GRUPPO MONDADORI

PRESS RELEASE

BoD APPROVES INTERIM MANAGEMENT STATEMENT AT 30.09.2018

The Interim Management Statement at 30.09.2018 has been prepared in accordance with IFRS 5, presenting the figures for Mondadori France under "Profit (loss) from discontinued operations" [1]

- **Consolidated revenue from continuing operations € 658.1 million[2]: -6.9% versus € 707.1 million at 30.09.2017**

- **Adjusted EBITDA[3] from continuing operations € 62.8 million: +3.2% versus € 60.8 million at 30.09.2017**

- **Profit from continuing operations € 15.8 million versus € 25.5 million at 30.09.2017, which had included extraordinary gains and lower restructuring costs.**
The figure grows by 3% in the third quarter versus the same period of 2017.
As a result of the fair value adjustment of French operations, amounting to € -198.1 million, the figure at 30.09.2018 drops into negative territory to € -181.5 million versus € 31.2 million at 30.09.2017

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- **Group net financial position improves by 18% reaching € -209.3 million versus € -256 million at 30.09.2017**

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2018 TARGET ON CONTINUING OPERATIONS SCOPE

- **Drop in high single-digit consolidated revenue;**
- **Slight increase in adjusted EBITDA;**
- **Profit from continuing operations down by approximately € 7 million due to higher negative non-ordinary items;**
- **Cash flow from ordinary operations around € 50 million (€ 55/60 million including discontinued operations)**

Segrate, 14 November 2018 - Today, the meeting of the Board of Directors of Arnoldo Mondadori Editore S.p.A., chaired by Marina Berlusconi, reviewed and approved the Interim Management Statement at 30 September 2018 presented by CEO Ernesto Mauri.

INTRODUCTION

On 27 September 2018, as disclosed to the market, Arnoldo Mondadori Editore S.p.A. began **exclusive negotiations with Reworld Media** SA, in order to carry out the customary activities aimed at the possible disposal of the subsidiary **Mondadori France** SAS.
The transaction, which is in line with the Group's **strategy to refocus** on the more solid business

[1] In 2018, "Profit (loss) from discontinued operations" includes the net result of Mondadori France in the first nine months of the current year, together with the recognition of the fair value adjustment of the assets being sold, in line with the negotiations currently underway, previously measured at value in use. The item also includes intercompany financial expense relating to Mondadori France. The "adjusted result from continuing operations" therefore differs in this amount from the result from continuing operations shown in the financial statements attached to this Statement (€ -193.3 million in 9M 2018 and € 12.8 million in 9M 2017, in accordance with IFRS 5). For the sake of comparison, figures for the first nine months of 2017 have been restated accordingly.

[2] Beginning from 1 January 2018 (and to provide a consistent presentation, also for 2017), the Mondadori Group has adopted the new IFRS 15 - Revenue from Contracts with Customers - revenue recognition standard.
The new IFRS 15 presents revenue and costs differently, with no effect on EBITDA. Beginning from 2018, the result generated by associates (consolidated at equity), previously classified in adjusted EBITDA, is shown under EBIT; for consistency, 2017 has been reclassified accordingly.

[3] 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".

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of Books, will help increase the availability of financial resources and support the strategic lines of development and the competitiveness of its core businesses, also through potential new investments.

At the reference date of this Interim Management Statement, as the activities leading up to the disposal are in progress, and the Directors have considered the requirements of the international accounting standards met, the transaction is classified as a discontinued operation, in accordance with IFRS 5, given that the successful outcome of the negotiations would imply an exit by the Mondadori Group from the French magazine publishing market.

GROUP PERFORMANCE AT 30 SEPTEMBER 2018

In the first nine months of 2018, the Mondadori Group, net of the French assets held for sale, recorded a **3.2% increase** in **adjusted EBITDA** versus the prior year, **in line with the scheduled operating plans,** and **improving significantly in the performance of the Books Area**.
In the period under review, the Magazines Italy Area recorded restructuring and reorganization costs functional to the structural reduction in operating costs, as well as the disposal of non-strategic and non-profitable businesses (including the disposal of Inthera and the *Panorama* newsmagazine business units).
This trend, together with the **enduring positive performance of cash generation** from ordinary operations, makes the **achievement of the targets** set and disclosed for the whole 2018 financial year increasingly feasible.

Consolidated revenue from continuing operations in the first nine months of 2018 amounted to **€ 658,1 million**, down by 6.9% versus the prior year, due mainly to the performance of Magazines Italy, attributable to the persisting negative trends of the relevant markets, in terms of both circulation and advertising.

Including the positive results of Mondadori France in the period under review, consolidated revenue would have amounted to € 884.5 million, dropping by 7.2% versus the prior year, while total adjusted EBITDA would have come to € 78.4 million, increasing by 1% versus the figure at 30 September 2017.

Adjusted EBITDA from continuing operations in the period under review came to **€ 62.8 million**, **up by 3.2%** versus the prior year (€ 60.8 million) **-** with a percentage on revenue growing **from 8.6% to 9.5%** and with different trends reported by the various businesses:

- the **Books** Area reported a **sharp rise** in the period, driven by further operating efficiencies in both the Trade and Educational segments;
- the **Retail** Area saw a gradual improvement as a result of the rationalization of directly-managed stores, especially of Megastores;
- the **Magazines Italy** Area fell in the first half, while in the third quarter the ongoing actions to cut operating and structural costs, and the disposal of non-profitable businesses, fully mitigated the effects of the decline in revenue triggered by the trend of the traditional markets.

The Group also continued with its effective measures to curb fixed overheads, which reduced their impact on revenue from 8.4% to 7.9%.

Consolidated EBITDA decreased from € 63.2 million in the prior year to **€ 53 million**. The downturn reflects:

- less positive non-ordinary items versus the first 9 months of 2017, which had benefited from gains of approximately € 4 million from the disposal of a property;
- a loss (approximately € 2 million) by the Magazines Italy Area, due to the disposal of

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Inthera;
- higher restructuring costs in the period for the Magazines Italy Area, functional to the reorganization and revision of the operating and overhead costs structure.

Consolidated EBIT at 30 September 2018 amounted to **€ 37.5 million** versus € 47.8 million at 30 September 2017, due to the dynamics of the above non-ordinary items, and includes amortization, depreciation and write-downs of € 15.5 million, in line with the prior year.

The **consolidated profit before taxes** came to approximately **€ 25.6 million** and includes:
- the **sharp drop in financial expense** (from € 4.9 to € 2.1 million), as a result of an **average interest rate that is half** the prior year (from 4% to 2.01%), and of a **lower average net debt**;
- a negative performance by associates (consolidated at equity), down from € -2.2 million to € -9.9 million, due in particular to Mach2 Libri, active in the distribution of books in the Large Retailers channel and put into liquidation in 2018.

The overall tax burden for the period came to a negative € 9.8 million versus € 15.3 million in 2017.

Adjusted profit from continuing operations therefore amounted to **€ 15.8 million** versus € 25.5 million at 30 September 2017.

In the third quarter, an adjustment of € 198.1 million was made to the fair value of Mondadori France, the company being sold, in line with the current negotiations underway, previously valued at value in use.

Accordingly, the adjusted net result from discontinued operations came to € -195.7 million (a profit of € 7.7 million in the first nine months of 2017, which had benefited from the gains from the disposal of NaturaBuy, amounting to € 3.7 million, net of tax effects) including € 2.4 million from the result of Mondadori France.

The **net result of the Group, following the fair value adjustement of French operations,** came to € -181.5 million versus € 31.2 million at 30 September 2017.

The **Group's net financial position** at 30 September 2018 **improved by approximately 18%** to end at € -209.3 million versus € -256 million at 30 September 2017, due to the **positive cash generation** of the Group of approximately **€ 47 million**.

Cash flow from ordinary operations (after outlays for financial expense, management of investments and taxes for the period) - which includes the cash flow generated by discontinued operations - amounted to **€ 64.8 million** (of which € 11.3 million from discontinued operations), confirming the strong path of **cash generation and financial improvement of the Group**.

Cash flow from non-ordinary operations came to a negative figure of approximately € 18 million, of which € 4.8 million from discontinued operations, and includes mainly restructuring costs and a negative balance of acquisitions/disposals.

At 30 September 2018, Group employees amounted to 2,930 units (of whom 733 from Mondadori France), down by approximately 4% from 3,053 units at 30 September 2017, as a result mainly of the disposal of the subsidiary Inthera, despite the acquisition of Direct Channel, and of the ongoing restructuring and efficiency improvement measures involving each of the Group's business areas. Net of these discontinuities, the drop would have been around 2.6%.

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CONSOLIDATED FINANCIAL HIGHLIGHTS THIRD QUARTER 2018

Consolidated revenue from continuing operations in third quarter 2018 amounted to approximately **€ 267.2 million**, down by 10.6% versus € 298.8 million in the prior year, attributable to both the Magazines Italy Area and the Books Area, whose performance in the quarter under review was affected by unfavourable timing in the Educational segment and by the presence in the Trade segment in 2017 of the publication of the titles by Ken Follett and Dan Brown, bestsellers of the year.

Adjusted EBITDA from continuing operations in third quarter 2018 amounted to € 50.7 million, basically steady versus € 51.1 million in the same period of 2017, despite the different scheduling of revenue in the Books Area versus last year, and reflects the effects of the **constant improvement of the** Group's **operations**.
In the Magazines Italy Area, the lower drop in overall revenue, triggered by the trend of the traditional markets, as a result of the **benefits arising from portfolio review actions**, and of the **reduction in operating and structural costs**, helped regain € 0.3 million on the third quarter of 2017 (from € -3 million to € -2.7 million).
At a consolidated level, in the quarter under review, the percentage margin on revenue **increased** from 17.1% in 2017 **to 19% in 2018**.

The trend of **consolidated EBITDA** from continuing operations (from € 51.3 million to € 49.5 million) reflects higher negative non-recurring items recorded in the quarter versus the same period of 2017.

The Group's adjusted **profit from continuing operations** in the third quarter of the current year (€ 29.5 million) was approximately 3% higher than in the same period of 2017, due to a further reduction in the tax burden.

BUSINESS OUTLOOK

In light of the discontinuity produced by the French operations, the current relevant context and operations in the first nine months of the year, estimates for **2018**, previously disclosed to the market, show for the scope of continuing operations:

- **a slight increase in adjusted EBITDA,**
- **profit from continuing operations** reduced by approximately € 7 million over the entire year versus 2017, due to higher negative non-ordinary items.
- **cash flow from ordinary operations** in the year of **around € 50 million** (€ 55/60 million including discontinued operations).

Versus the previous estimate, the **high single-digit consolidated revenue** is expected to **fall** versus the prior year, due mainly to the performance of Magazines Italy, triggered by the negative trends of the relevant markets.

BUSINESS AREAS

- ***BOOKS***

In the first nine months of the year, the Trade Books market was basically steady versus the same period of the prior year (-0.4%)[4].
The Mondadori Group retains its **leadership** with an **overall 27.4% market share**, with 5 titles appearing in the list of the top ten bestsellers in terms of value.

[4] Source: GFK, September 2018 (figures in terms of market value)

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Revenue from the Books Area in the first nine months of 2018 amounted to **€ 339.6 million**, down by 4.9% overall versus € 357.2 million in the same period of 2017, due to the expected decline in the Trade Area, attributable mainly to the drop in the Large Retailers channel and the presence in third quarter 2017 of the bestsellers by D. Brown and K. Follett.
The new titles include the publication from 27 September of *Un Capitano*, by Francesco Totti with Paolo Condò (Rizzoli), which sold 100,000 copies in October alone.

In the first nine months of 2018, the Educational Area achieved revenue of € 199.4 million, up by 1.2% versus the same period of 2017 (€ 197 million), driven by the positive performance of school textbooks.

Adjusted EBITDA for the Books Area amounted to € 68 million, **improving by 9%** versus the same period of 2017, due to the ongoing operating efficiencies, and to the different revenue mix of the Education Area.
EBITDA amounted to € 66.8 million, in line with the trend of adjusted EBITDA (€ 62 million at 30 September 2017).

- ***RETAIL***

At 30 September 2018, the **market share** of Mondadori Retail in the **Books** segment (approximately 80% of revenue[5]) stood at **14.6%**.
Revenue amounted to **€ 129.3 million**, down slightly (approximately -2.5%) versus € 132.6 million in the same period of the prior year.
The analysis by channel shows the following:

- a 2.5% **increase** by directly-managed bookstores, driven by the **positive performance of Books** (-2.5% on a like-for-like basis in terms of stores);
- a **positive +1% performance** by Franchised bookstores; the channel continued to strengthen in the period (-0.4% on a like-for-like basis in terms of stores);
- a 10.9% drop by Megastores, due not only to the shrinking sales in Consumer Electronics, but also to the closure of two stores (+0.3% **the Books category on a like-for-like basis in terms of stores**);
- a slight drop in the online segment (-3.5%).

In the first nine months of the year, Mondadori Retail's **adjusted EBITDA improved by € 0.6 million** to reach € -3.4 million versus € -3.9 million at 30 September 2017, as a result of the project to rationalize directly-managed stores, specifically in the Megastores channel, and of greater management efficiency.
EBITDA came to **€ -3.7 million**, rebounding versus the nine months of 2017 (€ -4.6 million), as a result of lower restructuring costs.

- ***MAGAZINES ITALY***

In Italy, against the sharp fall of the market in the first eight months of the year, the Mondadori Group retained its **leadership with a 30.9% share**[6].

Revenue amounted to **€ 216.1 million**, down by 11.3% versus € 243.6 million in the same period of the prior year, due also to the sharp drop in add-on sales.[7] Net of the disposal of Inthera in May, the decline would have come to 9.7%.

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[5] Store revenue on a like-for-like basis

[6] Internal source: Press-Di, cumulative figures at September 2018 (newsstands + subscriptions) in terms of value

[7] -21.6% versus the first nine months of 2017

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Circulation revenue (newsstands + subscriptions) was down by 10.5%, affected by the rather poor trend of *Panorama* (sold effective from 1 November 2018) and of the kitchen segment, which had benefited in 2017 from the launch of *Giallo Zafferano*.

Advertising revenue (print + web) **fell by 4.3%:** the web grew by approximately 7% (versus the market's 4%[8]) as a result of a series of co-marketing initiatives**,** while print advertising sales were basically in line with the segment[9]. The percentage of **digital advertising sales** on the total increased to **30.5**%.

In the period under review, the **Mondadori Group** retained its position as **Italy's top publisher also in the digital segment**, leader in the high-value vertical segments such as women, food, wellness, fashion and education, with a **total audience of 27.9 million/month[10], up by 19%** versus 2017.

In the first nine months of the year, **adjusted EBITDA** from the Magazines Italy Area reported a negative trend, dropping by € 3.9 million versus 2017.
The third quarter saw a partial recovery **(€ +0.3 million)** from the trend of the first six months.

The Area's **reported EBITDA** (€ -6.2 million versus € 4.6 million in the first nine months of 2017) reflects higher restructuring costs recorded in the period from the necessary accelerated structural reorganization and cost reduction process and from the loss generated by the disposal of Inthera, in order to improve results in the coming years.

- ***MAGAZINES FRANCE*** (assets held for sale)

In France, in a continually shrinking market versus the prior year in terms of circulation and advertising, Mondadori France held a 10.7%[11] advertising share in terms of volume, ranking as second top player in the field.

In the first nine months of 2018, revenue from Mondadori France amounted to **€ 226.4 million**, down by -8.1% versus € 246.4 million in the same period of 2017.
Circulation revenue posted a 6.8% drop versus the prior year (-8.2% newsstands channel; -5.1% subscriptions channel).
Advertising revenue (print + web) was down by an overall -9% versus the same period of 2017, with print (88% of total) falling (-8.7%) lower than the relevant market (-10.7%[12]).

Adjusted EBITDA amounted to **€ 15.6 million**, down by € 1.2 million versus € 16.8 million in the first nine months of the prior year (down by € -0.8 million net of the discontinuity deriving from *NaturaBuy* (sold in May 2017).
Reported EBITDA amounted to **€ 14.3 million**, down versus € 18.2 million in the first nine months of 2017, which had benefited from the gains of € 4.3 million from the abovementioned disposal.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Following the authorization to purchase treasury shares approved by the Shareholders' Meeting held on 24 April 2018, on 25 June, Arnoldo Mondadori Editore S.p.A. launched a share buyback program.

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8 Source: Nielsen, cumulative figures at September 2018
9 Magazines -8.9% (Source: Nielsen, cumulative figures at September 2018)
10 Source: comScore, average figure January-August 2018
11 Source: Kantar Media, Juin 2018
12 Source: Net Index, in term of value, cumulative figures at Juin 2018)

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On **8 October**, the Group announced the purchase, in the period from 1 to 5 October, of a further 17,500 ordinary shares (equal to 0.007% of the share capital) at an average unit price of € 1.4831, for a total amount of € 25,954.35.
On **15 October**, the Group announced the purchase, in the period from 8 to 12 October, of a further 19,500 ordinary shares (equal to 0.007% of the share capital) at an average unit price of € 1.4099, for a total amount of € 27,493.70.
On **22 October**, the Group announced the purchase, in the period from 15 to 19 October, of a further 15,500 ordinary shares (equal to 0.006% of the share capital) at an average unit price of € 1.4439, for a total amount of € 22,380.10.
On **29 October**, the Group announced the purchase, in the period from 22 to 26 October, of a further 12,500 ordinary shares (equal to 0.005% of the share capital) at an average unit price of € 1.4655, for a total amount of € 18,318.70.
On **1 November 2018**, the business units of the newsmagazine *Panorama* were sold to La Verità S.r.l..
On **5 November**, the Group announced the purchase, in the period from 29 October to 2 November, of a further 13,000 ordinary shares (equal to 0.005% of the share capital) at an average unit price of € 1.5272, for a total amount of € 19,853.35.
On **12 November**, the Group announced the purchase, in the period from 5 to 9 November, of a further 13,000 ordinary shares (equal to 0.005% of the share capital) at an average unit price of € 1.5785, for a total amount of € 20,520.85.
Following the purchases made so far, Arnoldo Mondadori Editore S.p.A. holds 1,274,700 treasury shares, equal to 0.488% of the share capital.

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The documentation relating to the presentation of the results at 30 September 2018 is made available through the authorized storage mechanism 1Info (www.1info.it) and in the Investors section of the Company's website www.mondadori.it.

The Interim Management Statement at 30 September 2018, approved by the Board of Directors, will be made available by today's date at the Company's offices, on the authorized storage mechanism 1info (www.1info.it), and on www.mondadori.it (Investors section).

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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 herein corresponds to the Company's records, books and accounting entries.

Annexes:
1. Consolidated balance sheet;
2. Consolidated income statement;
3. Consolidated income statement - III quarter
4. Group cash flow;
5. Glossary of terms and alternative performance measures used.

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Annexes 1
Consolidated balance sheet

	Sept. 18	Dec. 17	Sept. 17
Trade receivables	259.9	254.1	289.7
Inventory	132.7	120.8	137.6
Trade payables	(354.2)	(368.0)	(377.1)
Other assets (liabilities)	64.9	46.4	62.1
NWC	103.3	53.3	112.3
Intangible assets	224.3	224.5	225.7
Property, plant and equipment	21.8	23.1	23.4
Investments	36.5	37.6	40.9
NET FIXED ASSETS	282.7	285.2	289.9
Provisions and post-employment benefits	(107.5)	(101.7)	(102.0)
Assets/liabilities held for sale	94.8	297.7	301.2
NET INVESTED CAPITAL	**373.2**	**534.6**	**601.5**
Share capital	68.0	68.0	68.0
Reserves	249.2	217.4	217.4
Profit (loss) for the period	(181.5)	30.4	31.2
Share capital and reserves attributable to r	28.2	29.5	28.8
EQUITY	163.9	345.3	345.5
NET FINANCIAL POSITION (DEBT)	209.3	189.2	256.0
TOTAL EQUITY	**373.2**	**534.6**	**601.5**

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Annexes 2

Consolidated income statement

€ millions	9 months 2018	Percentage on revenue	9 months 2017	Percentage on revenue	Var. %
Revenue from sales and services	**658.1**	***100.0%***	**707.1**	***100.0%***	***-6.9%***
Cost of sold items	201.3	*30.6%*	213.7	*30.2%*	*-5.8%*
Variable costs	221.4	*33.6%*	245.9	*34.8%*	*-10.0%*
Fixed costs	51.9	*7.9%*	59.6	*8.4%*	*-12.9%*
Cost of personnel*	120.7	*18.3%*	127.1	*18.0%*	*-5.1%*
Adjusted EBITDA	**62.8**	***9.5%***	**60.8**	***8.6%***	***3.2%***
Restructuring costs	6.0		2.2		*n.s.*
Negative/(positive) extraordinary items	3.8		-4.6		*n.s.*
EBITDA	**53.0**	***8.1%***	**63.2**	***8.9%***	***-16.1%***
Amortization, depreciation and impairment	15.5	*2.4%*	15.4	*2.2%*	*0.9%*
EBIT	**37.5**	***5.7%***	**47.8**	***6.8%***	***-21.6%***
Net financial expense (income)	2.1	*0.3%*	4.9	*0.7%*	*-57.4%*
Expense (income) from associates	9.9	*1.5%*	2.2	*0.3%*	*n.s.*
Expense (income) from other investments	0.0	*0.0%*	0.0	*0.0%*	
Result before taxes for the period	**25.6**	***3.9%***	**40.8**	***5.8%***	***-37.3%***
Income taxes	9.8	*1.5%*	15.3	*2.2%*	*-36.3%*
Adjusted result from continuing operations**	**15.8**	***2.4%***	**25.5**	***3.6%***	***-38.0%***
Adjusted result from discontinued operations**	-195.7	*-29.7%*	7.7	*1.1%*	*n.s.*
Result attributable to non-controlling interests	1.6	*0.2%*	1.9	*0.3%*	*-15.8%*
Net result	**-181.5**	***-27.6%***	**31.2**	***4.4%***	***n.s.***

** Cost of personnel includes costs for collaborations and temporary employment.*
*** In 2018, the "Adjusted result from discontinued operations" includes the net result of Mondadori France in the first nine months of the current year, together with the recognition of the fair value adjustment of the assets being sold, in line with the negotiations currently underway, previously measured at value in use. The item also includes the financial expense charged to Mondadori France under the intercompany loan agreement.*
The "Adjusted result from continuing operations" and the "Adjusted result from discontinued operations" therefore differ in this amount from the amounts appearing in the statements attached to this Report (€ -193.3 million in 9M 2018 and € 12.8 million in 9M 2017), prepared in accordance with IFRS international accounting standards.
For the sake of comparison, figures for the first nine months of 2017 have been restated accordingly.

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Annexes 3

Consolidated income statement - III quarter

€ millions	3° quarter 2018	Percentage on revenue	3° quarter 2017	Percentage on revenue	Var. %
Revenue from sales and services	**267.2**	***100.0%***	**298.8**	***100.0%***	***-10.6%***
Cost of sold items	81.6	*30.5%*	88.4	*29.6%*	*-7.8%*
Variable costs	79.2	*29.6%*	97.9	*32.8%*	*-19.1%*
Fixed costs	19.8	*7.4%*	23.0	*7.7%*	*-13.9%*
Cost of personnel*	35.9	*13.4%*	38.3	*12.8%*	*-6.3%*
Adjusted EBITDA	**50.7**	***19.0%***	**51.1**	***17.1%***	***-0.7%***
Restructuring costs	0.6		0.4		*43.9%*
Negative/(positive) extraordinary items	0.7		-0.6		*n.s.*
EBITDA	**49.5**	***18.5%***	**51.3**	***17.2%***	***-3.5%***
Amortization, depreciation and impairment	5.3	*2.0%*	5.2	*1.7%*	*3.1%*
EBIT	**44.1**	***16.5%***	**46.1**	***15.4%***	***-4.2%***
Net financial expense (income)	0.7	*0.3%*	1.5	*0.5%*	*-53.7%*
Expense (income) from associates	1.7	*0.6%*	1.9	*0.6%*	*-9.5%*
Expense (income) from other investments	0.0	*0.0%*	0.0	*0.0%*	
Result before taxes for the period	**41.7**	***15.6%***	**42.7**	***14.3%***	***-2.2%***
Income taxes	12.3	*4.6%*	14.2	*4.7%*	*-13.5%*
Adjusted result from continuing operations**	**29.5**	***11.0%***	**28.5**	***9.5%***	***3.3%***
Adjusted result from discontinued operations**	-198.0	*-74.1%*	-1.1	*-0.4%*	*n.s.*
Result attributable to non-controlling interests	0.5	*0.2%*	0.6	*0.2%*	*-13.1%*
Net result	**-169.0**	***-63.2%***	**26.9**	***9.0%***	***n.s.***

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

*** In 2018, the "Adjusted result from discontinued operations" includes the net result of Mondadori France in the first nine months of the current year, together with the recognition of the fair value adjustment of the assets being sold, in line with the negotiations currently underway, previously measured at value in use. The item also includes the financial expense charged to Mondadori France under the intercompany loan agreement.*

The "Adjusted result from continuing operations" and the "Adjusted result from discontinued operations" therefore differ in this amount from the amounts appearing in the statements attached to this Report (€ -193.3 million in 9M 2018 and € 12.8 million in 9M 2017), prepared in accordance with IFRS international accounting standards.

For the sake of comparison, figures for the first nine months of 2017 have been restated accordingly.

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Arnoldo Mondadori Editore S.p.A. - Registered Office: Via Bianca di Savoia 12 - 20122 Milan
Tax Code and Registration Number 07012130584 - REA number Mi-1192794 -VAT Number 08386600152
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.

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Annexes 4
Group cash flow

LTM (€mn)	Sept. 18	Dec. 17
NFP beginning of period	**(256.0)**	**(263.6)**
Adjusted EBITDA	86.5	110.5
Dividends minorities	0.0	(3.3)
Change in NWC + provisions	(0.2)	4.2
CAPEX	(20.3)	(19.3)
Cash flow from operations	66.1	92.2
Financial expense	(4.2)	(14.0)
Management of investments in associates	(2.8)	(1.8)
Taxes	(5.6)	(7.6)
Cash flow from ordinary operations of assets held for sale	11.3	
Cash flow from ordinary operations	**64.8**	**68.7**
Restructuring costs	(7.9)	(13.8)
Extraordinary tax amounts / prior years	0.2	6.8
Acquisition/disposal of assets	(5.6)	12.7
Cash flow from extraordinary operations of assets held for sale	(4.8)	
Cash flow from non-ordinary operations	(18.1)	5.7
Total Cash Flow	46.7	74.4
NFP end of period	**(209.3)**	**(189.2)**

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Annex 5
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, taxes, depreciation and amortization. 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 relevant events and transactions as set out in Consob communication DEM6064293 of 28/07/2006.

With reference to adjusted EBITDA in the first nine months of 2017, the following items were excluded from EBITDA:
Restructuring costs for a total amount of € 2.2 million, included in "Cost of personnel" in the income statement;
Income of a non-ordinary nature totaling € 5 million, attributable mainly to gains from the disposal of assets: € 4.2 million from the disposal of the former logistics property, and € 0.7 million from disposals made in the Retail Area;
Expense of a non-ordinary nature for a total of € 0.4 million, included mainly in "Cost of services".
With reference to adjusted EBITDA in the first nine months of 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 losses from the disposal of investments, € 0.4 million to expense from the disposal of Monradio, posted under "Other (income) expense", and the rest mainly to legal advice fees referring to restructuring and extraordinary operations, under "Cost of services".

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

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, taxes 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 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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