



**INTERIM MANAGEMENT STATEMENT
AT 30 SEPTEMBER 2019**

ARNOLDO MONDADORI EDITORE S.p.A.

Share capital € 67,979,168.40

Registered Office in Milan

Administrative Offices in Segrate (Milan)

**INTERIM MANAGEMENT STATEMENT
AT 30 SEPTEMBER 2019**

Arnoldo Mondadori Editore S.p.A.

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MONDADORI GROUP HIGHLIGHTS IN NINE MONTHS 2019

(Euro/millions)	9M 2019 (IFRS 16)	9M 2019 (no IFRS 16)	9M 2018	Var. LFL**
Mondadori Group*				
Revenue	658.9	658.9	658.5	+0.4
Adjusted EBITDA	83.4	71.3	62.8	+8.6
% on revenue	12.7%	10.8%	9.5%	
EBITDA	78.4	66.3	53.0	+13.3
% on revenue	11.9%	10.1%	8.0%	
EBIT	50.2	49.2	37.5	+11.7
% on revenue	7.6%	7.5%	5.7%	
Adjusted result from continuing operations	25.4	26.2	15.8	+10.4
Net result	23.1	23.9	(181.5)	+205.4
Business Areas*				
Revenue	658.9	658.9	658.5	+0.4
Books	366.0	366.0	340.3	+25.7
Retail	126.6	126.6	129.3	-2.7
Magazines Italy	191.2	191.2	216.1	-24.9
Corporate & Shared Services	28.7	28.7	28.0	+0.7
Intercompany	(53.6)	(53.6)	(55.2)	1.6
EBIT	50.2	49.2	37.5	+11.7
Books	68.5	68.5	58.1	+10.4
Retail	(7.3)	(7.6)	(6.2)	-1.4
Magazines Italy	(1.4)	(1.4)	(6.2)	+4.8
Corporate & Shared Services	(8.6)	(9.3)	(7.5)	-1.8
Intercompany	(1.0)	(1.0)	(0.7)	-0.3
Balance Sheet				
Group Equity	165.9	165.9	163.9	+1%
Net Financial Position	(209.5)	(110.4)	(209.3)	(47%)
Human Resources				
End-of-period headcount		2,092	2,203***	(5%)

* Comparative scope for continuing operations. See Note on page 12 of this Statement.

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

***On a like-for-like basis (excluding Mondadori France).

COMPOSITION OF CORPORATE BODIES

Board of Directors*

Chairman

Marina Berlusconi

CEO

Ernesto Mauri

Directors

Pier Silvio Berlusconi

Paolo Ainiò

Elena Biffi**

Francesco Currò

Patrizia Michela Giangualano**

Martina Forneron Mondadori**

Danilo Pellegrino

Roberto Poli

Oddone Pozzi

Angelo Renoldi**

Mario Resca

Cristina Rossello**

Board of Statutory Auditors*

Chairman

Sara Fornasiero

Standing Auditors

Flavia Daunia Minutillo

Ezio Simonelli

Substitute Auditors

Mario Civetta

Annalisa Firmani

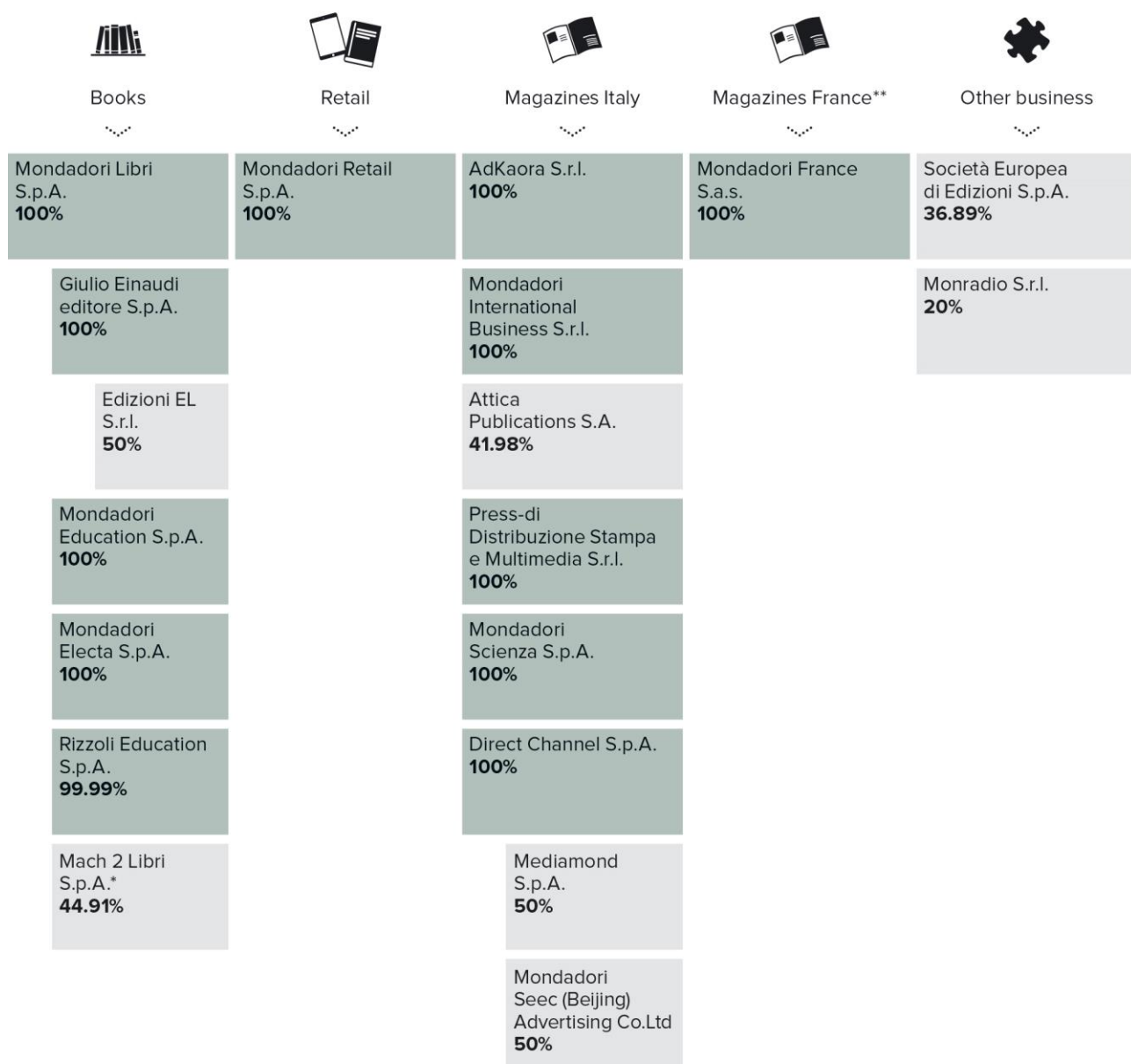
Francesco Vittadini

** The Board of Directors and the Board of Statutory Auditors currently in office were appointed by the Shareholders' Meeting of 24 April 2018*

*** Independent Director*

MONDADORI GROUP STRUCTURE

ARNOLDO MONDADORI EDITORE S.P.A.



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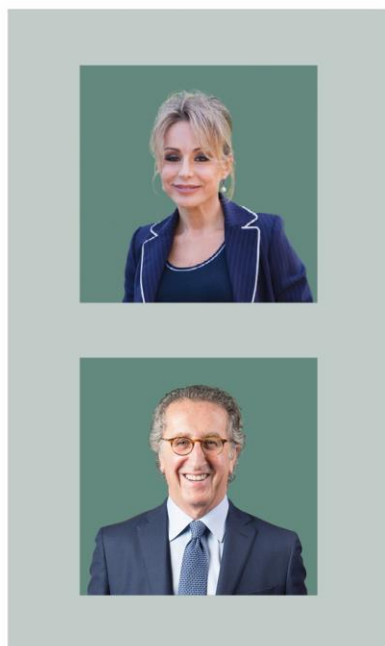


* Put into liquidation.

** Company sold on 31 July 2019.

As at 30 September 2019

MONDADORI GROUP ORGANIZATION CHART



Marina Berlusconi
Chairman

Ernesto Mauri
Chief Executive Officer



Federico Angrisano
Director of Communications and Media Relations



Daniele Sacco
Group HR and Organization Director



Oddone Pozzi
Group Director of Finance, Procurement and IT



Enrico Selva Coddè
Managing Director of Mondadori Libri S.p.A. Trade area



Antonio Porro
Deputy Chairman and Managing Director of Mondadori Libri S.p.A.



Carmine Perna
Managing Director of Mondadori Retail S.p.A.



Carlo Mandelli
General Manager - Magazines Italy



Andrea Santagata
Chief Innovation Officer

**Members of the Board of Directors*

As at 30 September 2019

**DIRECTORS' REPORT ON
OPERATIONS AT 30 SEPTEMBER 2019**

DIRECTORS' REPORT ON OPERATIONS AT 30 SEPTEMBER 2019

In first nine months 2019, the Group recorded **basically steady revenue** and an **approximately +13% increase in adjusted EBITDA from continuing operations (€ 71.3 million)**,¹ overshooting the planned targets for the period.

Actions continued, in fact, to be taken to improve operations in the Books Area and to reduce costs, as well as to strengthen the Digital component of Magazines Italy; additionally, the reporting period saw the disposal of Mondadori France.

The nine months saw significantly lower restructuring and reorganization costs than in the same period of 2018, due to the planned reduction and different timing of the divestment of non-strategic businesses and the reorganization of Group activities.

This performance (marked also by temporary benefits), together with the **extended positive performance of cash generation from ordinary operations**, paves the way to the **achievement of the targets** set and disclosed for the entire financial year 2019.

¹ Excluding the effect of the application of IFRS16

CONSOLIDATED FINANCIAL HIGHLIGHTS IN NINE MONTHS 2019

€mn	9M19		9M18		% change	9M19 NO IFRS		9M18 NO IFRS		% change NO IFRS
NET REVENUE	658.9	100.0%	658.5	100.0%	0.1%	658.9	100.0%	658.5	100.0%	0.1%
INDUSTRIAL PRODUCT COST	206.0	31.3%	208.4	31.6%	(1.1%)	206.0	31.3%	208.4	31.6%	(1.1%)
VARIABLE PRODUCT COSTS	86.2	13.1%	88.0	13.4%	(2.0%)	86.2	13.1%	88.0	13.4%	(2.0%)
OTHER VARIABLE COSTS	127.5	19.4%	126.9	19.3%	0.5%	127.5	19.4%	126.9	19.3%	0.5%
STRUCTURAL COSTS	41.4	6.3%	40.9	6.2%	1.3%	53.5	8.1%	52.7	8.0%	1.6%
EXTENDED LABOUR COST	114.7	17.4%	120.5	18.3%	(4.8%)	114.7	17.4%	120.5	18.3%	(4.8%)
OTHER EXPENSE AND (INCOME)	-0.3	(0.0%)	-0.8	(0.1%)	n.s.	-0.3	(0.0%)	-0.8	(0.1%)	n.s.
(ADJUSTED) EBITDA	83.4	12.7%	74.6	11.3%	11.8%	71.3	10.8%	62.8	9.5%	13.6%
RESTRUCTURING COSTS	3.0	0.5%	6.0	0.9%	(50.2%)	3.0	0.5%	6.0	0.9%	(50.2%)
NEGATIVE (POSITIVE) EXTRAORDINARY ITEMS	2.0	0.3%	3.8	0.6%	(46.5%)	2.0	0.3%	3.8	0.6%	(46.5%)
EBITDA	78.4	11.9%	64.8	9.8%	21.0%	66.3	10.1%	53.0	8.0%	25.1%
AMORTIZATION AND DEPRECIATION	17.1	2.6%	15.5	2.4%	10.3%	17.1	2.6%	15.5	2.4%	10.3%
AMORTIZATION AND DEPRECIATION IFRS16	11.1	1.7%	10.7	1.6%	3.9%	0.0	0.0%	0.0	0.0%	126.1%
EBIT	50.2	7.6%	38.6	5.9%	30.0%	49.2	7.5%	37.5	5.7%	31.1%
FINANCIAL EXPENSE AND (INCOME)	0.6	0.1%	2.1	0.3%	(69.4%)	0.6	0.1%	2.1	0.3%	(69.4%)
FINANCIAL EXPENSE IFRS16	1.7	0.3%	1.1	0.2%	57.1%	-0.1	(0.0%)	0.0	(0.0%)	n.s.
FINANCIAL EXPENSE (INCOME) FROM SECURITIES VALUATION	1.0	0.2%	0.0	0.0%	n.s.	1.0	0.2%	0.0	0.0%	n.s.
EXPENSE AND (INCOME) FROM INVESTMENTS	5.3	0.8%	9.9	1.5%	(46.0%)	5.3	0.8%	9.9	1.5%	(46.0%)
EBT	41.5	6.3%	25.6	3.9%	62.3%	42.3	6.4%	25.6	3.9%	65.4%
TAX EXPENSE AND (INCOME)	16.1	2.4%	9.8	1.5%	64.6%	16.1	2.4%	9.8	1.5%	64.6%
RESULT FROM CONTINUING OPERATIONS	25.4	3.9%	15.8	2.4%	60.8%	26.2	4.0%	15.8	2.4%	65.9%
ADJUSTED RESULT FROM DISCONTINUED OPERATIONS	-1.1	(0.2%)	-195.7	(29.7%)	(99.4%)	-1.1	(0.2%)	-195.7	(29.7%)	(99.4%)
NON-CONTROLLING INTERESTS	-1.2	(0.2%)	-1.6	(0.2%)	(24.1%)	-1.2	(0.2%)	-1.6	(0.2%)	(24.1%)
NET RESULT	23.1	3.5%	-181.5	(27.6%)	n.s.	23.9	3.6%	-181.5	(27.6%)	n.s.

* Cost of personnel includes costs for collaborations and temporary employment.

** In 2019, the "Adjusted result from discontinued operations" includes the net result recorded by Mondadori France in the current year, together with the recognition of the fair value adjustment of the discontinued group.

This item also includes the financial expense held by the Parent Company, but attributable to Mondadori France and charged to the latter under the intercompany loan agreement (approximately € 1.6 million).

The "Adjusted result from continuing operations" and the "Adjusted result from discontinued operations" therefore differ by this amount from the amounts of the statements attached to this Report (equal to € 0.4 million in 9M 2019 and € -193.3 million in 9M 2018), prepared in accordance with IFRS international accounting standards.

To enable a like-for-like comparison, 2018 figures have been restated accordingly.

As of 1 January 2019, the Group has adopted the new **IFRS 16 - Leases**.

The new standard provides a **new definition of lease (operating leases)** and introduces a **criterion based on the control (right of use)** of an asset to distinguish leases from service contracts, the differences lying in the:

- *identification of the asset,*
- *right to replace the asset,*
- *right to essentially receive all the financial benefits arising from the use of the asset and*
- *right to control the use of the asset underlying the contract.*

The standard introduces a single lessee accounting model, by which **an asset under an operating lease is recognized in assets with an offsetting financial liability**.

P/L will no longer record lease payments as operating/general costs, **rather the depreciation of the booked asset** and the financial expense implicit in the lease payment.

An exception to this accounting model are leases regarding low-value assets and those with a term of 12 months or less.

ALTERNATIVE PERFORMANCE MEASURES

This document, in addition to the statements and conventional financial measures required by IFRS, presents a number of reclassified statements and alternative performance measures in order to better evaluate the operating and financial performance of the Group, the definition of which is explained in the section "Glossary of terms and alternative performance measures used".

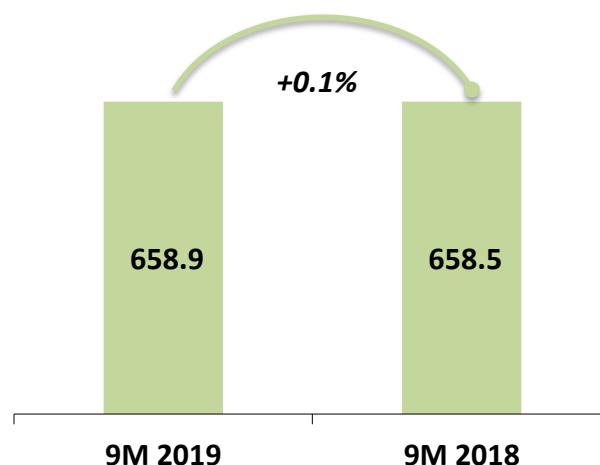
INCOME STATEMENT

REVENUE

Consolidated revenue in first nine months 2019 came to **€ 658.9 million (versus € 658.5 million in the same period of the prior year)**, despite the change in the consolidation scope of Magazines Italy following the disposal of Inthera S.p.A. and *Panorama* (€ 14.4 million), which would bring the increase in revenue on a like-for-like basis to +1.5%.

In the **Books** Area, revenue in the nine months increased by approximately **+8%** (partly temporary), while the **Retail** Area dropped by **-2%**.

On a like-for-like basis, **Magazines Italy** revenue fell by **-5.0%**, as a result of the dynamics of the relevant markets, alleviated by the good performance in a number of segments.



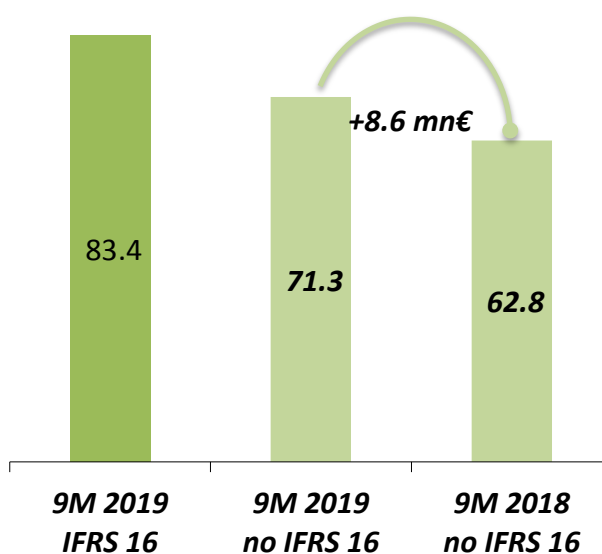
Revenue by Business Area

(Euro/millions)	Q3 2019	Q3 2018	% var.
Books	366.0	340.3	7.5%
Retail	126.6	129.3	(2.1%)
Magazines Italy	191.2	216.1	(11.5%)
Corporate & Shared Services	28.7	28.0	2.5%
Total aggregate revenue	712.5	713.6	(0.2%)
Intercompany	(53.6)	(55.2)	(2.9%)
Total consolidated revenue	658.9	658.5	0.1%

EBITDA

Adjusted EBITDA no IFRS 16 in the period under review came to € 71.3 million, **up by € +8.6 million** (approximately +13%) versus the prior year (€ 62.8 million), with a percentage on revenue increasing from **9.5% to 10.8%** and with different trends reported by the various businesses:

- in line with the revenue trend, the **Books** Area reported an increase in the period, as a result of the positive performance of both the Trade and Education areas;
- the **Retail** Area retreated as a result mainly of the reduction in revenue and of inventory write-downs of consumer electronics products;
- the **Magazines Italy** Area grew versus 2018, despite the declining market trend, as a result of the disposals that took place, of the ongoing improvement of the digital area, and of the actions taken to reduce operating and structural costs.



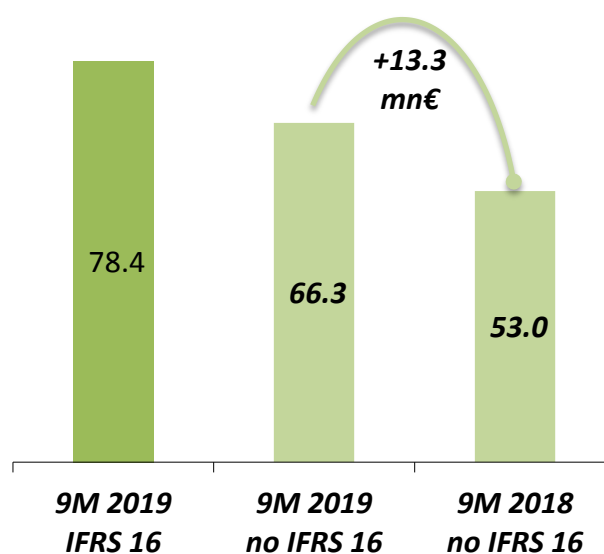
IFRS 16 adjusted EBITDA came to € 83.4 million and includes the IFRS 16 impact of € +12 million.

ADJUSTED EBITDA by Business Area			
<i>(Euro/millions)</i>	2019.09	2019.09 no IFRS16	2018.09 no IFRS16
Books	78.6	77.6	68.0
Retail	0.8	(5.2)	(3.4)
Magazines Italy	5.5	5.4	4.1
Corporate & Shared Services	(0.5)	(5.5)	(5.2)
Intercompany	(1.0)	(1.0)	(0.7)
Total ADJUSTED EBITDA	83.4	71.3	62.8

Consolidated EBITDA no IFRS 16 increased sharply versus the prior year, from € 53.0 million to € 66.3 million.

The improvement includes the increase in adjusted EBITDA and strong reductions in restructuring costs recorded in the period.

IFRS 16 EBITDA amounted to € 78.4 million and includes the IFRS 16 impact of € +12 million.



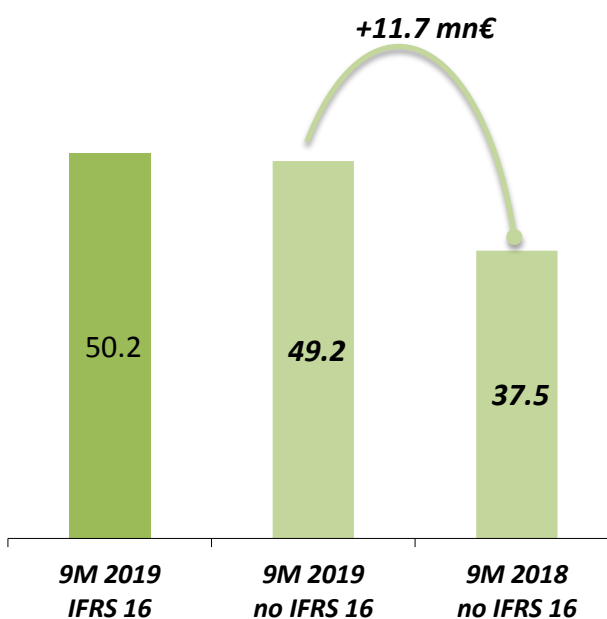
EBITDA by Business Area			
<i>(Euro/millions)</i>	2019.09	2019.09 no IFRS16	2018.09 no IFRS16
Books	78.1	77.1	66.8
Retail	0.5	(5.5)	(3.7)
Magazines Italy	2.6	2.5	(3.0)
Corporate & Shared Services	(1.8)	(6.8)	(6.3)
Intercompany	(1.0)	(1.0)	(0.7)
Total EBITDA	78.4	66.3	53.0

EBIT

EBIT no IFRS 16 at 30 September 2019 amounted to € 49.2 million, **improving sharply** versus € 37.5 million at 30 September 2018, as a result of the dynamics of the above components, and includes amortization, depreciation and write-downs of € 17.1 million.

IFRS 16 amortization and depreciation amounted to € 11.1 million.

IFRS 16 EBIT amounted to € 50.2 million and includes the IFRS 16 impact of € +1.0 million.



EBIT by Business Area			
<i>(Euro/millions)</i>	2019.09	2019.09 no IFRS16	2018.09 no IFRS16
Books	68.5	68.5	58.1
Retail	(7.3)	(7.6)	(6.2)
Magazines Italy	(1.4)	(1.4)	(6.2)
Corporate & Shared Services	(8.6)	(9.3)	(7.5)
Intercompany	(1.0)	(1.0)	(0.7)
Total EBIT	50.2	49.2	37.5

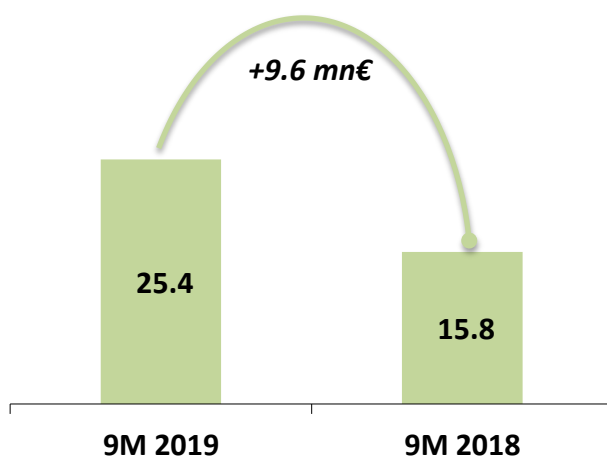
ADJUSTED NET RESULT FROM CONTINUING OPERATIONS

Consolidated profit before tax came to € 41.5 million, **improving sharply** versus € 25.6 million in first nine months 2018, and includes:

- the sharp drop in financial expense (from € 2.1 million to € 0.6 million), as a result of lower average net debt;
- improved performance by associates (consolidated at equity), from € -9.9 million to € -5.3 million.

The total tax burden for the period was **€ 16.1 million** versus € 9.8 million in 2018, in line with the increased profitability.

The **adjusted net result from continuing operations improved** by approximately € +10 million and amounted to € 25.4 million versus € 15.8 million at 30 September 2018.

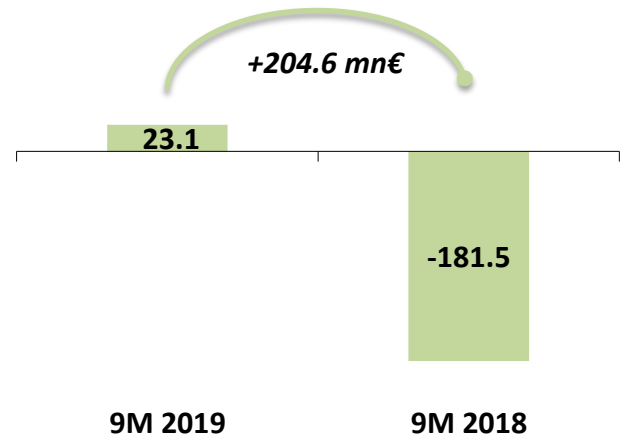


NET RESULT

While part of the Group (until 31 July 2019), **Mondadori France** generated net revenue of € 163.2 million (€ 178.6 million in the 7 months of 2018) and adjusted EBITDA of € 11.6 million (€ 13.5 million in the 7 months of 2018).

The **net result from discontinued operations** came to € -1.1 million and includes the net result for the seven months and the fair value adjustment of Mondadori France at the closing date of 31 July 2019.

The **Group's net result** amounted to € 23.1 million versus € -181.5 million in 2018, which includes € -200 million from the fair value adjustment of Mondadori France.

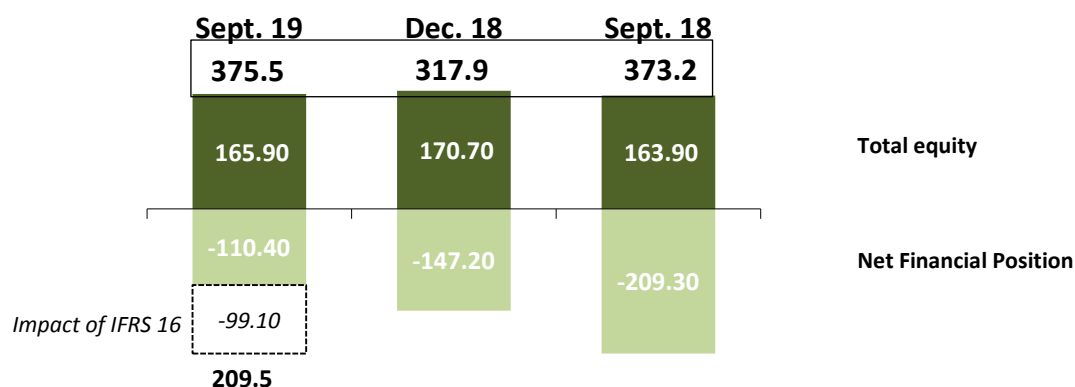


FINANCIAL RESULTS

	Sept. 19	Dec. 18	Sept. 18	C19 vs C18
Trade receivables	264.0	219.0	259.9	1.6%
Inventory	133.0	122.3	132.7	0.2%
Trade payables	(343.0)	(333.4)	(352.3)	-2.6%
Other assets (liabilities)	51.2	46.1	63.0	-18.7%
NWC	105.2	54.1	103.3	1.9%
Intangible assets	223.5	226.7	224.3	-0.4%
Property, plant and equipment	17.1	19.1	21.8	-21.5%
Property, plant and equipment IFRS 16	97.8			
Investments	28.7	32.3	36.5	-21.5%
NET FIXED ASSETS	367.1	278.2	282.7	29.9%
Provisions and post-employment benefits	(96.8)	(103.3)	(107.5)	-10.0%
Discontinued assets/liabilities	0.0	89.1	94.8	-100.0%
NET INVESTED CAPITAL	375.5	317.9	373.2	0.6%
Share capital	68.0	68.0	68.0	0.0%
Reserves	74.9	251.1	249.2	-70.0%
Profit (loss) for the period	23.1	(177.1)	(181.5)	n.s.
GROUP EQUITY	165.9	142.0	135.7	22.3%
Share capital and reserves attributable to non-controlling interests (from discontinued operations)	0.0	28.7	28.2	-100.0%
TOTAL EQUITY	165.9	170.7	163.9	1.2%
NET FINANCIAL POSITION	110.4	147.2	209.3	-47.2%
NET FINANCIAL POSITION IFRS 16	99.1			
TOTAL EQUITY	375.5	317.9	373.2	0.6%

NET INVESTED CAPITAL

(€/mn)



The **Group's net invested capital** at 30 September amounted to **€ 375.5 million**, basically steady versus € 373.2 million in the prior year.

This change is attributable to:

- NWC of € 105.2 million versus € 103.3 million at 30 September 2018;
- NWC net of Mondadori France and disposals of € 375.5 million versus € 278.4 million at 30 September 2018;
- the recognition of property, plant and equipment pursuant to IFRS 16 of € +97.8 million.

Group equity increased by approximately € 30 million and consolidated equity by € 2 million, also as a result of the deconsolidation of share capital and reserves attributable to non-controlling interests.

The Net Financial Position no IFRS 16 at 30 September 2019 stood at **€ -110.4 million, down by approximately -47%** versus € -209.3 million at 30 September 2018.

The **IFRS 16 Net Financial Position** stood at **€ -209.5 million** and includes the IFRS 16 impact of € -99.1 million.

CONSOLIDATED FINANCIAL HIGHLIGHTS IN THIRD QUARTER 2019

€mn	3Q19		3Q18		% change	3Q19 NO IFRS		3Q18 NO IFRS		% change NO IFRS
NET REVENUE	279.0	100.0%	267.7	100.0%	4.2%	279.0	100.0%	267.7	100.0%	4.2%
INDUSTRIAL PRODUCT COST	84.2	30.2%	83.4	31.2%	1.0%	84.2	30.2%	83.4	31.2%	1.0%
VARIABLE PRODUCT COSTS	31.6	11.3%	29.1	10.9%	8.5%	31.6	11.3%	29.1	10.9%	8.5%
OTHER VARIABLE COSTS	53.0	19.0%	51.7	19.3%	2.5%	53.0	19.0%	51.7	19.3%	2.5%
STRUCTURAL COSTS	13.7	4.9%	13.5	5.0%	1.6%	17.7	6.3%	17.5	6.5%	1.3%
EXTENDED LABOUR COST	35.4	12.7%	35.6	13.3%	(0.4%)	35.4	12.7%	35.6	13.3%	(0.4%)
OTHER EXPENSE AND (INCOME)	-0.5	(0.2%)	-0.2	(0.1%)	n.s.	-0.5	(0.2%)	-0.2	(0.1%)	n.s.
(ADJUSTED) EBITDA	61.6	22.1%	54.7	20.4%	12.7%	57.6	20.6%	50.7	18.9%	13.7%
RESTRUCTURING COSTS	1.8	0.7%	0.6	0.2%	223.4%	1.8	0.7%	0.6	0.2%	223.4%
NEGATIVE (POSITIVE) EXTRAORDINARY ITEMS	2.0	0.7%	0.7	0.2%	199.2%	2.0	0.7%	0.7	0.2%	199.2%
EBITDA	57.8	20.7%	53.4	20.0%	8.2%	53.7	19.3%	49.5	18.5%	8.8%
AMORTIZATION AND DEPRECIATION	6.0	2.2%	5.3	2.0%	12.9%	6.0	2.2%	5.3	2.0%	12.9%
AMORTIZATION AND DEPRECIATION IFRS16	3.7	1.3%	3.6	1.3%	4.5%	0.0	0.0%	0.0	(0.0%)	(137.2%)
EBIT	48.0	17.2%	44.5	16.6%	7.9%	47.7	17.1%	44.1	16.5%	8.2%
FINANCIAL EXPENSE AND (INCOME)	1.0	0.4%	0.7	0.3%	41.2%	1.0	0.4%	0.7	0.3%	41.2%
FINANCIAL EXPENSE IFRS16	0.7	0.2%	0.4	0.2%	n.s.	0.0	(0.0%)	0.0	0.0%	n.s.
FINANCIAL EXPENSE (INCOME) FROM SECURITIES VALUATION	1.0	0.4%	0.0	0.0%	n.s.	1.0	0.4%	0.0	0.0%	n.s.
EXPENSE AND (INCOME) FROM INVESTMENTS	2.3	0.8%	1.7	0.6%	35.2%	2.3	0.8%	1.7	0.6%	35.2%
EBT	43.0	15.4%	41.7	15.6%	3.2%	43.5	15.6%	41.7	15.6%	4.2%
TAX EXPENSE AND (INCOME)	13.1	4.7%	12.3	4.6%	6.4%	13.1	4.7%	12.3	4.6%	6.4%
RESULT FROM CONTINUING OPERATIONS	30.0	10.7%	29.4	11.0%	1.9%	30.4	10.9%	29.4	11.0%	3.2%
ADJUSTED RESULT FROM DISCONTINUED OPERATIONS	-5.0	(1.8%)	-197.9	(73.9%)	(97.5%)	-5.0	(1.8%)	-197.9	(73.9%)	(97.5%)
NON-CONTROLLING INTERESTS	0.0	(0.0%)	-0.5	(0.2%)	n.s.	0.0	(0.0%)	-0.5	(0.2%)	n.s.
NET RESULT	25.0	8.9%	-169.0	(63.1%)	n.s.	25.4	9.1%	-169.0	(63.1%)	n.s.

* Cost of personnel includes costs for collaborations and temporary employment.

** In 2019, the "Adjusted result from discontinued operations" includes the net result recorded by Mondadori France in the current year, together with the recognition of the fair value adjustment of the discontinued group.

This item also includes the financial expense held by the Parent Company, but attributable to Mondadori France and charged to the latter under the intercompany loan agreement (approximately € 0.2 million).

The "Adjusted result from continuing operations" and the "Adjusted result from discontinued operations" therefore differ by this amount from the amounts of the statements attached to this Report (equal to € -4.8 million in 3Q 2019 and € -197.2 million in 3Q 2018), prepared in accordance with IFRS international accounting standards.

To enable a like-for-like comparison, 2018 figures have been restated accordingly.

As of 1 January 2019, the Group has adopted the new **IFRS 16 - Leases**.

The new standard provides a **new definition of lease (operating leases)** and introduces a **criterion based on the control (right of use)** of an asset to distinguish leases from service contracts, the differences lying in the:

- *identification of the asset,*
- *right to replace the asset,*
- *right to essentially receive all the financial benefits arising from the use of the asset and*
- *right to control the use of the asset underlying the contract.*

The standard introduces a single lessee accounting model, by which **an asset under an operating lease is recognized in assets with an offsetting financial liability**.

P/L will no longer record lease payments as operating/general costs, **rather the depreciation of the booked asset** and the financial expense implicit in the lease payment.

An exception to this accounting model are leases regarding low-value assets and those with a term of 12 months or less.

ALTERNATIVE PERFORMANCE MEASURES

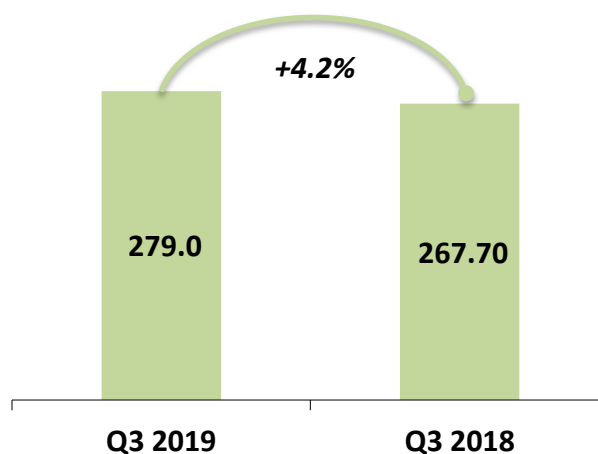
This document, in addition to the statements and conventional financial measures required by IFRS, presents a number of reclassified statements and alternative performance measures in order to better evaluate the operating and financial performance of the Group, the definition of which is explained in the section "Glossary of terms and alternative performance measures used".

REVENUE

Consolidated revenue in third quarter 2019 came to **€ 279.0 million, up by 4.2%** versus the prior year, despite the effect of the change in the consolidation scope of Magazines Italy following the disposal of *Panorama* (€ 3.1 million).

In the **Books** Area, revenue in the quarter increased by approximately **+13%** (partly temporary), while the **Retail** Area dropped by approximately **-2%**.

On a like-for-like basis, **Magazines Italy** revenue fell by **-7.3%**, as a result of the dynamics of the relevant markets.



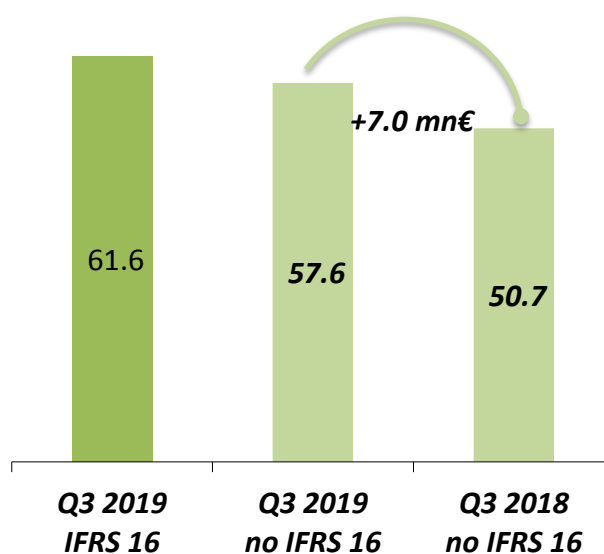
Revenue by Business Area

(Euro/millions)	Q3 2019	Q3 2018	% var.
Books	182.2	161.3	12.9%
Retail	45.2	46.2	(2.2%)
Magazines Italy	60.4	68.6	(11.9%)
Corporate & Shared Services	9.6	10.6	(9.9%)
Total aggregate revenue	297.3	286.7	3.7%
Intercompany	(18.4)	(19.0)	(3.4%)
Total consolidated revenue	279.0	267.7	4.2%

EBITDA

Adjusted EBITDA no IFRS 16 in the period under review came to € 57.6 million, **up by € 6.9 million (+14%)** versus the prior year (€ 50.7 million), with different trends reported by the various businesses:

- in line with the revenue trend, the **Books** Area recorded an increase in the period, as a result of the positive performance of both the Trade and Education areas;
- the **Retail** Area fell versus 3^o quarter 2018;
- the **Magazines Italy** Area grew versus 2018, despite the declining market trend, as a result of the disposals that took place, of the ongoing improvement of the digital area, and of the actions taken to reduce operating and structural costs.

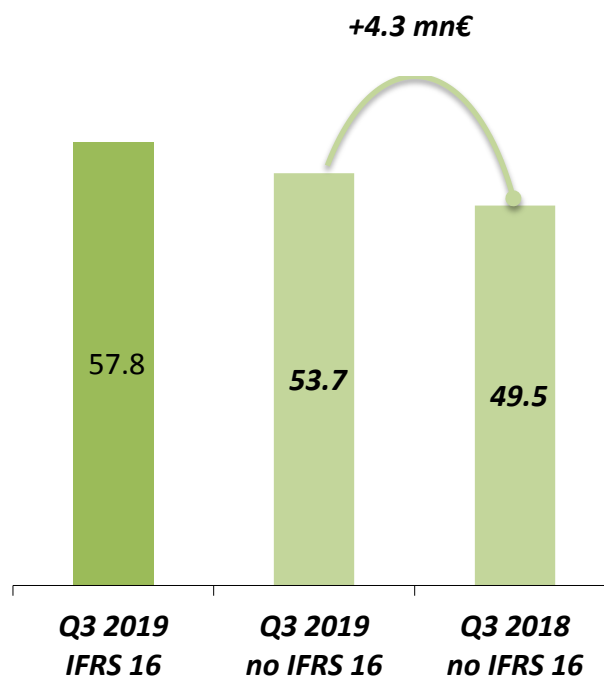


IFRS 16 adjusted EBITDA came to € 61.6 million and includes the IFRS 16 impact of approximately € +4 million.

ADJUSTED EBITDA by Business Area			
<i>(Euro/millions)</i>	2019.Q3	2019.Q3 no IFRS16	2018.Q3 no IFRS16
Books	62.4	62.1	54.7
Retail	1.4	(0.6)	(0.1)
Magazines Italy	(1.4)	(1.5)	(2.7)
Corporate & Shared Services	0.2	(1.5)	(1.1)
Intercompany	(1.0)	(1.0)	(0.0)
Total ADJUSTED EBITDA	61.6	57.6	50.7

Consolidated EBITDA no IFRS 16 increased sharply versus the prior year, from € 49.5 million to € 53.7 million.

IFRS 16 EBITDA amounted to € 57.8 million and includes the IFRS 16 impact of approximately € +4 million.



EBITDA by Business Area			
<i>(Euro/millions)</i>	2019.Q3	2019.Q3 no IFRS16	2018.Q3 no IFRS16
Books	62.3	62.0	54.3
Retail	1.3	(0.7)	(0.2)
Magazines Italy	(3.8)	(3.9)	(2.9)
Corporate & Shared Services	(1.0)	(2.7)	(1.6)
Intercompany	(1.0)	(1.0)	(0.0)
Total EBITDA	57.8	53.7	49.5

PERFORMANCE BY BUSINESS AREA

<i>(Euro/millions)</i>	Revenue		ADJUSTED EBITDA			EBITDA			Amortization, depreciation and impairment			EBIT		
	2019.09	2018.09	2019.09	2019.09	2018.09	2019.09	2019.09	2018.09	2019.09	2019.09	2018.09	2019.09	2019.09	2018.09
			(IFRS16)	(no IFRS16)	(no IFRS16)	(IFRS16)	(no IFRS16)	(no IFRS16)	(IFRS16)	(no IFRS16)	(no IFRS16)	(IFRS16)	(no IFRS16)	(no IFRS16)
Books	366.0	340.3	78.6	77.6	68.0	78.1	77.1	66.8	(9.6)	(8.6)	(8.7)	68.5	68.5	58.1
Retail	126.6	129.3	0.8	(5.2)	(3.4)	0.5	(5.5)	(3.7)	(7.8)	(2.1)	(2.5)	(7.3)	(7.6)	(6.2)
Magazines Italy	191.2	216.1	5.5	5.4	4.1	2.6	2.5	(3.0)	(4.0)	(3.9)	(3.1)	(1.4)	(1.4)	(6.2)
Corporate & Shared Services	28.7	28.0	(0.5)	(5.5)	(5.2)	(1.8)	(6.8)	(6.3)	(6.8)	(2.5)	(1.2)	(8.6)	(9.3)	(7.5)
Intercompany	(53.6)	(55.2)	(1.0)	(1.0)	(0.7)	(1.0)	(1.0)	(0.7)	0.0	0.0	(0.0)	(1.0)	(1.0)	(0.7)
TOTAL	658.9	658.5	83.4	71.3	62.8	78.4	66.3	53.0	(28.2)	(17.1)	(15.5)	50.2	49.2	37.5

The breakdown of performance by business area reflects the system used by Management to oversee Group performance, in accordance with IFRS 8.

BOOKS

Mondadori Libri S.p.A. is the company at the head of all Group activities in the Books Area.

The Mondadori Group is Italy's market leader in the **Trade Books** Area: the publishing products that traditionally make up the core business are fiction, non-fiction, and books for young readers, both in print and electronic format.

The Mondadori Group operates under various publishing brands: Mondadori, Giulio Einaudi editore, Piemme, Sperling & Kupfer, Rizzoli, BUR, Fabbri Editori and Rizzoli Lizard.

In the **Educational** segment, the Group is present in the Italian school textbooks, legal, professional and university publishing market, in art and illustrated books publishing, in the management of museum concessions and in the organization of exhibitions and cultural events.

The Mondadori Group covers the **school textbooks** segment through Mondadori Education and Rizzoli Education, who produce textbooks, courses, teaching tools and multimedia content for every school level, from primary school to the first and second-level secondary schools.

Under the Electa brand, it publishes Art, Kids and Architecture books, including exhibition catalogues, museum guides and sponsor books; under the Mondadori brand, it publishes Illustrated Books, Miscellaneous, Non-Fiction and Tourist Guides; under the Rizzoli brand, it publishes fashion, luxury, photography and sponsor books.

The Group is also active in the United States through Rizzoli International Publications under the Rizzoli, Rizzoli New York and Universe brands and Rizzoli Electa.

Relevant market performance

In the nine months of the year, the Trade Books market **grew** versus the first nine months of the prior year **(+4.6%)²**.

Sales channels performed as follows:

- the **bookstore chains** and **e-commerce** (which account for approximately 71% of the total market) **increased by +7.5%**, driven mainly by e-commerce;
- **independent bookstores** (approximately 22% of the market) fell by -1.5%;

² Source: GfK, September 2019 (figures in terms of market value).

As of May 2019, GfK has expanded its coverage panel by increasing the survey of e-commerce players; as a result, the overall market value and the YoY deviations have been restated pro-forma and the details by channel have been reviewed by merging book chains and e-commerce.

- **large retailers** (which account for approximately 7% of the market) continued the downward trend (-3.4%), although much less than in prior quarters.

As for **product** categories, **hardcovers increased by +5.2%** versus the same period of the prior year (representing approximately 82% of the market at 30 September), while catalogue products (**paperbacks**) rose by +1.9%.

Trade Market Shares	30 September 2019	30 September 2018
Mondadori Group	25.7%	26.8%
GeMS Group	10.5%	11.3%
Giunti Group	8.8%	8.6%
Feltrinelli	5.5%	5.0%
Other	49.5%	48.3%

Source: GfK, September 2019 (figures in terms of market value)

The Mondadori Group retained its market leadership position, with an overall **25.7%** share (26.8% at 30 September 2018), rebounding by 0.4 percentage points versus 30 June 2019.

The Group holds **7 positions in the ranking of the twenty best-selling titles** in terms of value in the first nine months:

#	Title	Author	Publisher
1	<i>Il cuoco dell'Alcyon</i>	Camilleri Andrea	SELLERIO EDITORE PALERMO
2	<i>I Leoni di Sicilia. La saga dei Florio</i>	Auci Stefania	NORD
3	<i>M. Il figlio del secolo</i>	Scurati Antonio	BOMPIANI
4	La versione di Fenoglio	Carofiglio Gianrico	EINAUDI
5	Entra nel mondo di Lui e Sofi. Il fantalibro dei Me contro Te	Me contro Te	MONDADORI ELECTA
6	<i>Rien ne va plus</i>	Manzini Antonio	SELLERIO EDITORE PALERMO
7	<i>L'amica geniale</i>	Ferrante Elena	E/O
8	<i>Storia del nuovo cognome. L'amica geniale</i>	Ferrante Elena	E/O
9	<i>Le ragazze della luna. Le sette sorelle</i>	Riley Lucinda	GIUNTI EDITORE
10	<i>La stanza delle farfalle</i>	Riley Lucinda	GIUNTI EDITORE
11	Km 123	Camilleri Andrea	MONDADORI
12	<i>Storia di chi fugge e di chi resta. L'amica geniale</i>	Ferrante Elena	E/O
13	Il pianto dell'alba. Ultima ombra per il commissario Ricciardi	De Giovanni Maurizio	EINAUDI
14	#valespo	Mazzei Valerio, Sespo	MONDADORI ELECTA
15	<i>La gabbia dorata</i>	Läckberg Camilla	MARSILIO
16	After. Special edition	Todd Anna	SPERLING & KUPFER
17	<i>L'isola dell'abbandono</i>	Gamberale Chiara	FELTRINELLI
18	<i>Storia della bambina perduta. L'amica geniale</i>	Ferrante Elena	E/O
19	Le corna stanno bene su tutto. Ma io stavo meglio senza!	De Lellis Giulia, Pulpo Stella	MONDADORI ELECTA
20	<i>La guerra dei Courtney</i>	Smith Wilbur, Churchill David	HARPERCOLLINS ITALIA

Source: GfK, September 2019 (ranking in terms of cover value)

Education Market Shares	30 September 2019	30 September 2018
Mondadori Group	21.7%	22.9%
Zanichelli	22.8%	22.3%
Pearson	13.8%	14.3%
De Agostini	10.7%	10.8%
Other	31.0%	29.7%

Source: ESAIE, 2019 (adopted sections, provisional data)

Performance of the Books Area

Books (Euro/millions)	2019.09 (IFRS16)	2019.09 (no IFRS16)	2018.09 (no IFRS16)	Var. LFL
Revenue	366.0	366.0	340.3	25.7
ADJUSTED EBITDA	78.6	77.6	68.0	9.6
EBITDA	78.1	77.1	66.8	10.3
EBIT	68.5	68.5	58.1	10.4

Revenue

(Euro/millions)	9M 2019	9M 2018	Var. %
Books Revenue			
Total TRADE³	154.7	141.6	9.3%
Education	150.6	140.6	7.1%
Mondadori Electa ⁴ (Art, exhibitions and museums)	30.4	29.7	2.4%
Rizzoli International Publications	24.7	20.9	18.2%
Intercompany	(0.8)	(0.9)	-11.1%
Total EDUCATIONAL	204.9	190.3	7.7%
Distribution and other services	6.4	8.4	-23.8%
Total revenue	366.0	340.3	7.5%

Revenue in first nine months 2019 amounted to **€ 366.0 million** (€ 340.3 million in 9M 2018).

- **Trade Books:** revenue in the first nine months amounted to € 154.7 million (€ 141.6 million in the first nine months of 2018), up by 9.3% versus the prior year, as a result mainly of reduced returns.

In the **Hardcover** segment, the publishing houses released the following works.

³Total Trade including revenue from the Trade division of Mondadori Electa, in both years.

⁴Mondadori Electa for the Cultural Heritage and Illustrated Books division only, in both years

- **Mondadori:** new fiction titles include "A un metro da te" by Lippincott, Daughtry, Iaconis; for non-fiction, the highly topical title on environmental issues "La nostra casa è in fiamme" by Greta Thunberg; for Miscellaneous, "La via della leggerezza. Perdere peso nel corpo e nell'anima" by Berrino-Lumera. The *Gialli Mondadori* see the return of "KM123", by A. Camilleri, at the top of the charts of the best-selling books on the market.
- **Einaudi:** the main titles were "La versione di Fenoglio" by G. Carofiglio, firmly high up in the Top 10, "Il pianto dell'alba" by M. De Giovanni, as well as "Fedeltà" by M. Missiroli (among the Strega finalists) and, for foreign fiction, the second volume of "L'assassinio del commendatore" by H. Murakami;
- **Piemme:** new fiction titles in the first nine months include M. Connelly with "Doppia Verità" and A. Burke with "Sorelle sbagliate"; for non-fiction, C. Amirante with "La guarigione del cuore"; for Children's, the titles featuring the legendary character G. Stilton;
- **Sperling & Kupfer:** the top titles of the period include S. King with "Elevation", "L'istituto" and "Pet Sematary", and the latest work by Sveva Casati Modignani "Segreti e Ipocrisie"; finishing off with the re-publication of "After" by A. Todd, following the big-screen release;
- **Rizzoli:** the main new titles include "Le parole di Sara" by M. De Giovanni and "Il gioco del mai" by Jeffery Deaver;
- **Mondadori Electa Trade:** this year's top-selling successes include the return of the title by Me contro te "Entra nel mondo di Lui e Sofì", ranking high in the general top sellers chart, as well as the publications by youtubers Valespo and M. Losito, B. Rossi's "La cucina di casa mia" and the latest top seller by influencer G. De Lellis "Le corna stanno bene su tutto. Ma io stavo meglio senza!".

In the **Paperback** segment, Group revenue **increased (4.1%)** versus the same period of 2018, partly as a result of a number of promotional operations.

- **Educational books:** revenue in the first nine months amounted to € 204.9 million versus € 190.3 million in the same period of 2018, with an increase of +7.7%, mainly temporary.
 - **Education:** the school textbooks business reported overall revenue of € 150.6 million (+7.1% versus the prior year), due also to a different phasing of revenue from supplies to customers, specifically wholesalers and large retailers.
 - **Mondadori Electa (Art, exhibitions and museums):** in first nine months 2019, it generated revenue of € 30.4 million versus € 29.7 million in the same period of 2018 for the Art, Exhibitions and Museums business, as a result mainly of the Naples (*Magna Grecia, Depositi, Caravaggio, Vanity*) and Milan (*De Chirico*) exhibitions, of bookshop sales, of the Venice Art Biennial and of the good performance of sales of merchandising products;

- **Rizzoli International Publications:** in the quarter, revenue amounted to € 24.7 million (+18.2% versus € 20.9 million in 2018), including retail sales by the Rizzoli Bookstore in New York, as a result of the positive trend in sales of backlist titles, the different publishing programme for new titles of the year, the increase in retail sales (+10% versus the 9 months of 2018), and the positive effects from the Euro/Dollar exchange rate (€ +1.5 million).

E-books

Revenue from the sale of e-books was up by 3.4% versus the same period of the prior year, accounting for approximately **7.0% of total publishing revenue**.

The best-selling e-books include two titles by Einaudi "*La versione di Fenoglio*" by G. Carofiglio and "*Il pianto dell'alba*" by M. De Giovanni, followed by "*Doppia verità*" by M. Connelly (Piemme), "*Le parole di Sara*" by M. De Giovanni (Rizzoli) and "*After*" by A. Todd (Sperling & Kupfer).

Mondadori Libri published a further 1,300 new titles during the year, increasing its digital catalogue to over 25,000 e-book titles.

EBITDA

Adjusted EBITDA (no IFRS 16) in the Books Area amounted to **€ 77.6 million, improving** versus the same period of the prior year (€ 68.0 million), as a result of the increase in revenue from ongoing improvement in operations.

IFRS 16 adjusted EBITDA amounted to € 78.6 million and includes the IFRS 16 impact of € +1.0 million.

Reported EBITDA (no IFRS 16) amounted to **€ 77.1 million, improving** versus € 66.8 million at 30 September 2018.

IFRS 16 reported EBITDA amounted to € 78.1 million and includes an impact of € +1.0 million.

RETAIL

The Mondadori Group operates in Italy with a network of 582 bookshops composed of directly-managed bookstores, megastores, franchised bookshops (including under the *Mondadori Point* sign), in addition to the web channel (www.mondadoristore.it) and the bookclub.

Relevant market performance

The relevant market for the Retail Area is **books (approximately 82% of revenue⁵)**, which **grew by +4.6%** in the first nine months versus the prior year⁶.

In the period under review, the **market share** of Mondadori Retail in the Books segment stood at **13.2%** (13.9% at 30 September 2018).

Mondadori Retail network trend

STORES	Sept. 2019	Dec. 2018	Sept. 2018	Var. yoy
Megastores	7	7	7	-
Directly-managed bookstores	23	24	24	-1
Franchised bookstores	552	564	553	-1
TOTAL	582	595	584	

Performance of the Retail Area

Retail (Euro/millions)	2019.09 (IFRS16)	2019.09 (no IFRS16)	2018.09 (no IFRS16)	Var. LFL
Revenue	126.6	126.6	129.3	(2.7)
ADJUSTED EBITDA	0.8	(5.2)	(3.4)	(1.8)
EBITDA	0.5	(5.5)	(3.7)	(1.8)
EBIT	(7.3)	(7.6)	(6.2)	(1.4)

⁵ Product revenue excluding the Club

⁶ Source: GFK, September 2019 (figures in terms of market value)

Revenue

In the first nine months of the year, the Retail Area posted revenue of € 126.6 million, down (-2.1%) versus the same period of the prior year, with a Books performance of -0.7% (on a like-for-like basis -1.1%) and a sharp drop by -35.1% in Consumer Electronics (2.9% of total revenue).

(Euro/millions)			
Retail	9M 2019	9M 2018	Var. %
Directly-managed bookstores	23.6	23.7	(0.0%)
Megastores	23.4	26.8	(12.7%)
Franchised bookstores	58.2	57.9	+0.1%
Online	10.1	9.9	+2.0%
Stores	115.3	118.3	(2.5%)
Bookclub and other	11.3	11.0	+2.7%
Total revenue	126.6	129.3	(2.1%)

The analysis by **channel** shows the following:

- directly-managed stores basically steady (on a like-for-like basis -1.6%), driven by the opening of two new stores (Roma Valle Aurelia in April 2018 and Taranto in September 2018);
- in the Megastores, an approximately -12.7% drop (on a like-for-like basis -10.7%), due mainly to the decline in sales of Consumer Electronics;
- in Franchised bookstores, a performance in line with the prior year (on a like-for-like basis -1.2%);
- in e-commerce, a +2% growth;
- in the bookclub, a decrease versus the prior year (approximately -4%).

EBITDA

In the first nine months of the year, Mondadori Retail reported **adjusted EBITDA (no IFRS 16)** of € -5.2 million versus € -3.4 million at 30 September 2018. The deterioration is due mainly to the decrease in revenue on a like-for-like basis and to the higher inventory write-down of consumer electronics products.

IFRS 16 adjusted EBITDA amounted to € +0.8 million and includes the IFRS 16 impact of € +6 million.

Reported EBITDA (no IFRS 16) amounted to **€ -5.5 million**, down versus € -3.7 million at 30 September 2018.

IFRS 16 reported EBITDA amounted to € +0.5 million and includes an impact of € +6 million.

MAGAZINES ITALY

Relevant market performance

The relevant markets performed as follows in first nine months 2019.

- The **advertising market** at September saw an overall drop of -5.3%, with **growth in the Digital (+2.1%) and Radio (+3.7%) channels**; magazines fell by -15.2%, newspapers by -10.3% and TV by -5.7%⁷.
- The magazines **circulation market** declined by -12.3% (with a slowdown in both newsstands and subscriptions channels);
in this area, Mondadori's **market share stood at 28.6%**, steady on a like-for-like basis (excluding the disposal of *Panorama*)⁸.
- In the first eight months of the year, the **add-ons market** fell by -7.9%⁹.

Performance of Magazines Italy

Magazines Italy (Euro/millions)	2019.09 (IFRS16)	2019.09 (no IFRS16)	2018.09 (no IFRS16)	Var. LFL
Revenue	191.2	191.2	216.1	(24.8)
ADJUSTED EBITDA	5.5	5.4	4.1	1.3
EBITDA	2.6	2.5	(3.0)	5.5
EBIT	(1.4)	(1.4)	(6.2)	4.8

⁷ Source: Nielsen, cumulative figures at September 2019

⁸ Internal source: Press-Di, cumulative figures at August 2019 (newsstands + subscriptions) in terms of value

⁹ Internal source: Press-Di, cumulative figures at August 2019 (newsstands + subscriptions) in terms of value

Revenue

The Magazines Italy Area recorded **revenue of € 191.2 million** (€ 216.1 million in 9M 2018).

Net of the disposal of Inthera (May 2018) and *Panorama* (November 2018), the **drop was -5.0%**.

(Euro/millions)			
Magazines Italy	9M 2019	9M 2018	Var. %
Circulation	75.0	91.6	(18.1%)
Add-on sales	30.4	31.1	(2.3%)
Advertising	53.5	58.0	(7.7%)
Distribution/Other revenue	32.3	35.4	(8.7%)
Total revenue	191.2	216.1	(11.5%)

- **Circulation** revenue (newsstands + subscriptions) was down by -18.1%, affected also by the disposal of *Panorama* (net of which, the decline was -13.7%).
- **Advertising** revenue (*print + digital*) was down by -7.7% (or -2.0% net of the disposal of *Panorama*);
digital advertising revenue **grew by approximately +18%** versus first nine months 2018, due partly to the contribution of AdKaora's proximity marketing solutions.
Print advertising sales declined by 19.5% (approximately -13% net of *Panorama* in nine months 2018, in line with market trends).
The percentage of digital revenue on the total stood at **approximately 41%** (from 32% in nine months 2018).
- Revenue from **add-on products** (DVDs, CDs, books and gadgets), sold in attachment to Mondadori magazines, **fell by -2.3%** versus the same period of 2018 (+7.4% excluding *Panorama* in nine months 2018), the best-selling books and CDs categories in particular.
- **Distribution activities and other revenue** in the nine months fell by -8.7% versus the prior year, due to the disposal of Inthera S.p.A. (+2.6% excluding Inthera in nine months 2018).

The Mondadori Group retained its position as **Italy's leading digital publisher** in the latest comScore survey in August, with a reach of 73% and 28.2 million unique users in the month.

EBITDA

Adjusted EBITDA (no IFRS 16) from Magazines Italy came to **€ 5.4 million, up** versus the same period of the prior year (€ 4.1 million), as a result of the actions taken to reduce operating and structural costs, of the ongoing improvement in the **digital** area, and the positive effects of the disposal of Inthera S.p.A. and *Panorama*.

IFRS 16 adjusted EBITDA amounted to € 5.5 million.

Reported EBITDA (no IFRS 16) amounted to **€ 2.5 million, improving sharply** versus € -3.0 million at 30 September 2018, as a result of lower restructuring costs.

IFRS 16 reported EBITDA amounted to € 2.6 million.

MAGAZINES FRANCE (discontinued on 31 July 2019)

(Euro/millions)	7M 2019	7M 2018	Var. %
Revenue	163.2	178.6	(8.6%)
ADJUSTED EBITDA	11.6	13.5	(14.1%)
REPORTED EBITDA	11.2	12.2	(8.2%)
Non-controlling interests	1.2	-	n.s.
Net result	1.3	-	n.s.

CORPORATE & SHARED SERVICES

The *Corporate & Shared Services* segment includes - besides the Group's top management organizations - the Shared Services functions providing services to Group companies and the different business areas.

These services are mainly associated with activities regarding: Administration, Management Control and Planning, Treasury and Finance, Purchasing, IT, Human Resources, Logistics, Legal and Corporate Affairs, and External and Institutional Relations.

Revenue consists mainly of services provided to subsidiaries and associates.

Adjusted EBITDA of the Corporate & Shared Services Area came to € -5.5 million (€ -5.2 million in nine months 2018).

Including non-ordinary items, **EBITDA** amounted to € -6.8 million, in line with 2018.

The Area also includes the results of the minority interests in Monradio S.r.l. and Società Europea di Edizioni S.p.A., publisher of the daily *Il Giornale*.

BALANCE SHEET

The Mondadori Group's NFP, excluding IFRS16, at 30 September 2019, stood at € -110.4 million, improving by € 98.9 million versus € -209.3 million at September 2018.

Net financial position			
<i>(Euro/millions)</i>	2019.Q3	2018.Q3	2018.12
Cash and cash equivalents	5.3	78.4	82.4
Assets (liabilities) from derivative financial instruments	(1.5)	(0.3)	(0.8)
Other financial assets (liabilities)	17.7	(7.1)	(1.0)
Loans (short and medium/long term)	(131.9)	(287.7)	(231.8)
Discontinued financial assets (liabilities)	0.0	7.3	3.9
Net financial position excluding IFRS16	(110.4)	(209.3)	(147.2)
Financial payables IFRS16	(99.1)	0.0	0.0
Total net financial position	(209.5)	(209.3)	(147.2)

IFRS 16 NFP stood at € -209.5 million and includes the IFRS 16 impact of € -99.1 million.

The overall credit lines available to the Group at 30 September 2019 amounted to € 566.8 million, of which € 335.0 million committed.

The Group's short-term loans, totaling € 231.8 million, € 8.9 million of which drawn down at 30 September 2019, include overdraft credit lines on current accounts, advances subject to collection and "hot money" lines.

At 30 September, the € 335.0 million pool consisted of:

(Euro/millions)	Bank pool	of which: unused		of which: with interest rate hedge
Term Loan A	135.0	(1)	-	90.0
Term Loan B	-	(2)	-	-
RCF	100.0	(3)	100.0	-
Acquisition Line C	100.0	(4)	100.0	-
Total loans	335.0		200.0	90.0

(1) Maturity dates: € 17.5 million December 2019, € 22.5 million December 2020, € 27.5 million December 2021, € 67.5 million December 2022

(2) Term Loan B (€ 100.0 million) was fully repaid on 31 July 2019, concurrent to the cash in of the consideration from the disposal of Mondadori France

(3) Bullet loan, coming to maturity in December 2022

(4) Bullet loan, coming to maturity in December 2022

The Group's **NFP** and the relating **LTM cash flow** are detailed below:

€mn	9M 19 LTM	Dec. 18
NFP beginning of period incl. IFRS 16	(318.2)	(189.2)
Financial liabilities - application at 01.01.2019 of IFRS16	(108.9)	
NFP beginning of period excluding IFRS 16	(209.3)	(189.2)
Adjusted EBITDA (no IFRS16)	98.6	90.1
Change in NWC and provisions	(7.6)	(3.8)
Capex	(19.1)	(20.0)
Cash flow from operations	71.9	66.3
Financial expense	(1.4)	(2.9)
Tax	(18.1)	(7.9)
Ordinary CF from discontinued operations	10.3	15.3
Cash flow from ordinary operations	62.7	70.9
Restructuring costs	(7.4)	(11.3)
Extraordinary tax amounts / prior years	0.4	(1.2)
Management of investments in associates	(5.2)	(3.5)
Acquisition/disposal of assets	56.6	(9.5)
Extraordinary CF from discontinued operations	(4.6)	(3.4)
Other extraordinary cash inflows/outflows	(3.7)	
Cash flow from non-ordinary operations	36.2	(28.9)
Total Cash Flow	98.9	42.0
NFP end of period excluding IFRS 16	(110.4)	(147.2)
IFRS 16 effects for the period	9.8	
NFP end of period incl. IFRS 16	(209.5)	(147.2)

In the last twelve months, the Group's net financial position no IFRS improved by approximately € 99 million, with net financial debt decreasing to € 110.4 million versus € 209.3 million at 30 September 2018.

Including the effect of the application of IFRS 16, the Group's NFP at 30 September 2019 stood at € 209.5 million.

Cash generation in the last 12 months is structured as follows:

- cash flow from ordinary operations came to an approximately positive € 52 million, net of discontinued operations, and includes:
- approximately € 72 million from operations in the context of continuing operations, deducting tax and financial expense totaling € -19.5 million;

- the performance of cash flow from operations is attributable to **operating income of € 98.6 million**, alleviated by investments of approximately € 19 million and by net working capital (including provisions) of € -7.6 million, due mainly to the structural decline recorded by Magazines Italy as a result of the ongoing downturn in revenue and downsizing of activities, as well as the temporary absorption of NWC of the Retail Area.
- the cash flow from ordinary operations in the context of discontinued operations contributed approximately € 10 million;
- **cash flow from non-ordinary operations came to an approximately positive € 36 million**, net of the contribution from discontinued operations, and includes:
 - outlays for **restructuring costs** of approximately € 7 million;
 - financial outflows from the disposal of *Panorama* in November 2018, and the costs incurred for the liquidation of Mach2 Libri Spa;
 - recapitalization of the associate Società Europea di Edizioni S.p.A. for € 4.0 million;
 - the positive impact from the disposal of Mondadori France of € 61.3 million.

To enable a like-for-like comparison, the statement of financial position figures at 30 September 2019 and 30 September 2018 have been reclassified to reflect the separate recognition of assets/liabilities of Mondadori France.

	Sept. 19	Dec. 18	Sept. 18	C19 vs C18
Trade receivables	264.0	219.0	259.9	1.6%
Inventory	133.0	122.3	132.7	0.2%
Trade payables	(343.0)	(333.4)	(352.3)	-2.6%
Other assets (liabilities)	51.2	46.1	63.0	-18.7%
NWC	105.2	54.1	103.3	1.9%
Intangible assets	223.5	226.7	224.3	-0.4%
Property, plant and equipment	17.1	19.1	21.8	-21.5%
Property, plant and equipment IFRS 16	97.8			
Investments	28.7	32.3	36.5	-21.5%
NET FIXED ASSETS	367.1	278.2	282.7	29.9%
Provisions and post-employment benefits	(96.8)	(103.3)	(107.5)	-10.0%
Discontinued assets/liabilities	0.0	89.1	94.8	-100.0%
NET INVESTED CAPITAL	375.5	317.9	373.2	0.6%
Share capital	68.0	68.0	68.0	0.0%
Reserves	74.9	251.1	249.2	-70.0%
Profit (loss) for the period	23.1	(177.1)	(181.5)	n.s.
GROUP EQUITY	165.9	142.0	135.7	22.3%
Share capital and reserves attributable to non-controlling interests (from discontinued operations)	0.0	28.7	28.2	-100.0%
TOTAL EQUITY	165.9	170.7	163.9	1.2%
NET FINANCIAL POSITION	110.4	147.2	209.3	-47.2%
NET FINANCIAL POSITION IFRS 16	99.1			
TOTAL EQUITY	375.5	317.9	373.2	0.6%

Trend of key balance sheet figures versus 30 September 2018:

- **trade receivables** were basically in line with the revenue trend;
- **inventory** was in line with the prior period;
- **trade payables** decreased by -2.6%;
- **other assets (liabilities)** fell by approximately -19%, as a result mainly of the reduction in IRES deferred tax assets;
- **fixed assets**, net of IFRS 16, decreased by approximately -5%;
- **provisions and post-employment benefits** decreased by -10% versus 30 September 2018; the provisions for risks decreased by approximately € -10 million, and the provision for post-employment benefits by approximately € -1 million (-3%), reflecting the trend of staff downsizing.

PERSONNEL

Headcount

Group employees with a fixed-term or permanent labour contract, with regard to continuing operations, amounted to **2,092 units, down by -5%** versus 2,203 units at September 2018 (excluding the 733 employees of Mondadori France at 30 September 2018), as a result of the disposal of *Panorama* (in November 2018) and of efficiency gains in the individual business areas.

Group Employees at 30 September 2019:

Headcount	30 September 2019	30 September 2018
Arnoldo Mondadori Editore S.p.A.	897	970
Italian subsidiaries	1,141	1,179
Foreign subsidiaries	54	787
Total	2,092	2,936

Headcount by Business Area	30 September 2019	30 September 2018	Var. %
Books	651	652	(0.2%)
Retail	367	392	(6.4%)
Magazines Italy	654	708	(7.6%)
Corporate & Shared Services	420	451	(6.9%)
Total	2,092	2,203	(5.0%)
Magazines France	-	733	(100.0%)
Total	2,092	2,936	(28.6%)

In the **Books** Area, the number of employees was steady overall versus the same period of 2018.

The decrease in the **Retail** Area reflects structural efficiency actions.

The trend recorded by the **Magazines Italy** Area reflects the disposal of *Panorama* (in November 2018), net of which the drop would be approximately -3%.

The workforce in the **Corporate & Shared Services** Area decreased by approximately -7%.

Cost of personnel¹⁰ of continuing operations in the first nine months of the year amounted to € 114.7 million, **down by approximately -5%** versus the same period of 2018, as a result of the ongoing reduction in the workforce and of the disposal of Inthera and *Panorama*.

Net of these transactions, the **organic decrease in labour costs** would be **-1.6%**.

<i>Euro/millions</i>	30 September 2019	30 September 2018	Var. %
Cost of enlarged personnel (before restructuring)	114.7	120.5	(4.8%)

¹⁰ *Cost of enlarged personnel includes costs for collaborations and temporary employment.*

SIGNIFICANT EVENTS IN THE REPORTING PERIOD

Appointment of Chief Innovation Officer

On **11 February**, the Group appointed Andrea Santagata as *Chief Innovation Officer*.

This new position - reporting directly to CEO Ernesto Mauri - was created with the will of further investing in the development and formulation of digital and transformation strategies that embrace all of the Group's activities.

Signing of a put option for the disposal of Mondadori France to Reworld Media

On **18 February**, Arnoldo Mondadori Editore S.p.A. signed a put option that guarantees the right to sell its subsidiary Mondadori France S.A.S. to Reworld Media S.A..

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

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

- clearance from the Autorité de la Concurrence;
- approval of the reserved capital increase by the shareholders of Reworld Media;
- provision of a bank loan to Reworld Media.

Agreement signed on disposal of Mondadori France to Reworld Media

On **19 April**, the Group announced that, following the procedure to inform and negotiate with the French trade unions as set out by law, it signed an agreement on the disposal of its subsidiary Mondadori France S.A.S. to Reworld Media S.A..

Increase in voting rights

On **5 June**, the Group announced the increase in voting rights for no. 139,355,950 ordinary shares of the Company.

Launch of share buyback plan

On **10 June**, the Group announced the start of a share buyback plan - under art. 5 of Regulation (EU) No. 596/2014 - on the Electronic Stock Market (MTA) to provide the Company with 1.62 million shares to service the Incentive Plan named "2019-2021 Performance Share Plan" approved by the Shareholders' Meeting on 17 April 2019, and to service the continuation of the "2018-2020 Performance Share Plan" and the "2017-2019 Performance Share Plan".

On **17 June**, the Company announced the purchase, in the period from 10 to 14 June, of **59,695** ordinary shares (equal to 0.023% of the share capital) at an average unit price of € 1.5645 for a total value of € 93,391.44.

On **24 June**, the Company announced the purchase, in the period from 17 to 21 June, of **42,750** ordinary shares (equal to 0.016% of the share capital) at an average unit price of € 1.5121 for a total value of € 64,640.60.

On **1 July**, the Group announced the purchase, in the period from 24 to 28 June, of a further **55,555** ordinary shares (equal to 0.021% of the share capital) at an average unit price of € 1.5242 for a total value of € 84,678.14.

On **8 July**, the Group announced the purchase, in the period from 1 to 5 July, of a further **55,000** ordinary shares (equal to 0.021% of the share capital) at an average unit price of € 1.5573 for a total value of € 85,653.56.

On **15 July**, the Group announced the purchase, in the period from 8 to 12 July, of a further **55,000** ordinary shares (equal to 0.021% of the share capital) at an average unit price of € 1.5627 for a total value of € 85,949.60.

On **22 July**, the Group announced the purchase, in the period from 15 to 19 July, of a further **55,000** ordinary shares (equal to 0.021% of the share capital) at an average unit price of € 1.5403 for a total value of € 84,715.40.

On **29 July**, the Group announced the purchase, in the period from 22 to 26 July, of a further **59,000** ordinary shares (equal to 0.023% of the share capital) at an average unit price of € 1.4917 for a total value of € 88,012.10.

On **5 August**, the Group announced the purchase, in the period from 29 July to 2 August, of a further **63,000** ordinary shares (equal to 0.024% of the share capital) at an average unit price of € 1.4794, for a total amount of € 93,201.20.

On **12 August**, the Group announced the purchase, in the period from 5 to 9 August, of a further **79,000** ordinary shares (equal to 0.030% of the share capital) at an average unit price of € 1.4468, for a total amount of € 114,294.80.

On **19 August**, the Group announced the purchase, in the period from 12 to 16 August, of a further **40,000** ordinary shares (equal to 0.015% of the share capital) at an average unit price of € 1.4179, for a total amount of € 56,717.60.

On **26 August**, the Group announced the purchase, in the period from 19 to 23 August, of a further **53,500** ordinary shares (equal to 0.020% of the share capital) at an average unit price of € 1.4179, for a total amount of € 76,585.35.

On **2 September**, the Group announced the purchase, in the period from 26 to 30 August, of a further **53,000** ordinary shares (equal to 0.020% of the share capital) at an average unit price of € 1.4242, for a total amount of € 75,480.30.

On **9 September**, the Group announced the purchase, in the period from 2 to 6 September, of a further **55,000** ordinary shares (equal to 0.021% of the share capital) at an average unit price of € 1.4055, for a total amount of € 77,301.40.

On **16 September**, the Group announced the purchase, in the period from 9 to 13 September, of a further **51,000** ordinary shares (equal to 0.020% of the share capital) at an average unit price of € 1.4365, for a total amount of € 73,259.00.

On **23 September**, the Group announced the purchase, in the period from 16 to 20 September, of a further **58,000** ordinary shares (equal to 0.022% of the share capital) at an average unit price of € 1.445, for a total amount of € 83,811.80.

On **30 September**, the Group announced the purchase, in the period from 23 to 27 September, of a further **55,000** ordinary shares (equal to 0.021% of the share capital) at an average unit price of € 1.5104, for a total amount of € 83,071.90.

On **7 October**, the Group announced the purchase, on 30 September, of a further **10,500** ordinary shares at an average unit price of € 1.6066, for a total amount of € 16,869.30.

At 30 September 2019, Arnoldo Mondadori Editore S.p.A. held 2,246,703 treasury shares, equal to 0.8593% of the share capital.

Antitrust clearance for the disposal of Mondadori France to Reworld Media

On 24 July, the Group announced that the disposal of its subsidiary Mondadori France S.A.S. to Reworld Media S.A. had received clearance from the *Autorité de la Concurrence*.

In accordance with the remedy set out in the clearance, Reworld Media undertakes to sell a title of its choice that could be either *L'Auto-Journal*, published by the joint venture EMAS (Editions Mondadori Axel Springer), or *Auto Moto*, published by Reworld Media.

In this context, as an update to the announcement made last 18 February, the parties have agreed to supplement, as indicated in point (iii), the structure of the consideration from the transaction, which remains - as expected - of € 70 million (cash free/debt free), also adding an earn-out of € 5 million:

- (i) 86% of the value of the investment - equal to € 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., equal to a nominal value of € 10 million, will be paid through issue of no. 3,558,718 Reworld Media S.A. shares, to be subscribed by Arnaldo Mondadori Editore S.p.A. at a price equal to € 2.81 per share;
- (iii) Arnaldo Mondadori Editore S.p.A. additionally undertakes to subscribe - in the period from the closing date to 31/1/2020 - to a capital increase for a maximum amount of € 12.6 million in Reworld Media shares, at a price equal to the average closing price over the 20 days prior to the date of approval of the capital increase.

Following the subscriptions, Arnaldo Mondadori Editore S.p.A. will hold an investment between 14% and 16% in Reworld Media S.A.; the estimated improvement in the Mondadori Group's net financial position will be approximately € 63 million.

As already disclosed to the market, completion of the disposal is subject to the fulfilment of two conditions precedent:

- approval of the reserved capital increase by the shareholders of Reworld Media (referred to in point ii);
- provision of a bank loan, already authorized, to Reworld Media.

Closing of the disposal of Mondadori France to Reworld Media

On **31 July**, the Group announced that it had finalized the disposal of its subsidiary Mondadori France S.A.S. to Reworld Media S.A. in execution of the agreement signed on 19 April.

Concurrently, Arnoldo Mondadori Editore S.p.A. repaid in full the Credit Line B of € 100 million, stipulated on 22 December 2017 with a pool of three banks (Banca Popolare di Milano S.p.A., Intesa San Paolo S.p.A. and Unicredit S.p.A.) as part of the loan agreement expiring in December 2022.

Appointment of the new managing director of Mondadori Retail S.p.A.

On **1 August**, the Group announced the appointment of Carmine Perna as the new managing director of Mondadori Retail S.p.A., from Mondadori France.

In his role, Perna is in charge of launching a new phase of development and transformation in a multi-channel perspective.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Purchase of treasury shares

On **7 October**, the Group announced the purchase, in the period from 30 September to 4 October, of a further **115,000** ordinary shares (equal to 0.044% of the share capital) at an average unit price of € 1.5655, for a total amount of € 180,030.35.

On **14 October**, the Group announced the purchase, in the period from 7 to 11 October, of a further **57,000** ordinary shares (equal to 0.022% of the share capital) at an average unit price of € 1.6193, for a total amount of € 92,301.60.

On **21 October**, the Group announced the purchase, in the period from 14 to 18 October, of a further **72,000** ordinary shares (equal to 0.028% of the share capital) at an average unit price of € 1.8244, for a total amount of € 131,359.70.

On **28 October**, the Group announced the purchase, in the period from 21 to 25 October, of a further **51,000** ordinary shares (equal to 0.020% of the share capital) at an average unit price of € 1.923, for a total amount of € 98,075.30.

On **4 November**, the Group announced the purchase, in the period from 28 to 31 October, of a further **55,000** ordinary shares (equal to 0.021% of the share capital) at an average unit price of € 2.0103, for a total amount of € 110,567.50.

On **11 November**, the Group announced the purchase, in the period from 4 to 8 November, of a further **55,000** ordinary shares (equal to 0.021% of the share capital) at an average unit price of € 2.0439, for a total amount of € 112,416.70.

Following the purchases made so far, Arnoldo Mondadori Editore S.p.A. holds to date 2,641,203 treasury shares, equal to 1.010% of the share capital (including the 80,000 shares purchased in the period from 30 November to 2 December 2016, as per disclosure to the market on 6 December 2016).

Binding offer received for five Group publications

On 23 October, the Group announced that it had received a binding offer for the acquisition of magazines *Confidenze*, *Cucina Moderna*, *Sale&Pepe*, *Starbene* and *Tustyle* by La Verità S.r.l..

The Board of Directors has resolved to authorize CEO Ernesto Mauri to implement all the actions aimed at reviewing and finalizing the transaction, in line with the announced strategy of focusing on the core businesses of Books, Retail and Magazines with greater potential for multimedia development.

The offer is valid until 31 December 2019 and envisages the creation of a NewCo, whose interest will be 75% held by La Verità S.r.l. and 25% by Arnoldo Mondadori Editore S.p.A.; the offer also includes an earn-out in favour of the shareholder Arnoldo Mondadori Editore S.p.A. and put/call mechanisms in favour of shareholders.

The activities relating to the 5 titles in question recorded revenue of € 22.4 million in 2018.

In accordance with the provisions of law, the procedure with the trade unions will be put into effect.

OTHER INFORMATION

Adhesion to the legislative simplification process adopted by CONSOB resolution No. 18079 of 20 January 2012. Disclosure pursuant to art. 70, par. 8, and art. 71, par. 1-bis, of CONSOB Regulation No. 11971/99 as subsequently amended

On and with effect from 13 November 2012, the Board of Directors of Arnoldo Mondadori Editore S.p.A., pursuant to art. 3 of CONSOB Resolution No. 18079 of January 20, 2012 and in relation to the provisions set out in art. 70, par. 8, and art. 71, par. 1-bis, of CONSOB Regulation No. 11971/1999, resolved to avail itself of the right to waive the obligation of disclosure envisaged by the aforementioned CONSOB Regulation on the occasion of significant transactions relating to mergers, spin-offs and capital increases through contribution of assets in nature, acquisitions and transfers.

GLOSSARY OF TERMS AND ALTERNATIVE PERFORMANCE MEASURES USED

This document, in addition to the statements and conventional 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: net result for the period before income tax, other financial income and expense, amortization, depreciation and impairment of fixed assets. The Group also provides information on the percentage of EBITDA on net sales. EBITDA measured 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): gross operating profit as explained above, net of income and expense of a non-ordinary nature such as:

- (i) income and expense from restructuring, reorganization and business combinations;
- (ii) clearly identified income and expense not directly related to the ordinary course of business;
- (iii) as well as any income and expense from non-ordinary events and transactions as set out in CONSOB communication DEM6064293 of 28/07/2006.

With regard to adjusted EBITDA in first nine months 2018, the following items were excluded from EBITDA:

- a) restructuring costs for a total of € 6 million, included in "Cost of personnel" in the income statement;
- b) expense of a non-ordinary nature totaling € 3.8 million, of which € 2.1 million attributable to loss from the disposal of investments recorded under "Other (income) expense", and mainly to legal advice fees recorded under "Cost of services".

With regard to adjusted EBITDA in first nine months 2019, the following items were excluded from EBITDA:

- a) restructuring costs for a total of € 3 million, included in "Cost of personnel" in the income statement;

b) expense of a non-ordinary nature totaling € 2 million, attributable to expense from corporate transactions for € 1.6 million, and management consulting for € 0.4 million, respectively recorded under “Other expense (income)” and “Cost of Services”.

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

Adjusted result from continuing operations: net result of the Group, excluding the contribution of Mondadori France and the financial expense charged to the subsidiary.

Adjusted result from discontinued operations: net result of Mondadori France in the current year, together with the recognition of the fair value adjustment of the disposal group.

This item also includes the financial expense of the Parent Company, but attributable to Mondadori France and charged to the latter under the intercompany loan agreement.

Net invested capital: 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).

Cash flow from ordinary operations: cash flow from operations as explained above, net of financial expense, tax paid in the period, and income/expense from investments in associates.

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

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

BUSINESS OUTLOOK

In first nine months 2019, the Mondadori Group continued on the path of **strategic repositioning** and **focus** on its core businesses of **Books** and **Retail** and on **Magazines** with greater potential for multimedia development, completing the disposal of Mondadori France and moving ahead with the finalization of the disposal of five magazines.

In line with the outlined strategy and in light of the relevant context, including the performance in the first nine months, the operating targets for **2019**, based on the current scope, allow the Group to confirm, at a consolidated level, a **slight decrease in revenue** (steady on a like-for-like basis following years of decline) and a **single-digit growth** of **adjusted EBITDA no IFRS 16** versus 2018.

The **net result from continuing operations** in 2019 is expected to be significantly higher than last year (in the range of € 30-35 million).

Cash flow from ordinary operations in 2019 is forecast at around € 45 million, paving the way for the distribution of a dividend in 2020.

For the Board of Directors

The Chairman

Marina Berlusconi



The Financial Reporting Manager - Oddone Pozzi - hereby declares, pursuant to art. 154 bis, par. 2, of the Consolidated Finance Law, that the accounting information contained in this Interim Management Statement corresponds to the Company's accounting entries, books and results.

The Financial Reporting Manager

Oddone Pozzi



Condensed Consolidated Financial Statements
at 30 September 2019

Consolidated balance sheet

Assets	30 September 2019	31 December 2018
(Euro/thousands)		
Intangible assets	223,465	226,672
Investment property	-	-
Land and buildings	2,476	2,593
Plant and equipment	2,862	3,082
Other tangible assets	11,797	13,460
Property, plant and equipment	17,135	19,135
Assets from rights of use	97,810	-
Equity-accounted investees	28,223	31,820
Other investments	439	439
Total investments	28,662	32,259
Non-current financial assets	14,909	500
Pre-paid tax assets	56,519	61,408
Other non-current assets	715	566
Total non-current assets	439,215	340,540
Tax receivables	17,923	24,630
Other current assets	88,593	83,878
Inventory	132,987	122,336
Trade receivables	264,047	219,031
Other current financial assets	12,790	7,861
Cash and cash equivalents	5,274	82,358
Total current assets	521,614	540,094
Discontinued operations	-	229,743
Total assets	960,829	1,110,377

Consolidated balance sheet

Liabilities	30 September 2019	31 December 2018
(Euro/thousands)		
Share capital	67,979	67,979
Share premium reserve	-	-
Treasury shares	(3,581)	(2,282)
Other reserves and results carried forward	78,439	253,411
Profit (loss) for the period	23,100	(177,133)
Group equity	165,937	141,975
Share capital and reserves attributable to non-controlling interests	9	28,724
Total equity	165,946	170,699
Provisions	62,084	69,826
Post-employment benefits	34,703	33,458
Non-current financial liabilities	201,783	115,055
Deferred tax liabilities	38,276	38,113
Other non-current liabilities	-	-
Total non-current liabilities	336,846	256,452
Income tax payables	9,948	15,292
Other current liabilities	125,360	123,322
Trade payables	282,025	281,040
Payables to banks and other financial liabilities	40,704	126,809
Total current liabilities	458,037	546,463
Discontinued liabilities	-	136,763
Total liabilities	960,829	1,110,377

Consolidated income statement

(Euro/thousands)	30 September 2019	30 September 2018
Revenue from sales and services	658,964	658,532
Decrease (increase) in inventory	(3,105)	(11,167)
Cost of raw and ancillary materials, consumables and goods	122,178	123,498
Cost of services	347,057	371,495
Cost of personnel	108,401	116,152
Other (income) expense	6,047	5,555
EBITDA	78,386	52,999
Depreciation and impairment loss on property, plant and equipment	14,385	3,672
Amortization and impairment loss on intangible assets	13,838	11,828
Impairment loss on equity-accounted investees and other companies	-	-
EBIT	50,163	37,499
Financial expense (income)	4,904	4,468
Expense (income) from investments	5,327	9,866
Result before tax	39,933	23,165
Income tax	16,064	9,758
Result from continuing operations	23,869	13,407
Result from discontinued operations	433	(193,285)
Net result	24,302	(179,878)
Attributable to:		
- Non-controlling interests	1,202	1,584
- Parent Company shareholders	23,100	(181,462)
Earnings per share of continuing operations (expressed in Euro units)	0.092	0.051
Diluted earnings per share of continuing operations (expressed in Euro units)	0.091	0.051
Net earnings per share (in Euro units)	0.089	(0.697)
Diluted net earnings per share (in Euro units)	0.088	(0.695)

Consolidated Income Statement - Third Quarter

(Euro/thousands)	Third quarter 2019	Third quarter 2018
Revenue from sales and services	278,985	267,738
Decrease (increase) in inventory	7,428	8,569
Cost of raw and ancillary materials, consumables and goods	45,927	42,750
Cost of services	128,345	128,655
Cost of personnel	34,223	33,371
Other (income) expense	5,286	4,935
EBITDA	57,776	49,458
Depreciation and impairment loss on property, plant and equipment	4,859	1,253
Amortization and impairment loss on intangible assets	4,895	4,096
EBIT	48,022	44,109
Financial expense (income)	2,858	1,449
Expense (income) from investments	2,314	1,712
Result before tax	42,850	40,948
Income tax	13,053	12,264
Result from continuing operations	29,797	28,684
Result from discontinued operations	(4,796)	(197,167)
Net result	25,000	(168,483)
Attributable to:		
- Non-controlling interests	32	499
- Parent Company shareholders	24,968	(168,983)

Consolidated comprehensive income statement

(Euro/thousands)	30 September 2019	30 September 2018
Net result	24,302	(179,877)
<i>Items reclassifiable to income statement</i>		
Profit (loss) from the conversion of currency denominated financial statements of foreign companies	1,134	691
Other profit (loss) from equity-accounted investees	(31)	28
Effective part of profit (loss) on cash flow hedge instruments (cash flow hedge)	(772)	52
Profit (loss) from held-for-sale assets (fair value)	-	-
Tax effect on other profit (loss) reclassifiable to income statement	185	(12)
<i>Items reclassified to income statement</i>		
Profit (loss) on cash flow hedge instruments	264	226
Profit (loss) from held-for-sale assets (fair value)	-	-
Tax effect on other profit (loss) reclassified to income statement	(63)	(54)
<i>Items not reclassifiable to income statement</i>		
Actuarial profit (loss)	(75)	(239)
Tax effect on other profit (loss) not reclassifiable to income statement	21	53
Total other profit (loss) net of tax effect	663	745
Comprehensive result for the year	24,965	(179,132)
Attributable to:		
- Non-controlling interests	1,202	1,584
- Parent Company shareholders	23,763	(180,716)

For the Board of Directors
The Chairman
Marina Berlusconi

