

1Q21 Results

Investors Presentation

Antonio Porro – CEO

Alessandro Franzosi – CFO

Segrate, May 13 2021

AGENDA

- 1. 1Q 2021 Highlights**
2. 1Q 2021 Results
3. 1Q 2021 Business Areas
4. FY 2021 Outlook

*Outstanding start to the year for the Books area:
double-digit growth of revenue and strong increase in profitability*



Extraordinary performance of the Books market in first quarter

+39.6% vs 1Q 2020

+26.1% vs 1Q 2019

Further increase in cash generation of the business....

- LTM Cash Flow from Ordinary Operations **€ 60.4 mn** (vs € 51.2 mn at December 2020)

...resulting in a stronger capital/financial position

- NFP before IFRS 16 **€ -47.9 mn** (vs -96.9 mn at March 2020)

Group results improve:

- Revenue on the rise (+7%) vs 1Q20

- Adj. EBITDA **+4.1 mn** versus 1Q20

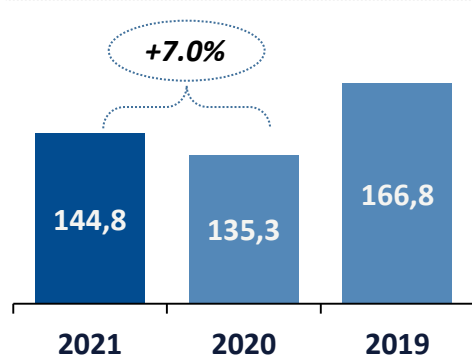
New loan agreement of **€ 450 million** signed:

- **€ 230 mn** in resources available to pursue **M&A** opportunities
- better financial conditions in terms of **lower average annual cost** and **longer life**

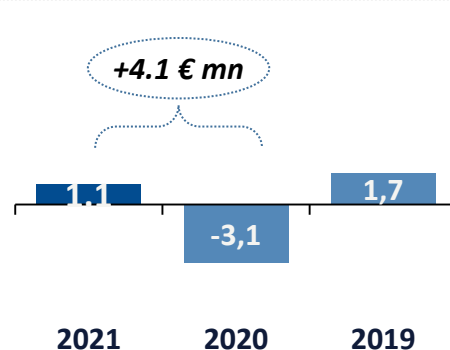
Highlights – 1Q21 vs 1Q20-1Q19

€ mn

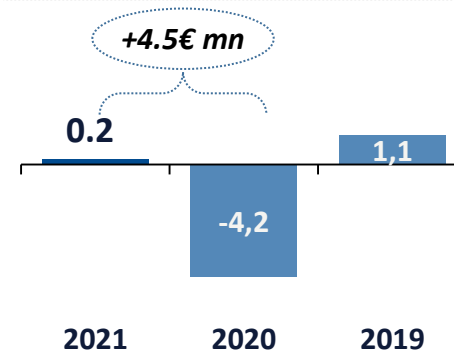
Revenue



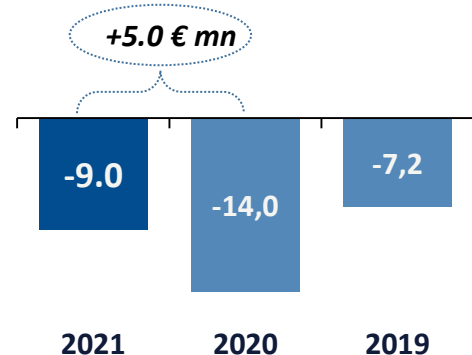
Adj. EBITDA



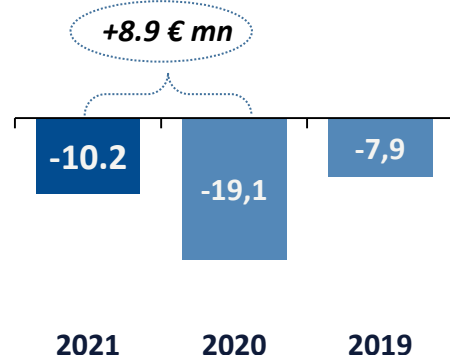
Rep. EBITDA



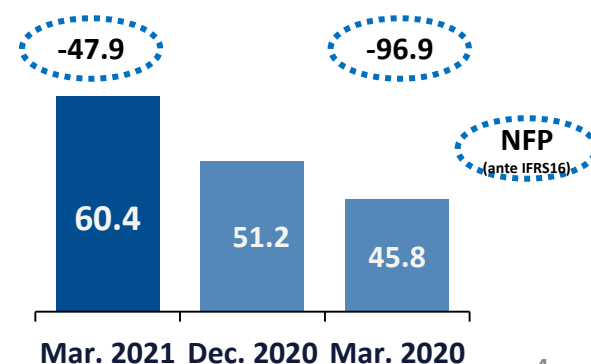
EBIT



Consolidated Net Result



LTM Ordinary Cash flow



AGENDA

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1Q21 Revenue and Adjusted EBITDA by Business Area

€ mn

Revenue

	1Q 21	1Q 20	Var. %	1Q 21	1Q 19	Var. %	
Books	71.6	58.2	+23.0%	71.6	70.2	+1.9%	+13.4% Trade Books
Retail	33.4	31.1	+7.4%	33.4	41.3	(19.3%)	
Media	46.8	50.6	(7.5%)	46.8	63.0	(25.7%)	-23% like-for-like
Corporate & Shared Services	9.8	11.1	(12.4%)	9.8	9.5	+3.1%	
<i>Intercompany</i>	(16.6)	(15.7)	(6.2%)	(16.6)	(17.2)	+3.1%	
Total	144.8	135.3	+7.0%	144.8	166.8	(13.2%)	-12% like-for-like

Adj. EBITDA

	1Q 21	1Q 20	Var.	1Q 21	1Q 19	Var.	
Books	0.6	(4.5)	+5.2	0.6	(0.2)	+0.8	
Retail	(0.4)	(1.2)	+0.8	(0.4)	(0.5)	+0.1	
Media	2.0	2.0	0.0	2.0	2.6	(0.6)	
Corporate & Shared Services	(1.0)	(0.0)	(1.0)	(1.0)	(0.3)	(0.8)	Different corporate charges allocation criteria
<i>Intercompany</i>	(0.1)	0.7	(0.8)	(0.1)	0.0	(0.1)	
Total	1.1	(3.1)	+4.1	1.1	1.7	(0.7)	

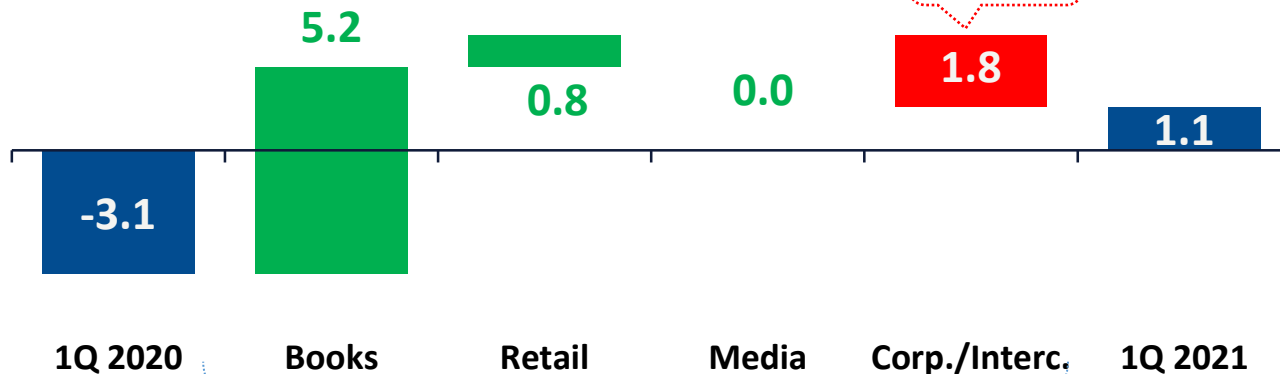
1Q21 EBITDA Trend

€ mn



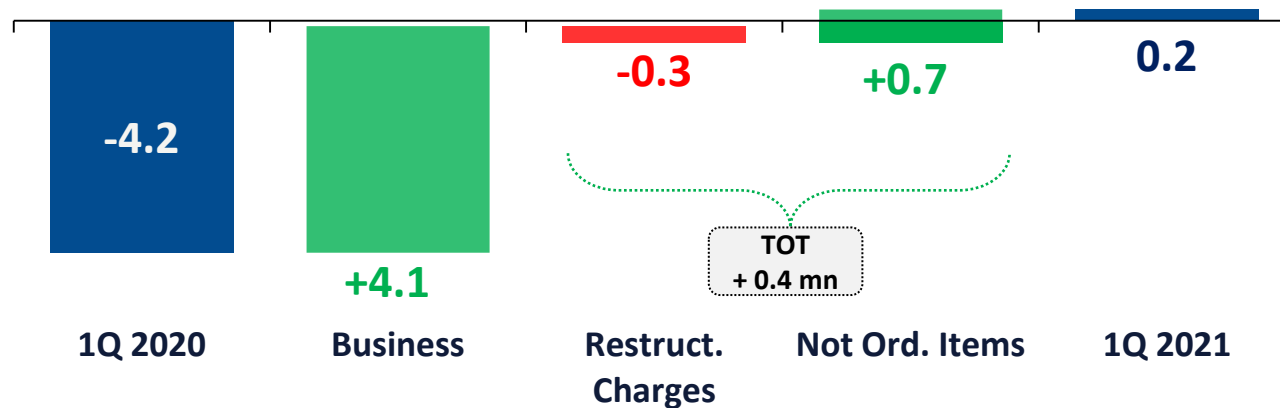
Different corporate charges allocation criteria for €0.8 mn

Adj.
EBITDA



+4.1 mn

Rep.
EBITDA



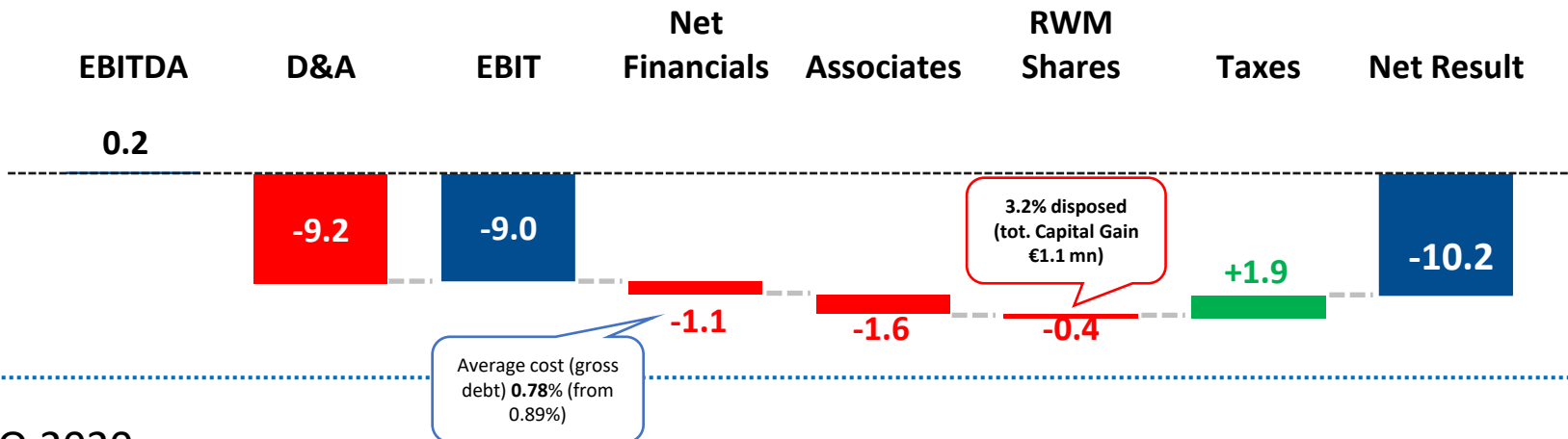
+4.5 mn

TOT
+ 0.4 mn

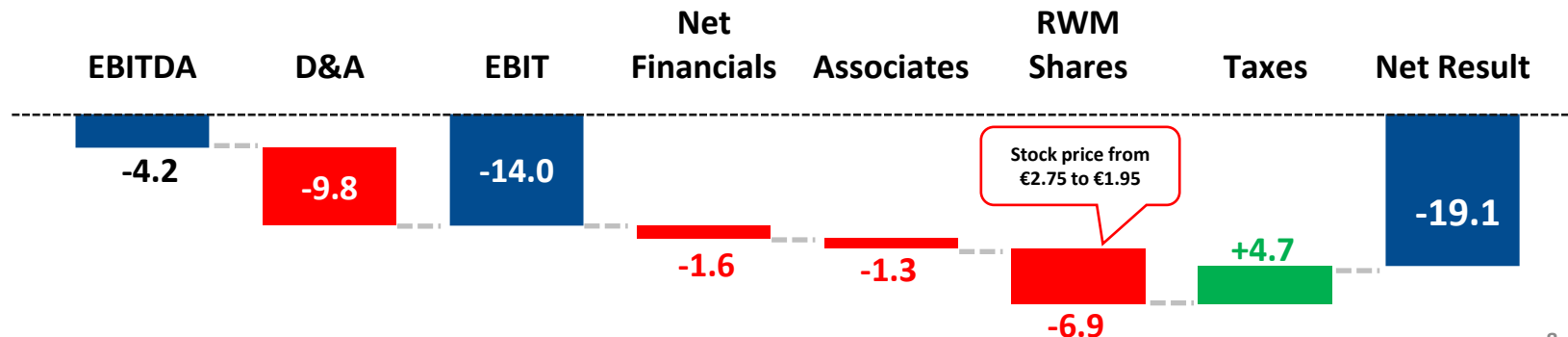
From EBITDA to Net Result 1Q²¹

€ mn

1Q 2021



1Q 2020

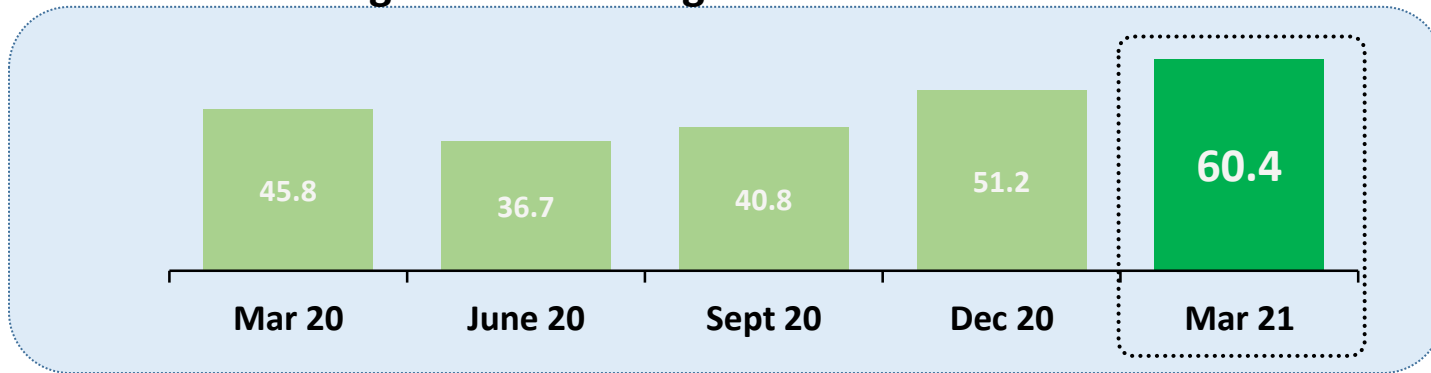


Cash Flow & NFP March 21

€ mn

Strong business cash generation confirmed

Ordinary Cash Flow



Ordinary Cash Flow = Operating CF net of taxes and net financials; LTM in the quarterly results

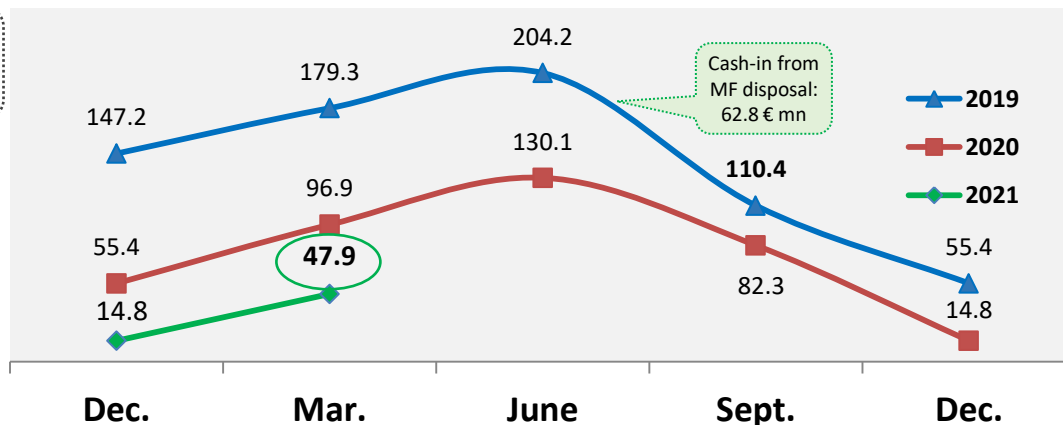
Net Debt 1Q Seasonality

+32.1

+41.5

+33.1

incl. 6.6 mn
M&A cash-
out

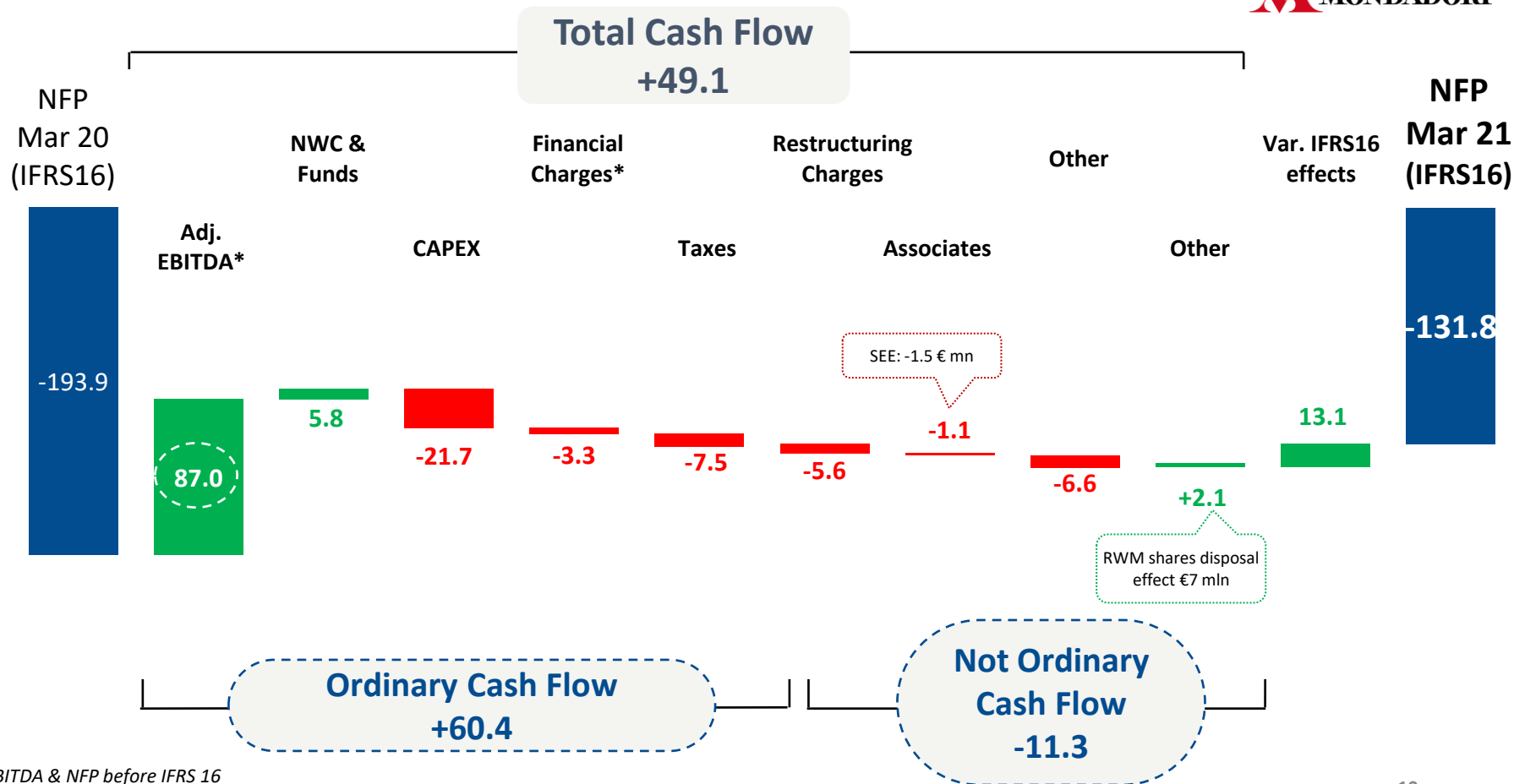


Mar 2021

**Decrease by
49€ mn
(before IFRS16)**

Consolidated Cash Flow LTM 1Q²¹

€ mn



* Adj. EBITDA & NFP before IFRS 16

New Funding Overview

€ mn

**New pool Loan
Agreement**

**450
mn**

Term Loan = 95 mn

Revolving (RCF) = 125 mn

Acquisition line = 230 mn*

**Committed
lines**

OLD

NEW

	Refunds	Availabilities 31/12		Refunds	Availabilities 31/12
2021	-27.5	167.5	➡	-15.8	434.2
2022	-167.5	-		-15.8	418.4
2023				-15.8	402.6
2024				-92.5	310.0
2025				-92.5	217.5
2026				-217.5	-

** Undrawn availabilities until May 2023*

New Funding Overview

Covenant

**NFP/EBITDA
before IFRS16**

**NFP before
IFRS16 at 06/30**

OLD

NEW

3.25x

3.25x

2021	385.0	385.0
2022	350.0	350.0
2023		315.0
2024		280.0
2025		245.0
2026		210.0

Margin Grid

OLD

95 bps

120
bps

130
bps

165
bps

200
bps

Initial
spread

NEW

70
bps

80
bps

95
bps

120
bps

135
bps

150 bps

NFP / EBITDA
before IFRS16
year-end

1.0

1.5

2.0

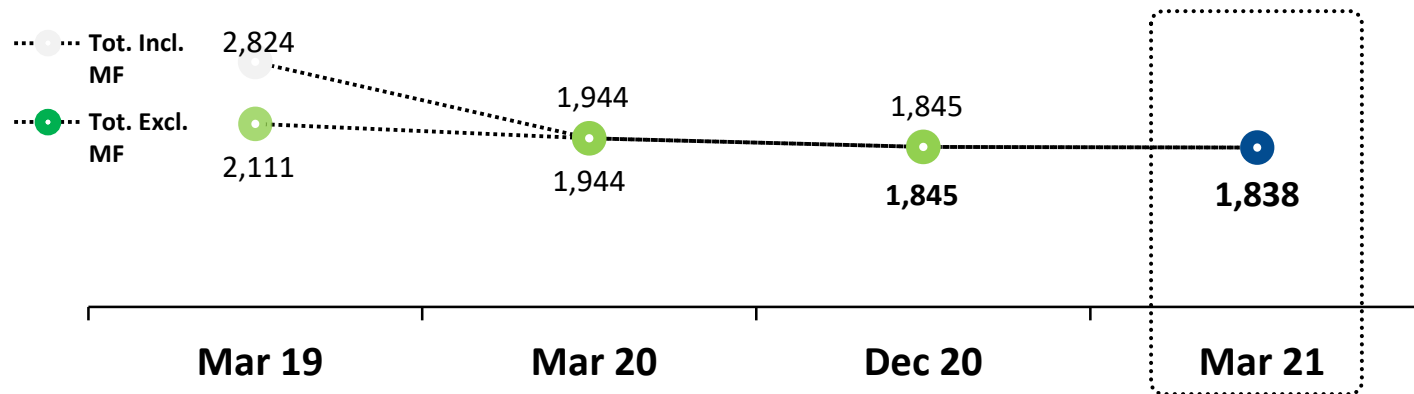
2.5

3.0

3.5

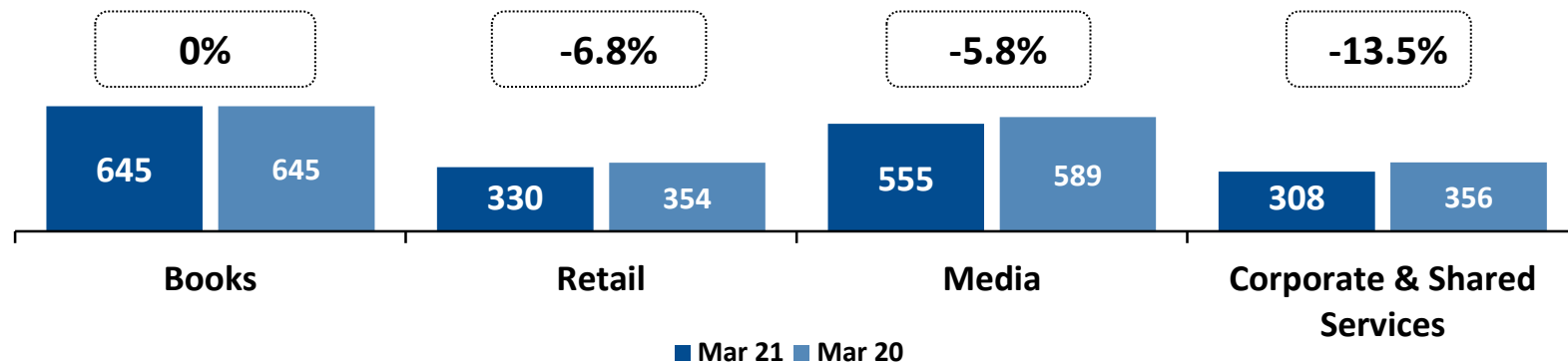
Headcount evolution 1Q21

Group Headcount



-5.5%
Mar. 21 vs
Mar. 20

Headcount by BU



AGENDA

1. 1Q 2021 Highlights

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Books

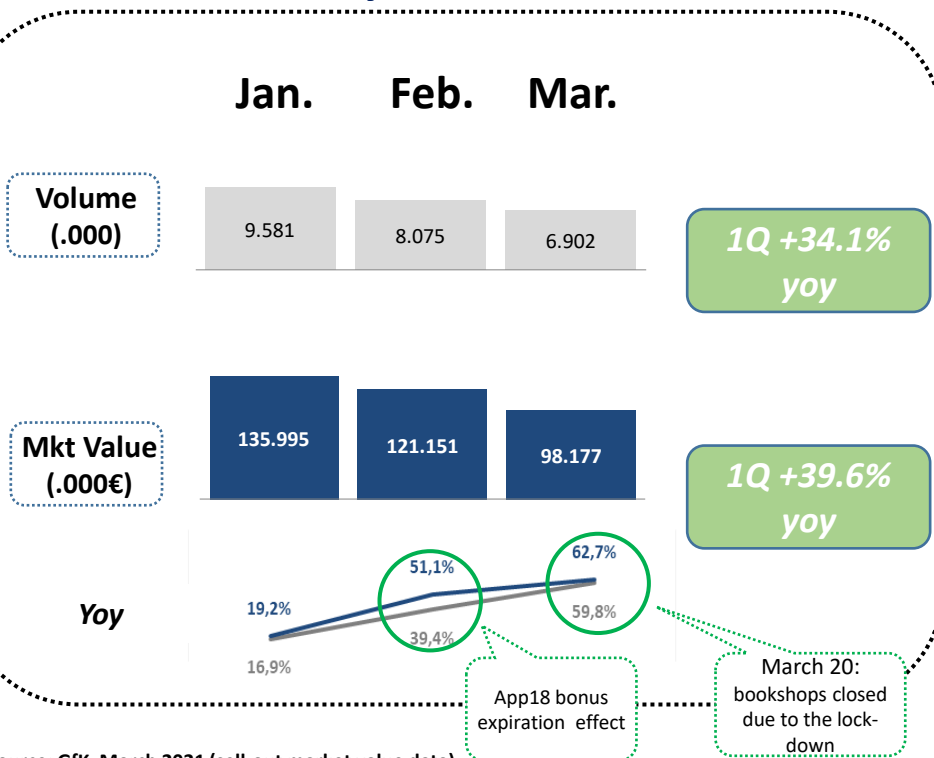
Retail

Media

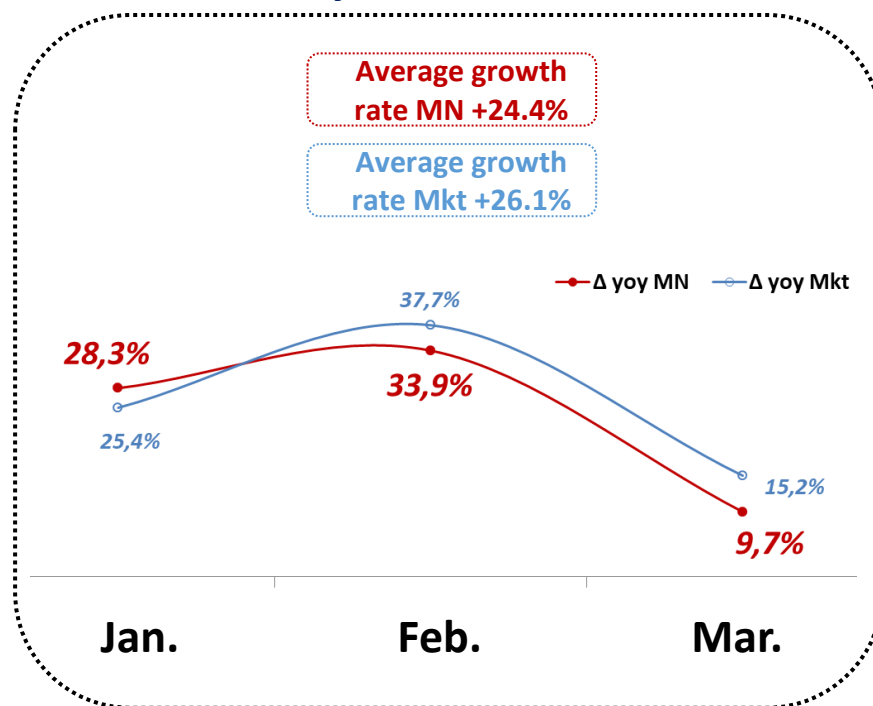
4. FY 2021 Outlook

Extraordinary start to the year for the Trade Books market

Monthly Trend vs 2020



Monthly Trend vs 2019



1Q 2021 Best Sellers Ranking

4 titles in
the Top10

8 titles in
the Top20



1Q 2021 Market Shares

GRUPPO MONDADORI

23.7%

23.3%

GMS

11.3%

10.0%

ADELPHI

1.8%

2.0%

GIUNTI

6.9%

8.1%

D'AGOSTINI LIBRI

1.4%

1.5%

Feltrinelli

4.5%

5.0%

Altri editori

50.4%

50.1%

2021

2020

Business 1Q 21 - Books

€ mn

Revenue +23.0%

71.6

1.9

13.8

55.9

2021

58.2

1.4

16.7

40.1

2020

Distribution and services

Educational -17.2%

Trade +39.4%
(+13.4% vs 1Q 2019)

0.7	5.0	Electa
8.4	7.2	RIP
4.9	4.6	Education
2021	2020	

Adj. EBITDA +5.2 € mn

0.6

2021

-4.5

2020

REVENUE

- **Trade:** +39.4% YoY, as a result of the extraordinary growth of the Books market and the quality of the publishing houses' editorial plans in 2021
- **E-books +5.9% (e-books and audio books = 7.3% of total)**
- **Educational:** -17.2% YoY, due to the contraction of Electa as a result of the closures of museums and archaeological sites, only partly offset by an increase in RIP revenue

Adj.
EBITDA

- **Adjusted EBITDA** of € 0.6 mn, improving by over € 5 mn vs. 1Q 2020

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Books

Retail

Media

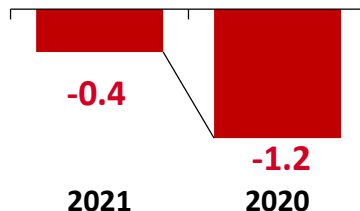
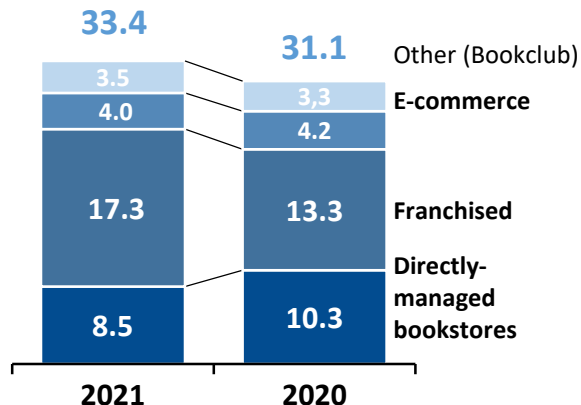
4. FY 2021 Outlook

Business 1Q 21 - Retail

€ mn

Revenue +7.4%

Adj. EBITDA +0.8 €
mn



MONDADORI
RETAIL

Books Market 1Q 2021

Market
+39.6%

App18 bonus
expiration
effect

+68.2%

ONLINE
WEIGHT
48.9%

+20.0%

PHYSICAL
WEIGHT
51.1%

MONDADORI
RETAIL

+21.9%

+2.4%

ONLINE
WEIGHT
9.9%

+21.5%

PHYSICAL
WEIGHT
90.1%

D
+1.5 pt

Source: Internal estimate on GfK figures. March 2021

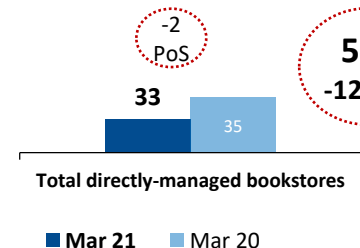
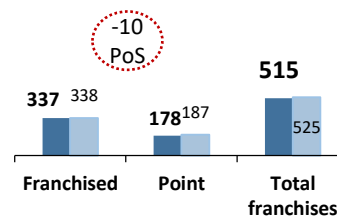
REVENUE

- Books: up by 16.4% (+35% in the Franchised channel)
- Extra-books: down due also to the strategy focused on Books
- Greater performance of **Franchised (+30%)** versus Direct stores (-17%) affected more by the restrictive measures throughout the quarter

Adj.
EBITDA

Adjusted EBITDA improves significantly thanks to effective cost containment actions, renewal of the physical store network and structural revision of organization and processes

PoS network: ongoing rationalization



548
-12 PoS

AGENDA

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Books

Retail

Media

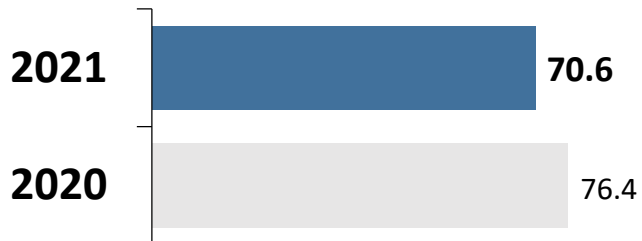
4. FY 2021 Outlook

Markets – Media

€ mn

2021 Circulations Trend

-7.6%



2021

2020

23.0%

22.9%



22.5%

22.3%

HEARST magazines

5.2%

5.4%



5.3%

5.5%

File Italia Edizioni

4.2%

4.3%



13.8%

13.1%

CONDÉ NAST

2.8%

2.8%

Altri

23.3%

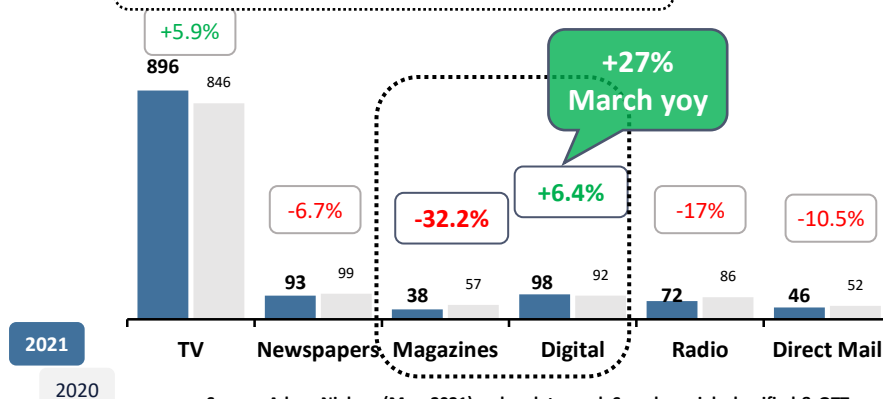
23.7%

Source: Circulation – Press-di (Mar. 2021), newstands + subs. in value



2021 ADV Market

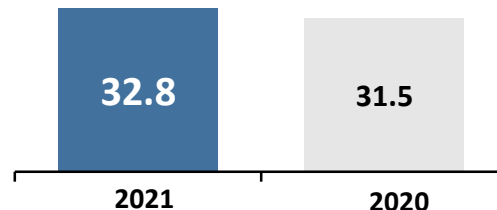
-1.4%



Source: Adv. – Nielsen (Mar. 2021), value data, excl. Search, social, classified & OTT

Mondadori – Web Unique Audience (mn/month)

+4.1% YoY

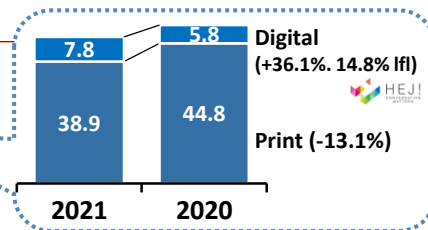


Source: comScore (Mar. 2021, average data)

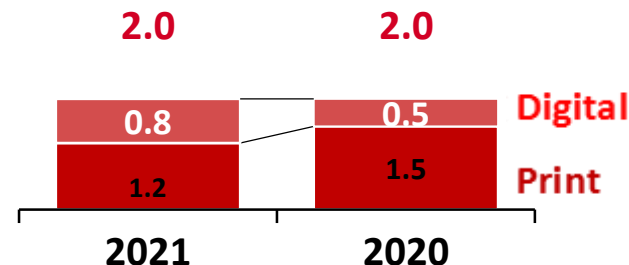
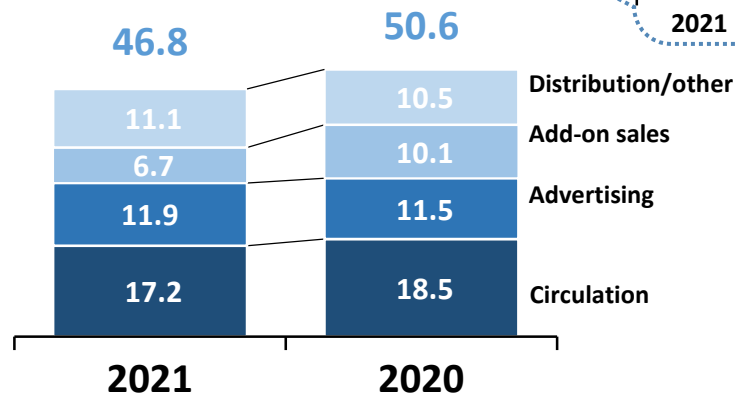
Business 1Q 21 - Media

€ mn

Revenue -7.5%



Adj. EBITDA steady



REVENUE

- **Advertising revenue:** strong progress in **digital** offsets the drop in print advertising (-31%): overall +3.2% YoY; weight of **digital** advertising revenue: ≈66% (vs. 48% in 1Q20). Consolidation of tech-advertising following acquisition of **Hej!**
- **Circulation revenue:** -7.3% YoY, with the television titles outperforming the reference market
- **Revenue from add-on sales:** -33.8%, due also to reduced availability of DVD and CD products versus 1Q20 (*Queen* series)
- **Distribution and others:** +5.6%

Adj. EBITDA

Adj. EBITDA steady at € 2.0 mn, as a result of:

- **stronger contribution from digital (17% of total** versus 11% in March 2020)
- continued **effective measures to contain operating costs**, which curbed the negative impact of the decline in **print activities (-13.1%)**

AGENDA

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2021 GUIDANCE (current scope)

*Vs previous
estimate*

REVENUE

Low single
digit growth vs FY20



Adj. EBITDA

~ 12% Margin



Net Result

Strong growth
(also thanks to «one-off»
effects)



Ordinary Cash Flow

€50-55 million



NFP*

Positive (net cash) excl.
IFRS16





Q&A



GRUPPO  MONDADORI

BACK-UP

€ millions	1Q 2021		1Q 2020		% chg.
REVENUE	144,8		135,3		7,0%
INDUSTRIAL PRODUCT COST	43,2	29,9%	44,5	32,9%	(2,8%)
VARIABLE PRODUCT COSTS	24,7	17,0%	19,2	14,2%	28,6%
OTHER VARIABLE COSTS	28,6	19,8%	27,0	19,9%	6,1%
STRUCTURAL COSTS	12,5	8,6%	12,0	8,9%	4,2%
EXTENDED LABOUR COST	35,1	24,2%	35,9	26,5%	(2,2%)
OTHER EXPENSE (INCOME)	(0,4)	(0,3%)	(0,2)	(0,1%)	n.s.
ADJUSTED EBITDA	1,1	0,7%	(3,1)	(2,3%)	n.s.
RESTRUCTURING COSTS	0,9	0,6%	0,6	0,4%	67,0%
EXTRAORDINARY EXPENSE (INCOME)	(0,1)	(0,1%)	0,6	0,4%	n.s.
EBITDA	0,2	0,2%	(4,2)	(3,1%)	n.s.
AMORTIZATION AND DEPRECIATION	5,9	4,1%	6,1	4,5%	(2,0%)
AMORTIZATION AND DEPRECIATION IFRS 16	3,3	2,3%	3,7	2,7%	(11,8%)
EBIT	(9,0)	(6,2%)	(14,0)	(10,4%)	n.s.
FINANCIAL EXPENSE (INCOME)	0,6	0,4%	0,9	0,7%	(38,8%)
FINANCIAL EXPENSE IFRS 16	0,5	0,4%	0,7	0,5%	(24,6%)
FINANCIAL EXPENSE (INCOME) FROM SECURITIES VALUATION	0,4	0,3%	6,9	5,1%	n.s.
EXPENSE (INCOME) FROM INVESTMENTS	1,6	1,1%	1,3	0,9%	23,6%
EBT	(12,1)	(8,4%)	(23,8)	(17,6%)	n.s.
TAX EXPENSE (INCOME)	(1,9)	(1,3%)	(4,7)	(3,5%)	n.s.
NET RESULT FOR THE PERIOD (GROUP AND NON-CONTROLLIN	(10,2)	(7,0%)	(19,1)	(14,1%)	n.s.
MINORITIES	0,0	0,0%	(0,0)	(0,0%)	n.s.
GROUP NET RESULT	(10,2)	(7,0%)	(19,1)	(14,1%)	n.s.

1Q2021 Balance Sheet

€ millions	Mar 21	Mar 20	% chg.
TRADE RECEIVABLES	157,3	173,0	(9,1%)
INVENTORY	121,4	131,8	(7,9%)
TRADE PAYABLES	205,4	231,6	(11,3%)
OTHER ASSETS (LIABILITIES)	(16,6)	(5,9)	n.s.
NET WORKING CAPITAL	56,7	67,3	(15,7%)
INTANGIBLE ASSETS	194,4	220,4	(11,8%)
PROPERTY, PLANT AND EQUIPMENT	16,2	17,6	(7,8%)
INVESTMENTS	19,2	25,9	(25,9%)
NET FIXED ASSETS WITH NO RIGHTS OF USE IFRS 16	229,8	263,9	(12,9%)
ASSETS FROM RIGHTS OF USE IFRS 16	81,2	94,6	(14,1%)
NET FIXED ASSETS WITH RIGHTS OF USE IFRS 16	311,0	358,4	(13,2%)
PROVISIONS FOR RISKS	40,9	47,1	(13,2%)
POST-EMPLOYMENT BENEFITS	31,0	32,7	(5,2%)
PROVISIONS	71,9	79,8	(9,9%)
NET INVESTED CAPITAL	295,9	345,9	(14,5%)
SHARE CAPITAL	68,0	68,0	0,0%
RESERVES	106,2	103,0	3,1%
PROFIT (LOSS) FOR THE PERIOD	(10,2)	(19,1)	n.s.
GROUP EQUITY	164,0	151,9	8,0%
NON-CONTROLLING INTERESTS' EQUITY	0,0	0,1	n.s.
EQUITY	164,0	152,0	7,9%
NET FINANCIAL POSITION NO IFRS 16	47,9	96,9	(50,6%)
NET FINANCIAL POSITION IFRS 16	83,9	97,0	(13,5%)
NET FINANCIAL POSITION	131,8	193,9	(32,0%)
SOURCES	295,9	345,9	(14,5%)

Incl. impairment (-26.5€ mn) of some Media brands and TV Sorrisi e Canzoni amortization

1Q2021 LTM Cash Flow

€ millions	LTM Mar 21	2020
INITIAL NFP IFRS 16	(193,9)	(151,3)
FINANCIAL LIABILITIES APPLICATION OF IFRS 16	(97,0)	(95,9)
INITIAL NFP NO IFRS 16	(96,9)	(55,4)
ADJUSTED EBITDA (NO IFRS 16)	87,0	82,4
NWC AND PROVISIONS	5,8	1,2
CAPEX NO IFRS 16	(21,7)	(21,8)
CASH FLOW FROM OPERATIONS	71,1	61,9
FINANCIAL INCOME (EXPENSE) NO IFRS 16	(3,3)	(3,7)
TAX	(7,5)	(6,9)
CASH FLOW FROM ORDINARY OPERATIONS CONTINUING OPERATIONS	60,4	51,2
CF FROM ORDINARY OPERATIONS DISCONTINUED OR DISCONTINUING OF	0,0	0,0
CASH FLOW FROM ORDINARY OPERATIONS	60,4	51,2
RESTRUCTURING COSTS	(5,6)	(5,2)
SHARE CAPITAL INCREASE/DIVIDENDS NON CONTROLLING INTERESTS ANI	(1,1)	(1,1)
PURCHASE/DISPOSAL	(6,6)	(0,5)
OTHER	2,1	(3,7)
CASH FLOW FROM EXTRAORDINARY OPERATIONS	(11,3)	(10,5)
TOTAL CASH FLOW	49,1	40,7
NET FINANCIAL POSITION NO IFRS 16	(47,9)	(14,8)
IFRS 16 EFFECTS IN THE PERIOD	13,1	13,0
FINAL NET FINANCIAL POSITION	(131,8)	(97,6)

- ▶ **EBITDA**

is equal to earnings before interest, tax, depreciation and amortization. The Group also provides information on the percentage of EBITDA on net sales.

EBITDA computed by the Group allows operating results to be compared with those of other companies, net of any effects from financial and tax items, and of depreciation and amortization, which may vary from company to company for reasons unrelated to general operating performance.
- ▶ **Adjusted EBITDA**

is gross operating profit as explained above, net of income and expenses of a non-ordinary nature such as

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

net result for the period before income tax, and other income and expenses.
- ▶ **EBT**

net result for the period before income tax.
- ▶ **Net Invested Capital**

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

adjusted EBITDA, as explained above, plus or minus the decrease/(increase) in working capital in the period, minus capital expenditure (CAPEX/Investment).
- ▶ **Ordinary Cash Flow**

is cash flow from operations as explained above, net of financial expenses, taxes paid in the period, and income/expenses from investments in associates.
- ▶ **LTM Ordinary Cash Flow**

cash flow from ordinary operations in the last twelve months.
- ▶ **Non ord. Cash Flow**

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

2021 Financial Reporting

July 29 2021

Half-Year Report at 30 June 2021

November 11 2021

Interim Management Statement at 30 September 2021





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