PRESS RELEASE

BoD APPROVES RESULTS AT 31 DECEMBER 2016[1]

- **Consolidated net revenue of 1,262.9 million euro: +12.4% versus 1,123.2 million euro in 2015; -2.9% on a like-for-like basis**

- **Adjusted EBITDA[2] improves sharply to 108.5 million euro: +48.5% versus 73 million euro in 2015; +20.7% on a like-for-like basis**

- **Net profit of 22.5 million euro: tripling versus 6.4 million euro in 2015**

- **Net financial position: -263.6 million euro versus -199.4 million euro in 2015 net debt reduced by approximately 100 million euro over last three years, despite capital expenditure for the acquisitions in 2016**

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GUIDANCE FOR 2017-2019 THREE-YEAR PERIOD

2017-2019: completion of path to strengthen competitive position and improve the business and financial performance of core businesses;

2017 estimates: pro-forma revenue basically steady versus 2016[3]; high single-digit growth in adjusted EBITDA; 30% increase in net profit; net debt to reduce and reach debt/adjusted EBITDA ratio between 2.2/2x;

2019 estimates: consolidated revenue above 1.3 billion euro; adjusted EBITDA of approximately 115 million euro; net profit of 35 million euro; cash generation from ordinary operations around 60 million euro; net financial position of approximately -155 million euro

Segrate, 21 March 2017 - Today, the meeting of the Board of Directors of Arnoldo Mondadori Editore S.p.A., chaired by Marina Berlusconi, reviewed and approved the draft Parent Company and Group consolidated financial statements at 31 December 2016 presented by CEO Ernesto Mauri.

2016 was a truly important year in the history of the Mondadori Group, a year in which it successfully completed its strategic repositioning and laid the structural foundations to address the challenges of its new phase of growth.
To start with, the Group confirmed the positive outcome of the path of change that it embarked on in 2014 which, thanks to the steadfast commitment **to focus on its core businesses -** achieved also through a number of extraordinary transactions - and contain operating costs and overheads, brought a sharp **improvement in results** and in Mondadori's ability to **generate financial resources.**
Over the last three years, the Group has, in fact, doubled adjusted EBITDA, up from 49.1 million euro to 108.5 million euro (approximately 100 million euro *pro-forma*), and reduced net debt at end 2016 (-

[1] *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 consideration of 36.8 million euro. Pursuant to IFRS 5 ("Non-current assets held for sale"), the Group's radio business was classified as "discontinued operations" and as such entered in these consolidated financial statements. As a result, in the income statement for 2015, the results achieved in the period, along with the depreciation of operations made in order to bring their value in line with the consideration from the transfer, were classified under "Profit/(loss) from discontinued operations".*

2 Adjusted EBITDA: gross operating profit net of income and expenses of a non-ordinary nature (Glossary: annexe 8)

3 Pro-forma figures: consolidation of the companies acquired in 2016 (Rizzoli Libri and Banzai Media) assumed as from 1 January 2016.

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263.6 million euro) by approximately 100 million euro versus end 2013 (-363.2 million euro), despite capital expenditure for the acquisitions made in 2016 (approximately 133 million euro, net of disposals).

In 2016, a crucial step was taken with the acquisition of **Rizzoli Libri**, which has allowed the Group to increase the contribution of the Books business, to consolidate its presence in the Italian Trade market, and to gain a leadership position in the school textbooks market and in the international illustrated books business (USA in particular).
The acquisition of **Banzai Media** operations was a cornerstone in the growth strategy of Mondadori's magazine brands: thanks to this deal, the Group has become Italy’s top publisher also in the digital area with a leadership in key areas – women, food, health&wellness – that are complementary and synergistic with the brands held in its portfolio.

2016 also marked a turning point in the relations with the financial market, following admission to the **STAR segment** of Borsa Italiana, the start of a path that will shine greater light on the Mondadori Group to enhance the value of the Company and of its activities.

GROUP PERFORMANCE AT 31 DECEMBER 2016

In 2016, **consolidated net revenue** totaled 1,262.9 million euro, **up by 12.4%** versus 1,123.2 million euro in 2015.
Pro-forma revenue (based on the consolidation of the acquired companies as from 1 January) would amount to approximately 1,280 million euro.
On a like-for-like basis, the Group dropped by 2.9%.

Consolidated adjusted EBITDA improved sharply in 2016 (**+48.5%**), amounting to **108.5 million euro** versus 73 million euro in the prior year (*pro-forma* adjusted EBITDA, including the results of Rizzoli Libri and Banzai Media as from 1 January, would amount to approximately 100 million euro).
The Books Area contributed 75.3 million euro, up by 76% (net of the negative contribution in the first quarter of Rizzoli Libri) versus 42.7 million euro in 2015, while Magazines Italy tripled its contribution to reach 10.5 million euro (Banzai Media consolidated for seven months only).
Even on a like-for-like basis, the Group achieved a remarkable performance, with adjusted EBITDA at 88.2 million euro, up by **over 20%** versus 2015.

The quarter-by-quarter results confirm the Group's ability to constantly improve its operational effectiveness, despite the challenging scenario of its relevant markets, deriving from the industrial revision actions and re-organization launched and implemented over the last three years, while still maintaining continuous improvement in the publishing quality of its brands as a key objective.
On a like-for-like basis, operational effectiveness **improved from 6.5% to 8.1% of consolidated revenue**.

Total EBITDA **grew by 15.3%**, from 81.6 million euro in 2015 to **94 million euro** in the reporting period. 2015 benefited from net positive non-recurring items of 21.2 million euro (from the disposal of certain assets) versus net negative non-recurring items of 3.7 million euro in 2016 related to expenses deriving from acquisitions made.

Consolidated EBIT in the year **amounted to 60 million euro**, **improving** by approximately **10%** versus 54.5 million euro in 2015, as a result of the abovementioned improvement in EBITDA, despite increased amortization of 7.6 million euro from the changed consolidation scope.

Consolidated profit before taxes came to a positive 42.3 million euro, **up by 10.4%** versus 38.3 million euro in 2015. **Financial costs** in 2016 amounted to 17.7 million euro versus 16 million euro in

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2015, which had benefited from the positive contribution of 1.6 million euro from the derecognition of a number of put options (Kiver, MUK and NaturaBuy), despite the significant investments made in the acquisition of Rizzoli Libri and Banzai Media, which increased average net debt for the year by approximately 20 million euro, offset by a decrease in the average debt rate (inclusive of amortized costs) of approximately 0.5 bps.
Consolidated profit from continuing operations, after minority interests, came to a positive 21.6 million euro, up by 43% versus 15.1 million euro at 31 December 2015.

Group profit at 31 December 2016 came to a **positive 22.5 million euro**, improving by 16.1 million euro and **tripling** the 6.4 million euro reported in 2015 (which included the loss of 8.7 million euro from the disposal of Monradio operations). Net profit in 2016 includes a capital gain of 1 million euro, net of relating expenses, from disposals.

The **Group's net financial position** at 31 December 2016 came to **-263.6 million euro** versus **-199.4 million euro** at 31 December 2015, as a result of cash outlays for extraordinary transactions of 132 million euro, despite the Group's positive cash generation from ordinary operations of 68 million euro (48 million euro on a like-for-like basis).

At 31 December 2016, **cash flow from operations** came to a **positive 99.4 million euro** (74.4 million euro on a like-for-like basis); **ordinary cash flow** (after the cash-out for financial charges and taxes for the year) amounted to **67.9 million euro,** which is net of the cash outlays in the January-March quarter (not consolidated in 2016) of Rizzoli Libri, attributable to the investments made and to the seasonal nature of the Education business; on a like-for-like basis, Group **cash generation from ordinary operations** came to **48.4 million euro**, improving versus 45.4 million euro in 2015.
Cash flow from extraordinary operations came to -132.1 million euro, as a result of capital expenditure net of disposals of 132.6 million euro, restructuring costs of approximately 15 million euro, and cash-ins from prior-years' taxes amounting to 15.5 million euro.

In 2016, Group employees amounted to 3,261 units (3,076 units in 2015); on a like-for-like basis, the headcount dropped by 6.9% versus 31 December 2015, as a result of the ongoing reorganization process implemented both in Italy and in France.

BUSINESS OUTLOOK

In 2016, the Mondadori Group accomplished the goals of strategic repositioning and business-financial stability it had set three years ago, securing itself a leadership position and positive profitability in all its business areas, while continuing to push strongly on efficiency measures consistent with the relevant market trends.

Additionally, overall profitability improved significantly in the period, with adjusted EBITDA (*pro-forma*)[4] at approximately 100 million euro, as well as cash flow from operations, reducing total net debt to adjusted EBITDA (*pro-forma*) within 2.6x.

Over the **2017-2019 three-year period**, the Group will continue efforts to strengthen its competitive position and improve the business and financial performance of its core businesses, through ongoing focus on publishing quality and optimization of operational processes and cost structure, while paying particular attention to the achievement of synergies arising from the integration of Rizzoli Libri, to the development of the Digital Area of Magazines Italy, and to the plan to expand the Franchising channel in the Retail Area.

4 Pro-forma figures: consolidation of the companies acquired in 2016 (Rizzoli Libri and Banzai Media) assumed as from 1 January 2016.

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In line with the above strategy, the plan sets operational targets which, based on the current scope, allow the Group to estimate for **2019** consolidated **revenue above 1.3 billion euro**, **adjusted EBITDA of approximately 115 million euro**, a **net profit of 35 million euro**, **cash generation from ordinary operations** close to **60 million euro**, and a negative net financial position of around 155 million euro, net of the impact of any dividend distribution.

In light of today's relevant context, it is reasonable to predict for **2017** basically steady *pro-forma*[3] revenue versus 2016 and a **"high single-digit**" **growth of adjusted EBITDA**, with a resulting improvement in profit margins. The **net profit** for the year is expected to rise sharply by approximately **30%**. Lastly, **net debt** at end 2017 is estimated to drop versus 31 December 2016, with a **debt/adjusted EBITDA** ratio at **2.2/2x**.

BUSINESS AREAS

- ***BOOKS***

In 2016, the Mondadori Group confirmed its **leadership position in the Trade market with a 29.3% share** (23.1% on a like-for-like basis, net of Rizzoli Libri brands), and secured itself the **top position also in the school textbooks market**, following the integration of Rizzoli Education activities, with a **24%** share of textbook adoptions[5].

In the reporting period, the Area's **revenue** totaled **475.1 million euro**, up by 48.1% versus 320.8 million euro in the prior year, due basically to the effects of the consolidation of Rizzoli Libri from the second quarter.

On a like-for-like basis:

- Trade revenue grew by 1.7%, despite the selective publishing policy focused on improving efficiency and profitability;
- the Educational segment was basically steady (-0.4%);
- distribution activities fell sharply due to the termination of a number of distribution contracts.

Adjusted EBITDA increased by approximately 76% to reach **75.3 million euro** versus 42.7 million euro in 2015**.** A result ascribable to the consolidation of Rizzoli Libri as from 1 April 2016 and to the **30.8% increase on a like-for-like basis**. The reporting period reaped the benefits of the new management policy launched in 2015, focused on a targeted publishing policy and on the ongoing optimization of the operating processes in the Trade segment, which significantly increased the contribution margin; concurrently, action continued on containing fixed costs which, together with the increased performance of Mondadori's Educational Area, contributed to further improving **profitability**, which stood, on a like-for-like basis, at **18.2%** versus 13.3% in the prior year.

In the April-December consolidation period, Rizzoli Libri contributed **19.4 million euro** to **reported EBITDA**, mainly as a result of the positive performance of the schools segment, which excludes the negative contribution in the first quarter from the seasonal nature of the Education business.

The Area's **EBITDA** amounted to **72.5 million euro**, **up by 57.7%** versus 45.9 million euro in 2015, which included the capital gain of 7.6 million euro from the transfer of the interest held in the Harlequin Mondadori joint venture, despite a higher percentage of restructuring costs versus the prior year (4.3 million euro in 2016 versus 0.5 million euro in 2015). 2016, instead, included charges of 2.3 million euro for the acquisition of Rizzoli Libri.

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[5] *AIE, 2016 ministerial data based on textbook adoption (number of sections).*

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- ***RETAIL***

In 2016, revenue generated by the Retail Area amounted to **199.6 million euro**, in line with the prior year on a like-for-like basis. As of 1 April 2016, following the consolidation of the acquisition of Rizzoli Libri, activities relating to Librerie Rizzoli have been absorbed by the Retail Area; as a result, the Area **increased revenue by an overall 1.6%**.

The analysis by channel of the Area shows the following:
- a growth in Megastores (+2.4%), driven by the openings of Milano San Pietro all'Orto in June 2015 and Arese in April 2016 (-5.5% on a like-for-like basis);
- the good performance of franchised Bookstores (+0.2%), driven by the development of the network (-1.9% on a like-for-like basis);
- the 4.8% drop of directly-managed bookstores (+2.7% on a store like-for-like basis);
- the growth of the online channel (+8.6%), specifically in the Book product (+12%);
- a more moderate drop by the Bookclub (-3.4%) than in prior years.

In 2016, the Retail Area's **adjusted EBITDA** amounted to 2.3 million euro on a like-for-like basis, up by 3.6% versus the prior year (1.8 million euro including the result of Librerie Rizzoli).
A result achieved through ongoing cost-curbing measures, which led to a lower percentage of overheads and personnel costs, despite the reduction in the product margin arising from the different product/channel mix, related also to the structural decline of the book clubs channel.
EBITDA in 2016 amounted to 1.9 million euro (1.4 million euro including the result of Librerie Rizzoli) versus 1.8 million euro in the prior year.

- ***MAGAZINES ITALY***

In 2016, the Group retained its **leadership of the magazine market**, with a circulation share, in terms of value, of **31.7%,** steady versus December 2015[6].

In the reporting period, the Area's **revenue** amounted to **310.8 million euro**, basically steady (+0.4%) versus 309.6 million euro in the prior year (-3.8% on a like-for-like basis, net of the effects of the acquisition of Banzai Media, consolidated as from 1 June 2016).

Specifically:
- circulation revenue: down by approximately 3%;
- revenue from add-on products: basically in line with 2015 (-0.6%);
- total advertising revenue: up by approximately 13%, pushed by the acquisition of Banzai Media; on a like-for-like basis, gross advertising sales on Group brands in Italy (print+web) fell by 3.8%.

Banzai Media, consolidated as of June 2016, contributed approximately 12.8 million euro to Magazines Italy revenue, bringing overall revenue of the properties at approximately 18 million euro, basically tripling the figures of 2015, and accounting for 21% of total advertising revenue.

In 2016, the Group reached a **unique audience of 16 million/month**,[7] becoming Italy's top digital publisher, a position corroborated by comScore surveys, which reported in December 2016 an audience of 23.7 million unique users/month.

Adjusted EBITDA in the **Magazines Italy** Area **improved sharply**, rising from 3.5 million euro to **10.5 million euro**, despite the drop in revenue triggered by the market context, driven by the **effective**

[6] *Internal source: Press-di, December 2016.*

[7] *Source: Audiweb at December 2016*

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review of the publishing structure and by the containment of promotional activities, while retaining the traditional focus on the publishing quality of the titles. The reporting period additionally saw a sharp drop in industrial costs, achieved also as a result of the renegotiation of printing contracts.

The Area's **EBITDA** confirmed the growth trend, increasing from 0.4 million euro in 2015 to 3.8 million euro in 2016, as a result of the above actions and despite higher restructuring costs.

- ***MAGAZINES FRANCE***

Mondadori France's **revenue** came to **321.6 million euro** in 2016, down by **-**3.9% versus 334.6 million euro in 2015.

Against a shrinking market backdrop, Mondadori France retained its position as second player in the magazine advertising market, with its share (in terms of volume) steady at 10.9%.
Advertising revenue (print-digital) fell by 6.5% versus 2015: digital advertising (almost 18% of total advertising revenue) grew by over +16%, partly offsetting the decrease from print advertising sales (-10.3% in terms of value).

Circulation revenue (newsstands+subscriptions), which accounts for approximately 75% of the total, showed an overall -2.9% decline, slightly improving versus the prior year, thanks to the steady performance of subscriptions, which make for over half the total (53%).

Digital activities grew by an overall 11.6%, driven by the digital activities of the properties (+9.5%) and by NaturaBuy activities (+23.5%).

Adjusted EBITDA came to **33.2 million euro**, down by 8% versus the prior year, due in particular to M&A costs in the year with margins on revenue again above 10% (10.3% in 2016 versus 10.8% in 2015).
In 2016, Mondadori France continued to focus its strategy on editorial and overhead cost containment to counter the lingering weakness of the relevant markets, with a view to further adjusting the organization to market changes, while retaining the ability to make investments in quality and in the gradual digitization of publishing activities. **Digital activities** continued to enjoy **positively growing margins** in the reporting period versus 2015.

The Area's **EBITDA**, amounting to 30.8 million euro, was down by 5% versus 2015 (32.4 million euro), to a lesser extent as a result also of lower restructuring costs.

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PERFORMANCE OF ARNOLDO MONDADORI EDITORE S.P.A.
The financial statements of the Parent Company Arnoldo Mondadori Editore S.p.A. show a loss of 15.2 million euro for the year ended 31 December 2016, improving versus 32 million euro reported in the prior year.

MAIN SIGNIFICANT EVENTS AFTER YEAR-END
On 29 September 2016, the Board of Directors approved the plan on the merger by incorporation of the subsidiary Banzai Media S.r.l. in Arnoldo Mondadori Editore S.p.A., prepared pursuant to art. 2501-ter and art. 2505, par. 1, of the Italian Civil Code, concurrently approved by the Board of Directors of Banzai Media S.r.l.
The transaction aims to achieve the full integration of Banzai Media activities with the digital properties of Magazines Italy. The value of Banzai Media's brands will, instead, remain separate and distinct. The

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merger will give birth to a unified product range with the potential to present itself as a leader to both advertisers and users, improving time to market and sharing the wealth of mutual assets and know-how, leveraging on greater streamlined business processes.
On 8 November, the Board of Directors approved the merger by incorporation, with no share exchange, of the wholly-owned company Banzai Media S.r.l., in accordance with the previously approved merger plan.
The merger, signed on 10 January, took effect for statutory purposes as from 15 January 2017, and for accounting and tax purposes as from 1 January 2017.

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The Board of Directors of Arnoldo Mondadori Editore S.p.A. called the Shareholders' Meeting on Thursday 27 April 2017 in first call.

RENEWAL OF THE AUTHORIZATION TO PURCHASE AND SELL TREASURY SHARES
Following the expiry of the preceding authorization resolved upon by the Shareholders' Meeting on 21 April 2016, with the approval of the financial statements at 31 December 2016, the Board of Directors will propose to the next Shareholders' Meeting the renewal of the authorization to purchase and sell treasury shares with the aim of retaining the applicability of law provisions in the matter of any additional re-purchase plans and, consequently, of picking up any investment and operational opportunities involving treasury shares.

Here below are the main elements of the proposal made by the Board of Directors:

- **Motivations**

The motivations underlying the request for the authorization to purchase and sell treasury shares refer to the opportunity to attribute to the Board of Directors the power to:

  - to use the treasury shares purchased as compensation for the acquisition of interests within the framework of the Company's investments;
  - to use the treasury shares purchased against the exercise of option rights, including conversion rights, deriving from financial instruments issued by the Company, its subsidiaries or third parties and to use the treasury shares for lending, exchange or transfer transactions or to support extraordinary transactions on the Company's capital or financing transactions that imply the transfer or sale of treasury shares;
  - to undertake any investments, directly or through intermediaries, including for the purpose of containing abnormal movements in share prices, stabilizing share trading and prices, supporting the liquidity of the share on the market, in order to foster the regular conduct of trading beyond normal fluctuations related to market performance, without prejudice in any case to compliance with applicable statutory provisions;
  - to possibly rely on investment or divestment opportunities, if considered strategic by the Company, also in relation to available liquidity;
  - to sell treasury shares as part of share-based incentive plans pursuant to art. 114-bis of the TUF, and of plans for the free allocation of shares to Shareholders.

- **Duration**

Until the Shareholders' Meeting called to approve the financial statements for the year ending 31 December 2017.

- **Maximum number of purchasable treasury shares**

The renewed authorization will enable the Company to reach the cap of 10% of its share capital, also considering the shares held directly and indirectly from time to time, in line with the previous authorization.

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- **Criteria for purchasing treasury shares and indication of the minimum and maximum purchasing cap**
  Purchases shall be made on regulated markets pursuant to the combined provisions of art. 132 of Legislative Decree no. 58/1998, of art. 5 of Regulation (EU) 596/2014, (ii) of art. 144-bis of the Issuer Regulation, (iii) of the EU and national legislation on market abuse, and (iv) of Accepted Practices.

Specifically, purchases shall be made on regulated markets, according to operating criteria which do not allow the direct combination of the purchase negotiation proposals with pre-determined sale negotiation proposals.

The minimum and maximum purchase price would be determined under the same conditions established by the preceding Shareholders' Meeting authorizations, i.e. at a unit price not lower than the official Stock Exchange price of the day preceding the purchase transaction, reduced by 20%, and not higher than the official Stock Exchange price of the day preceding the purchase transaction, increased by 10%.
In terms of daily prices and volumes, the purchase transactions would be completed in compliance with the conditions established in art. 3 of the Delegated Regulation (EU) 2016/1052.

With regard to the sale of treasury shares, the Board of Directors resolved to propose to the Shareholders' Meeting to sell the shares in any appropriate manner in the interest of the Company, for purposes which include the sale on regulated markets, the exercise of option rights, including conversion rights, deriving from financial instruments issued by the Company or third parties, and support to incentive plans approved by the Shareholders' Meeting.

To date, Arnoldo Mondadori Editore S.p.A. holds a total of no. 80,000 treasury shares, equal to 0.031% of the share capital.

For further information on the proposed authorization for the purchase and sale of treasury shares, reference should be made to the Directors' Explanatory Report, which will be published within the time limits and in the manner prescribed by current laws and regulations.

PROPOSED ADOPTION OF A PERFORMANCE SHARE PLAN

The Board resolved, on a proposal from the Remuneration and Appointments Committee, to submit to the approval of the Ordinary Shareholders' Meeting, the adoption of a Performance Share Plan for 2017/2019, in accordance with art. 114-bis of Legislative Decree no. 58 of 24 February 1998, intended for the CFO-executive director and/or other executive managers with strategic responsibilities and/or second-line managers/executives of the Group.

With the adoption of the Plan, the Company aims to incentivize Management to improve medium to long-term performance, in terms of both industrial performance and growth in the value of the Company.

The Plan envisages the right for beneficiaries to receive a bonus in the form of Company shares, subject to the achievement of specific targets set and measured at the end of the three-year performance period from 2017 to 2019.
These targets are structured to include both shareholder remuneration indicators and management indicators functional to raising the share value, ensuring maximum alignment of Management remuneration and the creation of value for the Company.

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For details on the proposed adoption of the Performance Share Plan, the beneficiaries and the main characteristics of the Regulations of the Plan, reference should be made to the information document drawn up by the governing body, pursuant to art. 84-bis and annex 3A of the Issuer Regulation, and to the explanatory report, which will be published within the time limits and in the manner prescribed by current laws and regulations.

PROPOSED AMENDMENTS TO THE COMPANY BY-LAWS

The Board resolved to submit a proposal to the Extraordinary Shareholders' Meeting on amendments to art. 7 (adoption of increased voting rights pursuant to art. 127-quinquies of Legislative Decree no. 58/98) and art. 17 (amendments to appointment procedures for the Board of Directors by means of a so-called blocked lists system) of the Company by-laws. For further information on the amendments, reference should be made to the explanatory reports, which will be published within the time limits and in the manner prescribed by current laws and regulations.

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Sustainability Report

The Board of Directors of Arnoldo Mondadori Editore S.p.A. also aligned financial and non-financial disclosures by approving its 2016 Sustainability Report, drafted according to the GRI Guidelines, standard G4, based on the "in accordance - core rating".
A summary of the Sustainability Report in line with the provisions will be supplemented in the Annual Report; the complete document will be made available at the Shareholders' Meeting.

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The 2016 results, approved on today's date by the Board of Directors, will be presented by the Mondadori Group Management to the financial community today, 5:00 PM, at the Mondadori Megastore in piazza Duomo, Milan.
The corresponding documentation will be made available on 1Info at www.1info.it, www.borsaitaliana.it and www.mondadori.com (Investors).

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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 press release corresponds to the Company's accounting entries, books and results.

Annexes:
1. Consolidated balance sheet;
2. Consolidated income statement;
3. Consolidated income statement - fourth quarter;
4. Group cash flow;
5. Arnoldo Mondadori Editore S.p.A. balance sheet;
6. Arnoldo Mondadori Editore S.p.A. income statement;
7. Arnoldo Mondadori Editore S.p.A. cash flow statement;
8. Glossary of terms and alternative performance measures used.

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Registry of producers of Electrical and Electronic Equipment N: IT09120000006483 - Registry of producers of Batteries and Accumulators N.: IT10010P00002054 - Share capital € 67,979,168.40 paid-up.

Annexe 1
Consolidated balance sheet

Balance sheet

(Euro/millions)	**31.12.2016**	**31.12.2015**	*Var.*
Net trade receivables	300.1	242.1	*58.0*
Inventory	143.4	108.2	*35.2*
Trade payables	(416.4)	(349.6)	*(66.8)*
Other assets/ (liabilities)	(14.6)	(31.7)	*17.1*
NET WORKING CAPITAL	**12.5**	**(30.9)**	***43.4***
Intangible assets	612.2	552.3	*59.9*
Tangible assets	33.3	31.2	*2.1*
Investments	43.0	44.9	*(1.9)*
NET FIXED ASSETS	**688.5**	**628.5**	***60.0***
Provisions	(68.6)	(58.6)	*(10.0)*
Post-employment benefits	(51.0)	(44.1)	*(6.9)*
NET INVESTED CAPITAL	**581.4**	**494.9**	***86.5***
Share capital	68.0	68.0	*0.0*
Minority shareholders' reserves and equity	227.3	221.1	*6.2*
Net result	22.5	6.4	*16.1*
EQUITY	**317.8**	**295.5**	***22.3***
NFP	**263.6**	**199.4**	***64.2***
TOTAL EQUITY	**581.4**	**494.9**	***86.5***

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Annexe 2

Consolidated income statement

(euro/millions)	2016	% growth on revenue	2016 like-for-like basis	% growth on revenue	2015	% growth on revenue	Var. %	Var. % lfl
Revenue from sales and services	**1,262.9**	*100.0%*	**1,090.5**	*100.0%*	**1,123.2**	*100.0%*	*12.4%*	*-2.9%*
Cost of sold items	501.0	*39.7%*	410.0	*37.6%*	434.7	*38.7%*	*15.3%*	*-5.7%*
Variable costs	310.1	*24.6%*	276.1	*25.3%*	287.7	*25.6%*	*7.8%*	*-4.0%*
Fixed costs	122.5	*9.7%*	113.2	*10.4%*	116.8	*10.4%*	*4.8%*	*-3.1%*
Cost of personnel	225.3	*17.8%*	205.6	*18.9%*	207.7	*18.5%*	*8.5%*	*-1.0%*
Other costs/(income)	-3.8	*-0.3%*	-1.9	*-0.2%*	3.0	*0.3%*	*n.s.*	*n.s.*
Result - associates	0.5	*0.0%*	0.6	*0.1%*	-0.3	*0.0%*	*n.s.*	*n.s.*
Adjusted gross operating profit	***108.5***	*8.6%*	***88.2***	*8.1%*	***73.0***	*6.5%*	*48.5%*	*20.7%*
Restructuring costs	-10.8		-10.2		-12.7		*-15.3%*	*-19.5%*
Non-ordinary items	-3.7		-3.7		21.2		*n.s.*	*n.s.*
EBITDA	**94.0**	*7.4%*	**74.3**	*6.8%*	**81.6**	*7.3%*	*15.3%*	*-8.9%*
Amortization, depreciation and impairment	34.0	*2.7%*	26.4	*2.4%*	27.1	*2.4%*	*25.6%*	*-2.4%*
EBIT	**60.0**	*4.8%*	**47.8**	*4.4%*	**54.5**	*4.8%*	*10.2%*	*-12.2%*
Net financial income/(costs)	-17.7	*-1.4%*	-12.6	*-1.2%*	-16.0	*-1.4%*	*10.4%*	*-21.5%*
Income/(costs) from other investments	0.0	*0.0%*	0.0	*0.0%*	-0.1			
Profit before taxes for the period	**42.3**	*3.3%*	**35.2**	*3.2%*	**38.3**	*3.4%*	*10.4%*	*-8.0%*
Income tax	18.0	*1.4%*	15.7	*1.4%*	20.5	*1.8%*	*-12.1%*	*-23.2%*
Minority shareholders' result	2.7	*0.2%*	2.7	*0.3%*	2.7	*0.2%*	*0.4%*	*0.4%*
Result from continuing operations	**21.6**	*1.7%*	**16.8**	*1.5%*	**15.1**	*1.3%*	*42.8%*	*11.2%*
Result from discontinued operations	1.0	*0.1%*	0.0	*0.0%*	-8.7	*-0.8%*	*n.s.*	*n.s.*
Net result	**22.5**	*1.8%*	**16.8**	*1.5%*	**6.4**	*0.6%*	*n.s.*	*n.s.*

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Annexe 3

Consolidated income statement - fourth quarter

(euro/millions)	4Q16	% growth on revenue	4Q16 like-for-like basis	% growth on revenue	4Q15	% growth on revenue	Var. %	Var. % like-for-like basis
Revenue from sales and services	**327.7**	***100.0%***	**275.5**	***100.0%***	**304.9**	***100.0%***	***7.5%***	***-9.6%***
Cost of sold items	125.5	*38.3%*	99.7	*36.2%*	121.3	*39.8%*	*3.5%*	*-17.8%*
Variable costs	82.6	*25.2%*	73.5	*26.7%*	79.6	*26.1%*	*3.7%*	*-7.7%*
Fixed costs	35.4	*10.8%*	30.2	*10.9%*	29.5	*9.7%*	*20.0%*	*2.3%*
Cost of personnel	55.1	*16.8%*	47.2	*17.1%*	47.9	*15.7%*	*15.1%*	*-1.5%*
Other costs/(income)	-2.8	*-0.8%*	-3.2	*-1.1%*	2.8	*0.9%*	*n.s.*	*n.s.*
Result - associates	0.5	*0.1%*	0.7	*0.2%*	1.3	*0.4%*	*n.s.*	*n.s.*
Adjusted gross operating profit	***32.3***	***9.9%***	***28.8***	***10.5%***	***25.1***	***8.2%***	***28.9%***	***15.0%***
Restructuring costs	-6.9		-6.5		-6.2		*11.6%*	*6.2%*
Non-ordinary items	-1.7		-1.7		13.9		*n.s.*	*n.s.*
EBITDA	**23.8**	***7.3%***	**20.6**	***7.5%***	**32.8**	***10.7%***	***-27.4%***	***-37.1%***
Amortization, depreciation and impairment	11.8	*3.6%*	9.8	*3.5%*	8.3	*2.7%*	*42.2%*	*18.2%*
EBIT	**12.0**	***3.7%***	**10.8**	***3.9%***	**24.5**	***8.0%***	***-50.9%***	***-55.7%***
Net financial income/(costs)	-5.0	*-1.5%*	-3.3	*-1.2%*	-2.3	*-0.8%*	*119.1%*	*43.7%*
Income/(costs) from other investments	0.0	*0.0%*	0.0	*0.0%*	0.0			
Profit before taxes for the period	**7.0**	***2.1%***	**7.5**	***2.7%***	**22.2**	***7.3%***	***-68.5%***	***-66.0%***
Income tax	1.8	*0.5%*	3.2	*1.2%*	12.8	*4.2%*	*-86.3%*	*-74.9%*
Minority shareholders' result	0.8	*0.3%*	0.8	*0.3%*	0.9	*0.3%*	*-8.5%*	*-8.5%*
Result from continuing operations	**4.4**	***1.3%***	**3.5**	***1.3%***	**8.5**	***2.8%***	***-48.4%***	***-58.8%***
Result from discontinued operations	0.3	*0.1%*	0.0	*0.0%*	0.7	*0.2%*	*n.s.*	*n.s.*
Net result	**4.7**	***1.4%***	**3.5**	***1.3%***	**9.2**	***3.0%***	***-49.1%***	***-61.9%***

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Annexe 4

Group cash flow

(Euro/millions)	2016 Like-for-like basis	Total		2015
NFP beginning of period		**(199.4)**		**(291.8)**
EBITDA before non-recurring items	88.2	108.6		73.0
Effect of shareholdings/dividends	(5.1)	(4.7)		(3.7)
NWC + provision variation	3.5	11.8		14.2
CAPEX	(12.2)	(16.3)		(13.5)
Cash flow from operations	**74.4**	**99.4**		**70.0**
Financial costs	(12.6)	(17.7)		(17.6)
Taxes	(13.4)	(13.8)		(6.9)
Cash flow from ordinary operat	**48.4**	**67.9**		**45.4**
Restructuring costs		(14.9)		(21.2)
Extraordinary tax amounts/prior years		15.5		8.0
Asset acquisition /disposal		(132.6)		60.2
Cash flow from extraordinary operations		**(132.1)**		**47.0**
Total Cash Flow		**(64.2)**		**92.4**
NFP end of period		**(263.6)**		**(199.4)**

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Annexe 5
Arnoldo Mondadori Editore S.p.A. balance sheet

Assets *(Euro/ millions)*	**31/12/2016**	**31/12/2015**
Intangible assets	87.2	87.0
Property investments	2.9	3.0
Land and buildings	5.3	5.6
Plant and equipment	1.4	1.8
Other tangible assets	0.8	0.8
Property, plant and equipment	**7.6**	**8.2**
Investments	362.0	210.9
Non-current financial assets	178.6	200.0
Deferred tax assets	18.1	24.7
Other non-current assets	0.4	0.4
Total non-current assets	**656.7**	**534.1**
Tax receivables	27.2	33.4
Other current assets	4.9	4.6
Inventory	7.7	10.0
Trade receivables	39.9	29.0
Other current financial assets	100.4	116.1
Cash and cash equivalents	72.6	27.7
Total current assets	**252.7**	**220.8**
Assets held for sale or transferred	-	-
Total assets	**909.5**	**754.9**

Liabilities *(Euro/ millions)*	**31/12/2016**	**31/12/2015**
Share capital	68.0	68.0
Treasury shares	-	-
Other reserves and profit/(loss) carried forward	92.7	124.6
Profit (loss) for the year	(15.2)	(32.0)
Total equity	**145.4**	**160.6**
Provisions	33.8	35.7
Post-employment benefits	11.7	11.6
Non-current financial liabilities	303.0	220.4
Deferred tax liabilities	24.3	24.0
Other non-current liabilities	-	-
Total non-current liabilities	**372.6**	**291.7**
Income tax payables	-	-
Other current liabilities	46.0	42.2
Trade payables	72.5	80.6
Payables due to banks and other financial liabilities	273.0	179.9
Total current liabilities	**391.5**	**302.6**
Liabilities held for sale or transferred	-	-
Total liabilities	**909.5**	**754.9**

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Annexe 6
Arnoldo Mondadori Editore S.p.A. income statement

(Euro/ millions)	**2016**	**2015**
Revenue from sales and services	**239.2**	**252.0**
Decrease (increase) in inventory	2.3	0.9
Cost of raw and ancillary materials, consumables and goods	29.4	31.6
Cost of services	151.0	165.9
Cost of personnel	73.0	73.0
Other (income) costs	(5.6)	(19.2)
EBITDA	**(10.8)**	**(0.3)**
Depreciation of property, plant and equipment	1.3	1.6
Amortization and impairment loss of intangible assets	0.5	1.5
EBIT	**(12.6)**	**(3.4)**
Financial income/(costs)	(4.8)	(1.0)
Income/(costs) from investments	1.9	(24.7)
Result before taxes for the year	**(15.5)**	**(29.2)**
Income tax	(0.3)	1.0
Result from continuing operations	**(15.2)**	**(30.2)**
Income/(costs) from discontinued operations	-	(1.9)
Net result	**(15.2)**	**(32.0)**

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Annexe 7
Arnoldo Mondadori Editore S.p.A. cash flow statement

(Euro/ millions)	**31/12/2016**	**31/12/2015**
Net result for the year	(15.2)	(32.0)
Adjustments		
Amortization, depreciation and impairment	15.1	26.8
Income tax for the year	(2.7)	1.0
Stock options		
Fund provisions and post-employment benefits	(1.5)	3.2
Capital loss (gain) from the transfer of intangible assets, property, plant and equipment	(0.6)	(11.9)
Income from investments – dividends	(12.0)	(0.0)
Net financial costs/(income) on loans and transactions in derivatives	14.3	13.7
Cash flow generation from operations	**(2.7)**	**0.6**
(Increase) decrease in trade receivables	(10.9)	(1.8)
(Increase) decrease in inventory	2.3	0.9
Increase (decrease) in trade payables	(6.9)	(17.1)
Income tax payments	3.8	4.8
Fund provisions and post-employment benefits	(0.8)	(1.3)
Net difference for other assets/liabilities	15.8	(4.9)
Cash flow generated from (absorbed by) Operations	**0.6**	**(18.9)**
(Purchase) disposal of intangible assets	(1.1)	(0.9)
(Purchase) disposal of property, plant and equipment	(1.2)	12.7
(Purchase) disposal of investments	(151.3)	34.8
Income from investments – dividends	12.0	
(Purchase) disposal of securities	-	-
Variation in other current financial assets	3.2	44.2
Cash flow generated from (absorbed by) investment activities	**(138.4)**	**90.9**
Increase (decrease) of payables due to banks	17.8	(36.8)
Variation in other current financial assets	75.3	38.1
(Purchase) disposal of treasury shares	(-)	-
Net difference for other non-current financial assets/liabilities	104.1	(39.9)
Cash-in of net financial income (payment of net financial costs) on loans and transactions in derivatives	(14.4)	(15.7)
Dividend payout	-	-
Cash flow generated from (absorbed by) financing activities	**182.8**	**(54.4)**
Increase (decrease) of cash and cash equivalents	**44.9**	**17.6**
Cash and cash equivalents at the beginning of the period	**27.8**	**10.1**
Cash and cash equivalents at the end of the period	**72.6**	**27.7**
Composition of cash and cash equivalents		
Cash, cheques and securities		
Bank and postal deposits	72.6	27.7
	72.6	**27.7**

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Annexe 8
Glossary of terms and alternative performance measures used

This document, in addition to the conventional statements and financial measures required by IFRS, presents a number of reclassified statements and alternative performance measures, in order to provide a better understanding of the operating and financial performance of the Group. These statements and measures should not be considered as a replacement of those required by IFRS. With regard to these figures, in accordance with the recommendations contained in Consob Communication no. 6064293 of 28 July 2006, and in Consob communication no. 0092543 of 3 December 2015, as well as with the 2015/1415 ESMA guidelines on alternative performance measures ("Non GAAP Measures"), explanations are given on the criteria adopted in their preparation and the relevant notes to the items appearing in the mandatory statements.

Specifically, the alternative measures used include:

Gross Operating Profit (EBITDA): EBITDA, or gross operating profit, is equal to earnings before interest, tax, depreciation and amortization. The Group also provides information on the percentage of EBITDA on net sales. EBITDA computed by the Group allows operating results to be compared with those of other companies, net of any effects from financial and tax items, and of depreciation and amortization, which may vary from company to company for reasons unrelated to general operating performance

Adjusted gross operating profit (adjusted EBITDA) is gross operating profit as explained above, net of income and expenses of a non-ordinary nature such as:
- income and expenses from restructuring, reorganization and business combinations;
- clearly identified income and expenses not directly related to the ordinary course of business;
- as well as any income and expenses from non-recurring events and transactions as set out in Consob communication DEM6064293 of 28/07/2006.

Operating profit (EBIT): net result for the period before income tax, and other income and expenses.

Net invested capital is equal to the algebraic sum of Fixed Capital, which includes non-current assets and non-current liabilities (net of non-current financial liabilities included in the Net Financial Position) and Net Working Capital, which includes current assets (net of cash and cash equivalents and current financial assets included in the Net Financial Position), and current liabilities (net of current financial liabilities included in the Net Financial Position).

Cash flow from operations: adjusted EBITDA, as explained above, plus or minus the decrease/(increase) in working capital in the period, minus capital expenditure (CAPEX/Investment) and income and expenses from equity investments.

Cash flow from ordinary operations is cash flow from operations as explained above, net of financial expenses and taxes paid in the period.

LTM cash flow from ordinary operations: cash flow from ordinary operations in the last twelve months.

Cash flow from extraordinary operations: cash flow generated/used in transactions that are not considered ordinary, such as company restructuring and reorganization, share capital transactions and acquisitions/disposals.

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