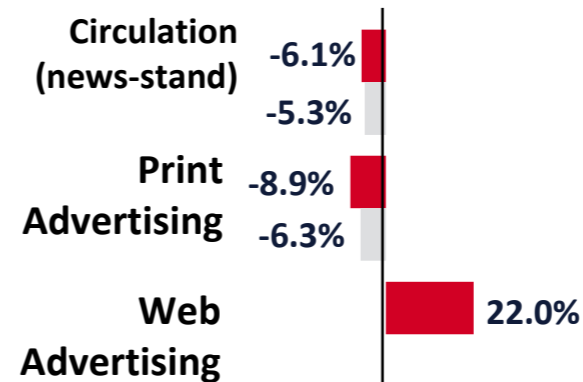
### REV.

- ▶ Circulation (75% of total) down by 2.4% of which **newsstands** -6.1% and flat **subscriptions** (53% of circulation revenues)
- ▶ Advertising sales (print+web) down by 4.6% of which **digital** (20% of total adv) has grown by over 22%

### EBITDA adj.

- ▶ EBITDA adj. down due to M&A costs (€0.7 mn)
- ▶ Positive EBITDA from digital activities

### Mondadori vs Market



### Advertising Market (volume)

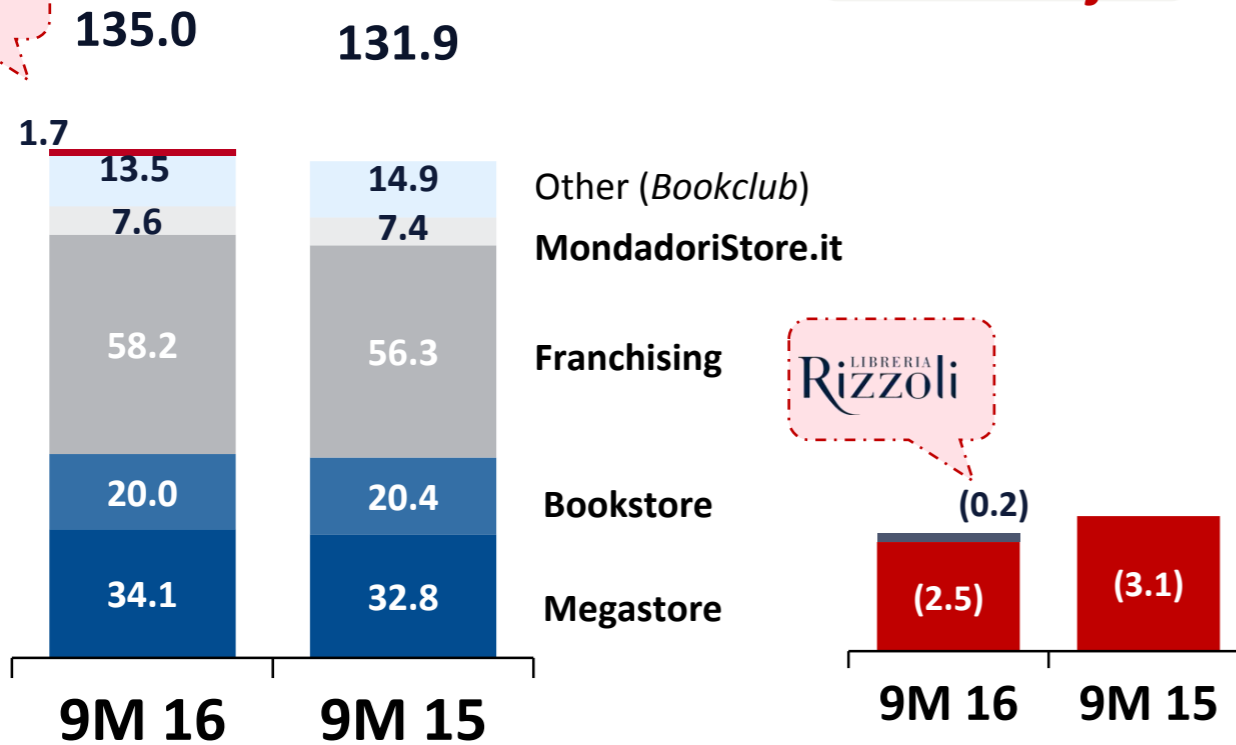
Company	9M16	9M15
MONDADORI FRANCE	10.6%	10.6%
Lagardère	11.2%	11.5%
PM	10.4%	9.6%
M	6.1%	6.5%
LE FIGARO	5.5%	5.4%
Other	56.1%	56.4%

MONDADORI FRANCE Market

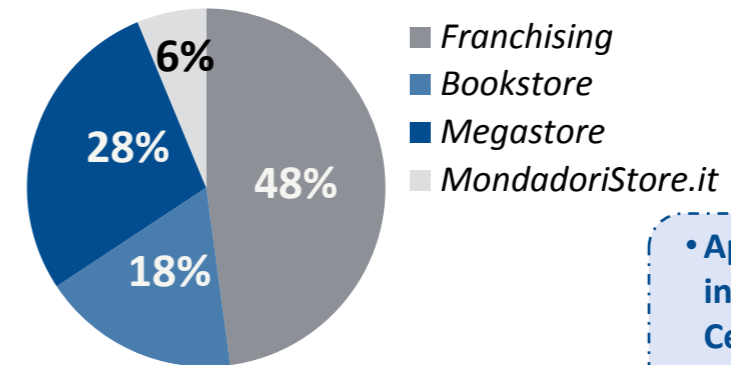
# Retail - Highlights 9M16

**Revenues +2.4%**  
**+1.1% lfl**

**EBITDA adj.**  
**+13.2%**  
**+20.4% lfl**



## 9M 2016 Revenues\* by channel



• April – 10th Megastore in the Arese Shopping Center  
• Includes Librerie Rizzoli

### Franchised bookstores

	Sept 15	Dec 15	Sept 16
Franchising	301	316	317
Point	220	232	221
<b>TOT PoS</b>	<b>521</b>	<b>548</b>	<b>538</b>

### Directly oper. bookstores

	Sept 15	Dec 15	Sept 16
Bookstore	19	20	19
Megastore	9	9	10
<b>TOT PoS</b>	<b>28</b>	<b>29</b>	<b>29</b>

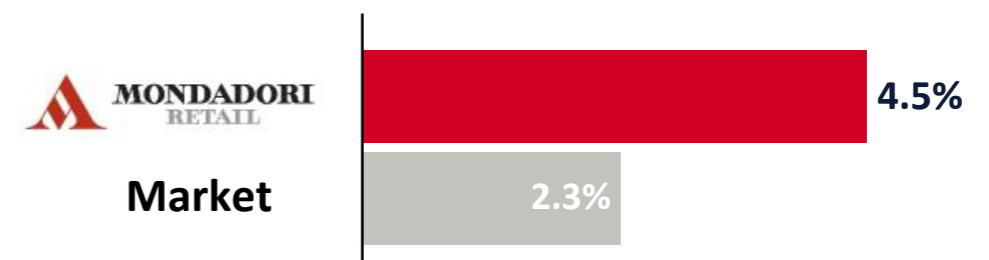
\* "Total Store" Revenues; not including Bookclub

### Growth of 2.4% (+1.1% like-for-like)

#### REV.

- ▶ Directly oper. Bookstores -1.7% (+3.4% same network)
- ▶ *Bookstore in franchising* +3.3% (+0.2% same network)
- ▶ *Megastore* +3.8% for new opening in Milan and Arese (-4.3% same network)
- ▶ *On-line* +2.2% thanks to the positive performance of scolastic textbooks

## 9M 2016 vs Book Market = 78% of Total Revenues\*



In Book segment at Sept. 2016. **market share of 13.9%** (from 13.7% in 9M15)

Source: GFK. Sept. 2016 (value sell-out data)

#### EBITDA adj.

### Improvement thanks to:

- ▶ costs reduction coming from reorganization and corporate functions integration
- ▶ constant network revision

## REVENUES

€ mn	3Q16	3Q16 lfl	3Q15	Var. %	Var. % lfl
Books	185.3	103.9	109.8	68.8%	(5.4%)
Magazines Italy	73.8	69.5	73.7	0.2%	(5.6%)
Magazines France	79.0	79.0	80.2	(1.5%)	(1.5%)
Retail	46.8	46.1	46.0	1.8%	0.2%
Corporate & Shared Services	5.7	5.7	5.7	(0.3%)	(0.3%)
Intercompany	(17.9)	(12.8)	(15.0)	19.4%	(14.8%)
<b>Total Revenues</b>	<b>372.7</b>	<b>291.4</b>	<b>300.4</b>	<b>24.1%</b>	<b>(3.0%)</b>

## EBITDA adjusted

€ mn	3Q16	3Q16 lfl	3Q15	Var. %	Var. % lfl
Books	49.1	31.0	27.0	82.0%	14.7%
Magazines Italy	(3.3)	(3.0)	(6.6)	n.s.	n.s.
Magazines France	5.8	5.8	6.0	(4.0%)	(4.0%)
Retail	0.4	0.6	0.1	n.s.	n.s.
Corporate & Shared Services	(2.5)	(2.5)	(2.4)	n.s.	n.s.
<b>Total EBITDA adj.</b>	<b>49.5</b>	<b>31.7</b>	<b>24.2</b>	<b>104.9%</b>	<b>31.4%</b>

*This document, in addition to the statements and conventional financial indicators required by IFRS, presents a number of reclassified statements and alternative performance indicators in order to better evaluate the operating and financial performance of the Group, the definition of which is explained in Annex 5 “Glossary of terms and alternative performance measures” of the related Press Release.*

### ***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**

*Tel: +39 02 75423695*

*[invrel@mondadori.it](mailto:invrel@mondadori.it)*