

MONDADORI GROUP: PUT OPTION WRITTEN AS PART OF PLAN TO SELL MONDADORI FRANCE TO REWORLD MEDIA

Segrate, 18 February 2019 - Following today's meeting of the Board of Directors of Arnoldo Mondadori Editore S.p.A., chaired by Marina Berlusconi, the Chief Executive Officer of the Mondadori Group, Ernesto Mauri, signed a put option, whereby Arnoldo Mondadori Editore S.p.A. has guaranteed itself the right to sell its subsidiary Mondadori France S.A.S. to Reworld Media S.A..

The disposal plan is part of the Mondadori Group's repositioning strategy to place greater focus on the Books Area, and involves 100% of the stake held by Arnoldo Mondadori Editore S.p.A. in Mondadori France S.a.S. and the relating investments (revenue of € 330 million and EBITDA of € 18.4 million recorded in 2017).

The value for Mondadori France has been set at € 70 million (*cash free/debt free*), plus an earn-out of € 5 million.

Under the terms for exercising the put option:

- (i) 86% of the value of the investment - € 60 million - will be paid in cash, € 50 million of which at the closing date and € 10 million 24 months from the closing date; the deferred payment is not subject to any condition;
- (ii) the remaining 14% of the value of Mondadori France S.A.S., for a nominal value of € 10 million, will be paid through issue of new Reworld Media S.A. shares, to be subscribed by Arnoldo Mondadori Editore S.p.A. at a price equal to 112.5% of the average stock market price over the 20 days before the signing and, in any case, ranging from a floor of € 2.2 to a cap of € 2.9.

Following the subscription, Arnoldo Mondadori Editore S.p.A. would hold from an 8% to a 10% interest in the share capital of Reworld Media S.A..

The transaction envisages a price adjustment mechanism linked to the achievement of pre-established targets relating to 2018 adjusted EBITDA and normalized net working capital at the closing date.

The earn-out to Arnoldo Mondadori Editore S.p.A. will be subject to the achievement in 2020, by Reworld Media S.A. in the new set-up, of certain financial results.

Under the terms for exercising the put option, Arnoldo Mondadori Editore S.p.A. is also required to provide the buyer with the usual representations and warranties.

If the deal is finalized, the Mondadori Group's net financial position is expected to improve by approximately € 58 million at the closing date, considering: financial payables to third parties in Mondadori France (approximately € 7 million); fair value adjustment of Reworld Media shares subscribed by Arnoldo Mondadori Editore S.p.A. at closing (approximately € 3 million calculated to date); transaction costs of € 2 million.

In the financial statements for the year ended 31.12.2018, the result from discontinued operations, including impairment, is expected to be basically in line with the amount recorded in the Interim Management Statement at 30.09.2018.

Pursuant to the provisions of law, Mondadori France S.a.S. will start negotiations with its union representatives.

If the put option is exercised, the parties will sign a purchase and sale agreement envisaging completion of the transaction if the following conditions precedent are met:

- authorization issued by the Autorité de la Concurrence;
- approval of a reserved capital increase by the shareholders of Reworld Media;
- disbursement of a bank loan to Reworld Media.

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