

# **1H2023 Results**

*Investors Presentation*

*Antonio Porro – CEO*

*Alessandro Franzosi – CFO*

Segrate, 1st August, 2023

**AGENDA**

- 1. Highlights 1H 2023**
2. Results 1H 2023
3. Outlook FY 2023
4. Annexes

# Highlights 1H23 – Executive Summary



- *Steady improvement of economic and financial performance*

- *Solid capital structure*



*Continuation of the development strategy and strengthen of the core business*



*Guidance 2023 - Upward Revision*

- Revenue growth vs 1H22:
  - ✓ +2.1%
  - ✓ LFL +2.7%
- Adj. EBITDA growing by €10.7 mn vs 1H22 thanks to improvements across all business areas

- Solid cash generation (more than €63mn LTM)
- NFP stable at -285.8mn (vs June 2022)

Signing for the acquisition of 51% of **Star Shop Distribuzione**, focused on distribution of third-party publisher and management of comic shops:

- ✓ Consolidation of the presence in the Comics segment
- ✓ The vertically integrated business model applied to Trade Book market is recreated in the Comics segment

- Improved economic and financial outlook

# Highlights 1H23 – Trend Adj. EBITDA/ EBIT

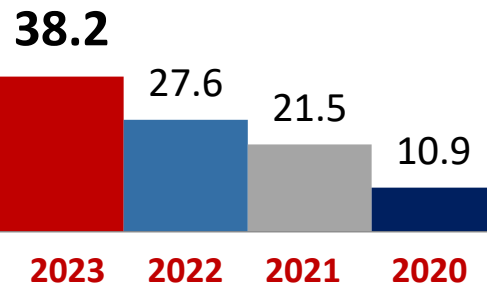
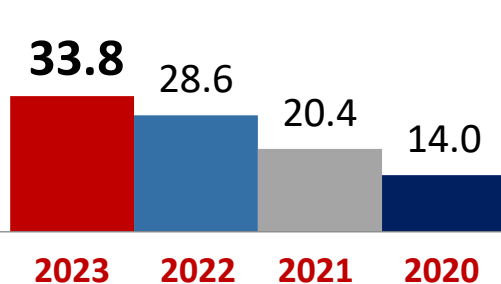
€ mn

## 2Q

## 1H

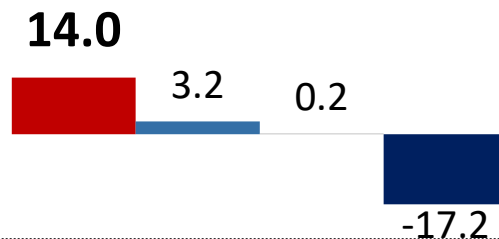
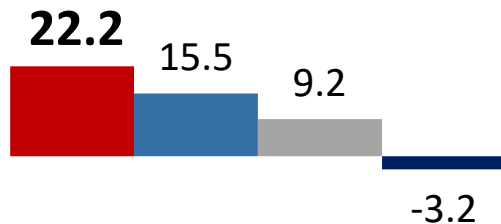
Adj EBITDA

EBITDA  
margin



10.4% 7.8% 6.7% 3.8%

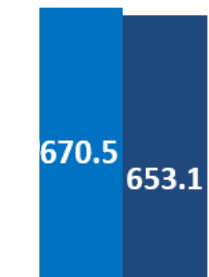
EBIT



# Books Trade Market – 1H 2023

Value data – Sell out  
(€ mn)

## Market



1H  
2023 2022

+2.7%

Flat  
volume

Hardcover (84%)

+2.9%

Paperback (16%)

+1.7%

**MONDADORI**  
LIBRI



1H  
2023 2022

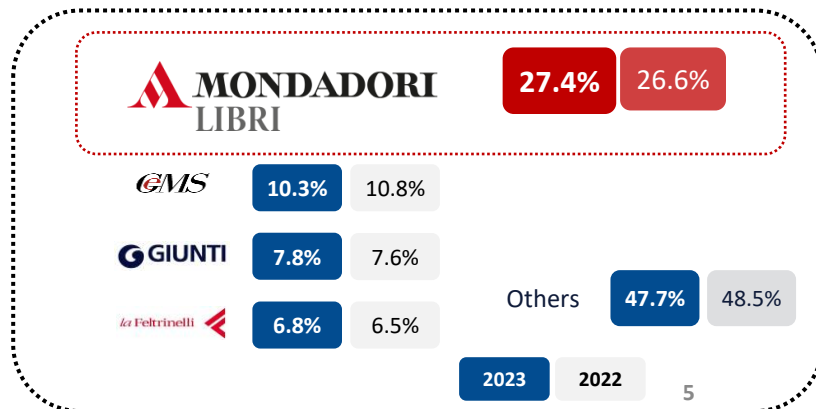
+5.7%

+0.7%  
volume  
effect

## Top Ten 2023



## Market Share

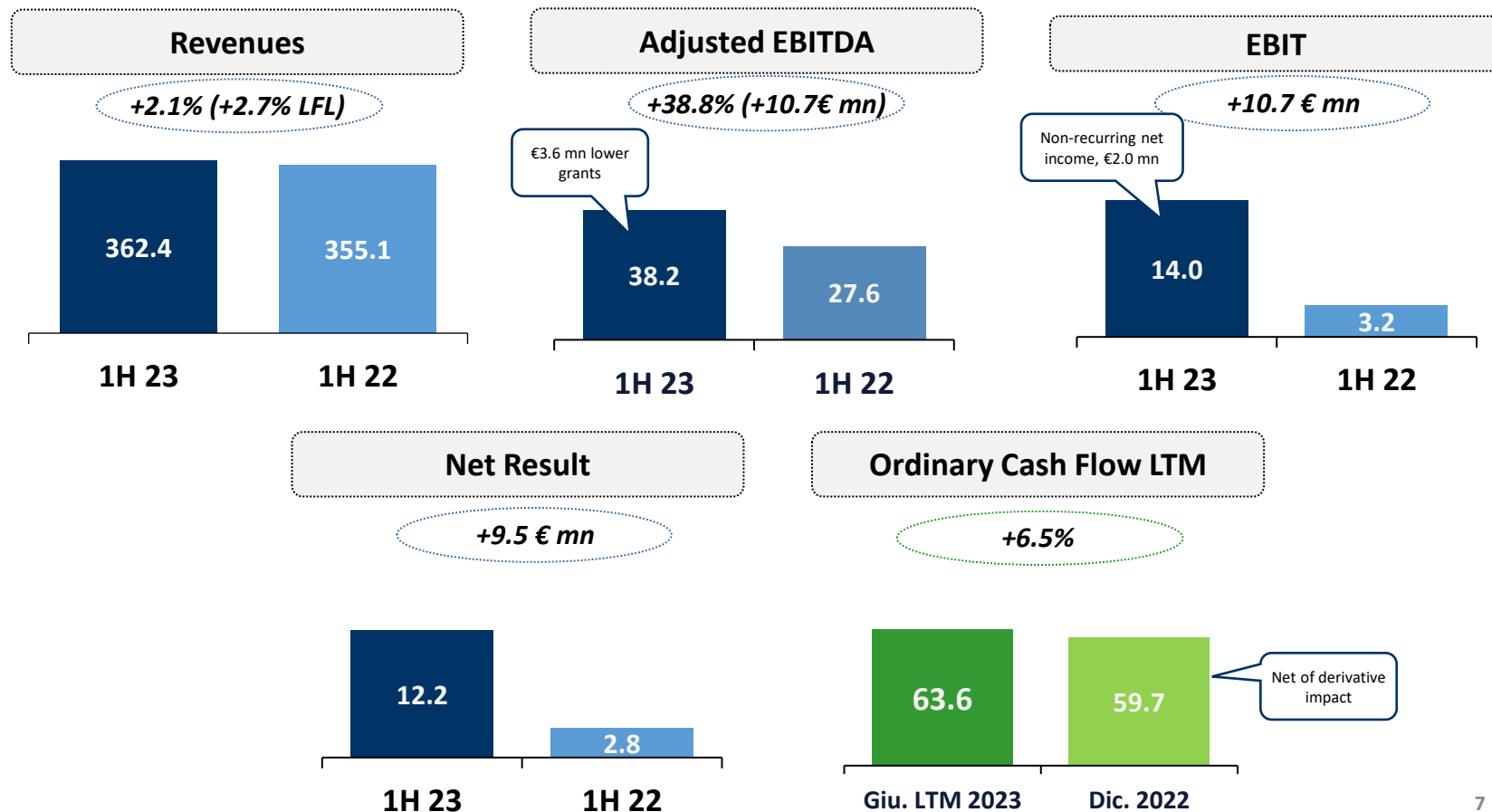


**AGENDA**

1. Highlights 1H 2023
- 2. Results 1H 2023**
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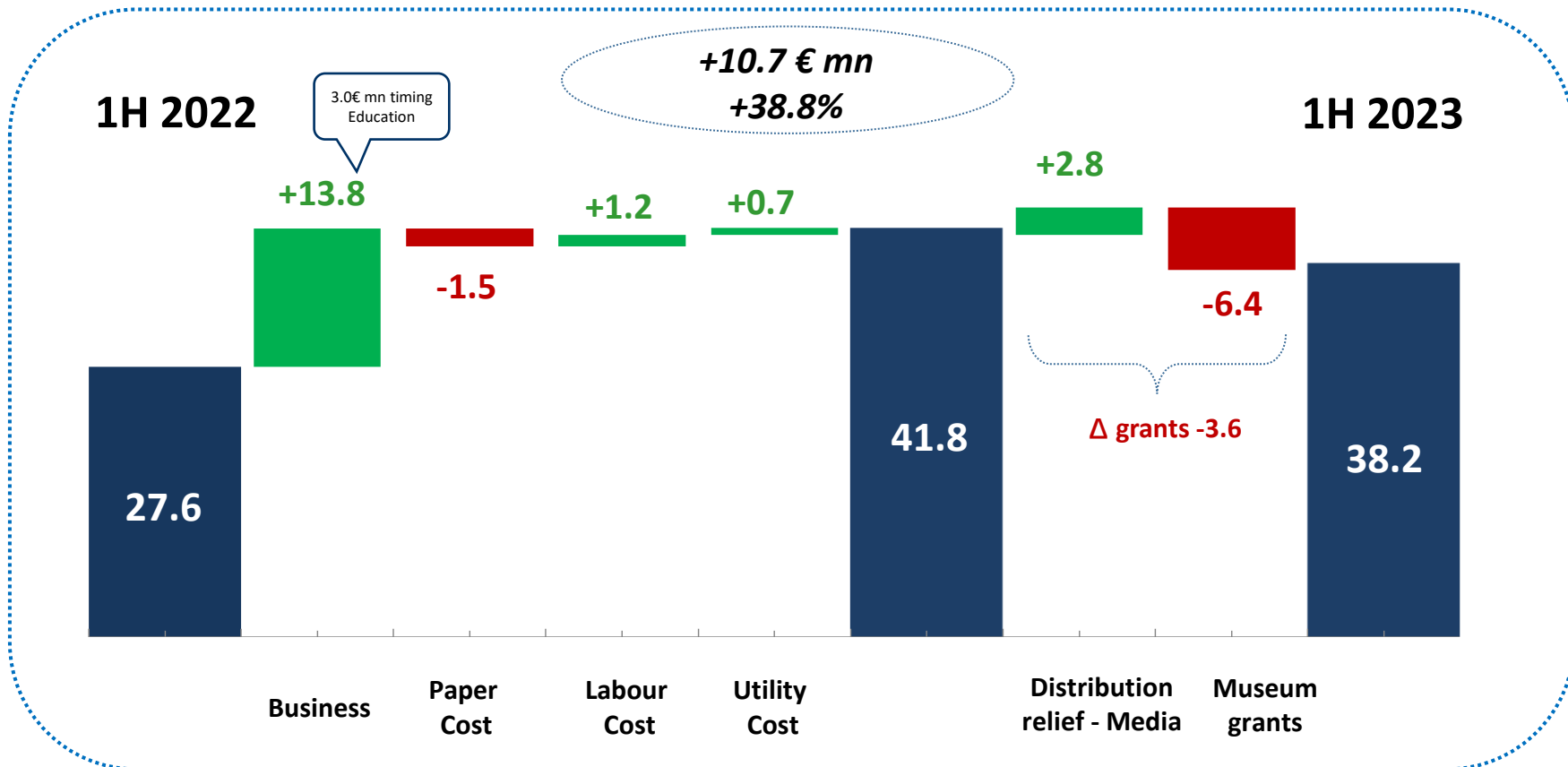
# Highlights – 1H23

€ mn



# Adjusted EBITDA – 1H 23

€ mn

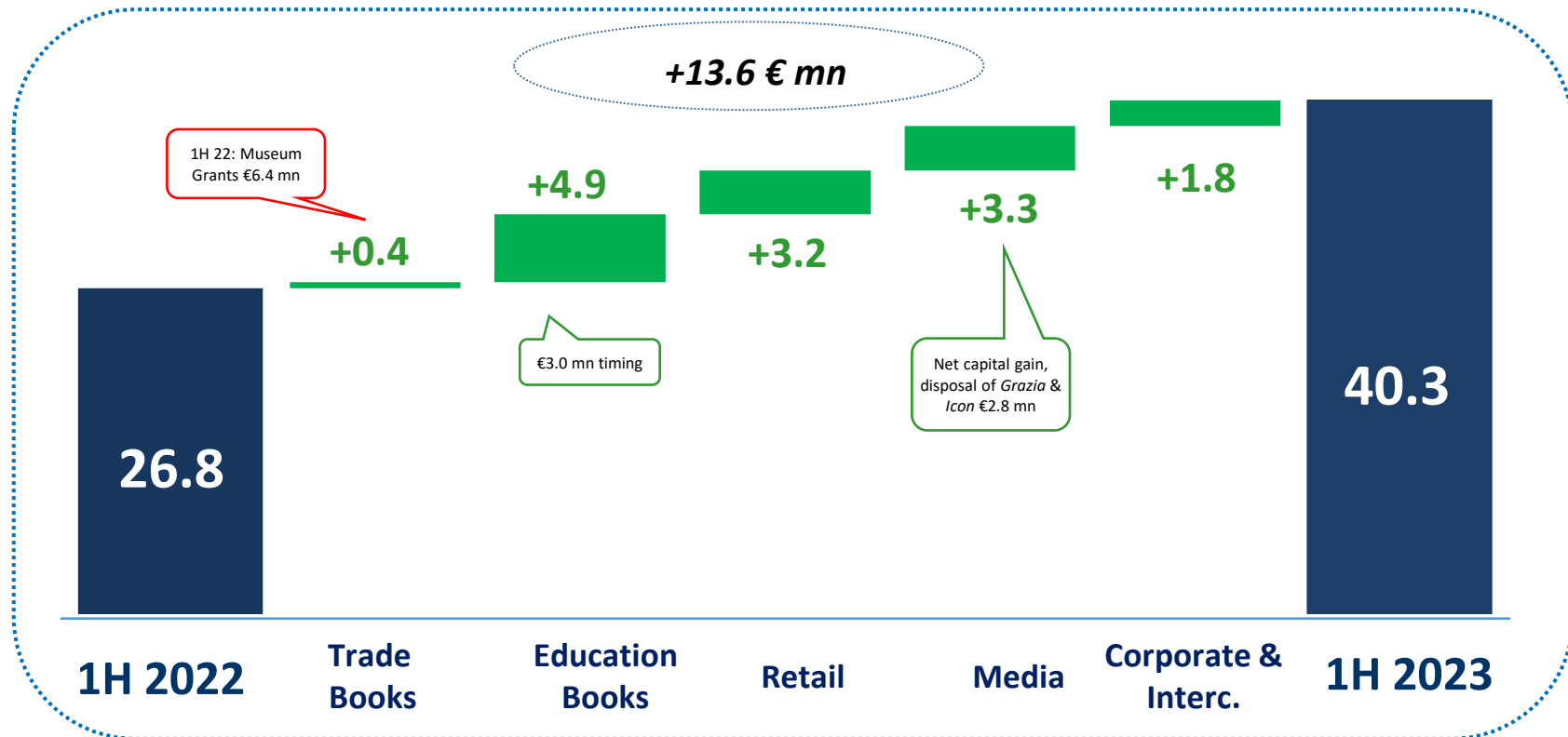




# EBITDA reported by Business Area – 1H 23

€ mn

## Improvement across all business areas

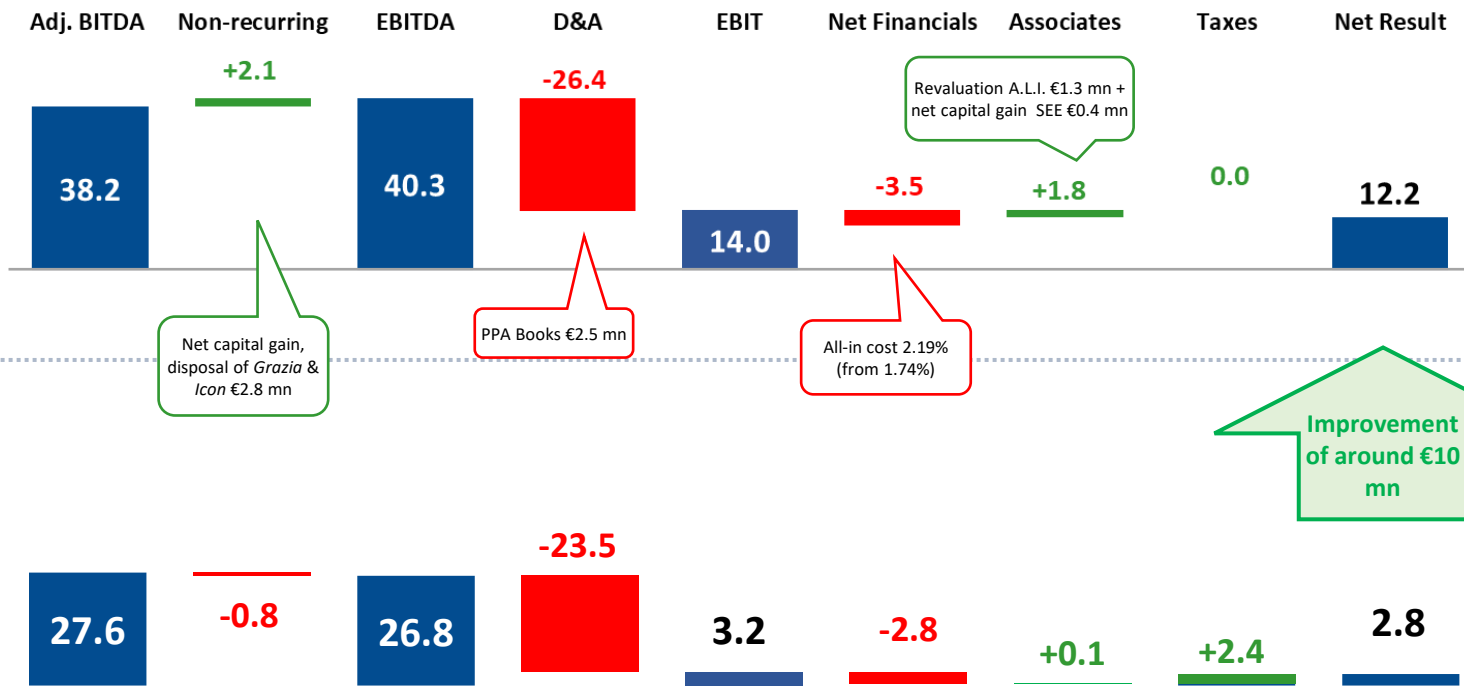


# From EBITDA to Net Result 1H23

€ mn

1H 2023

1H 2022

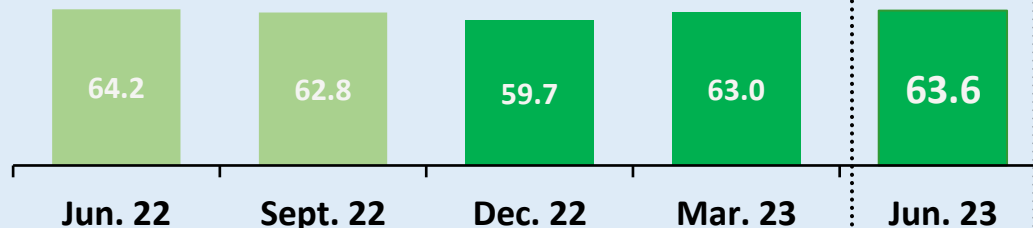


# A solid financial structure...

€ mn

## Strong business cash generation confirmed

**LTM  
Ordinary  
Cash Flow**



**Overall perimeter**  
**Without D Scuola**

Net of derivatives revaluation (to cover interest rates)

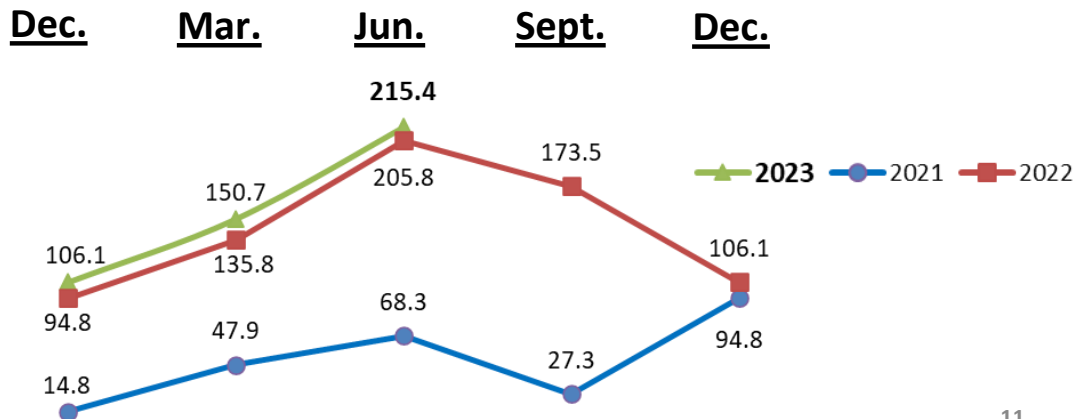
**Net Debt 1H  
Seasonality**

**+109.1** of which Div. 29 mn

**+111.2** of which Div. 22 mn

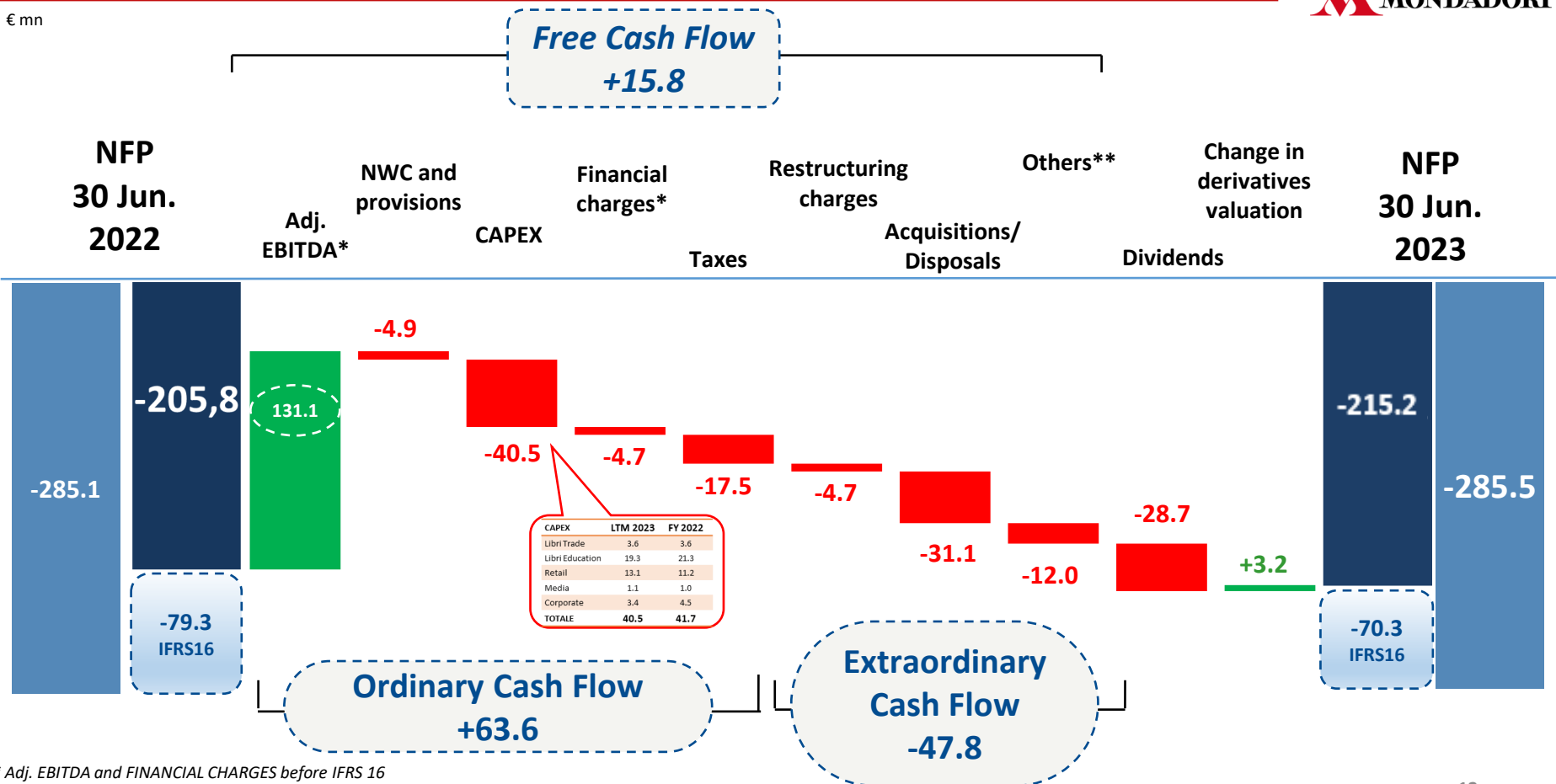
**+53.5**

**Trend  
Group NFP  
(no IFRS16)**



# ...thanks to a strong cash generation

€ mn



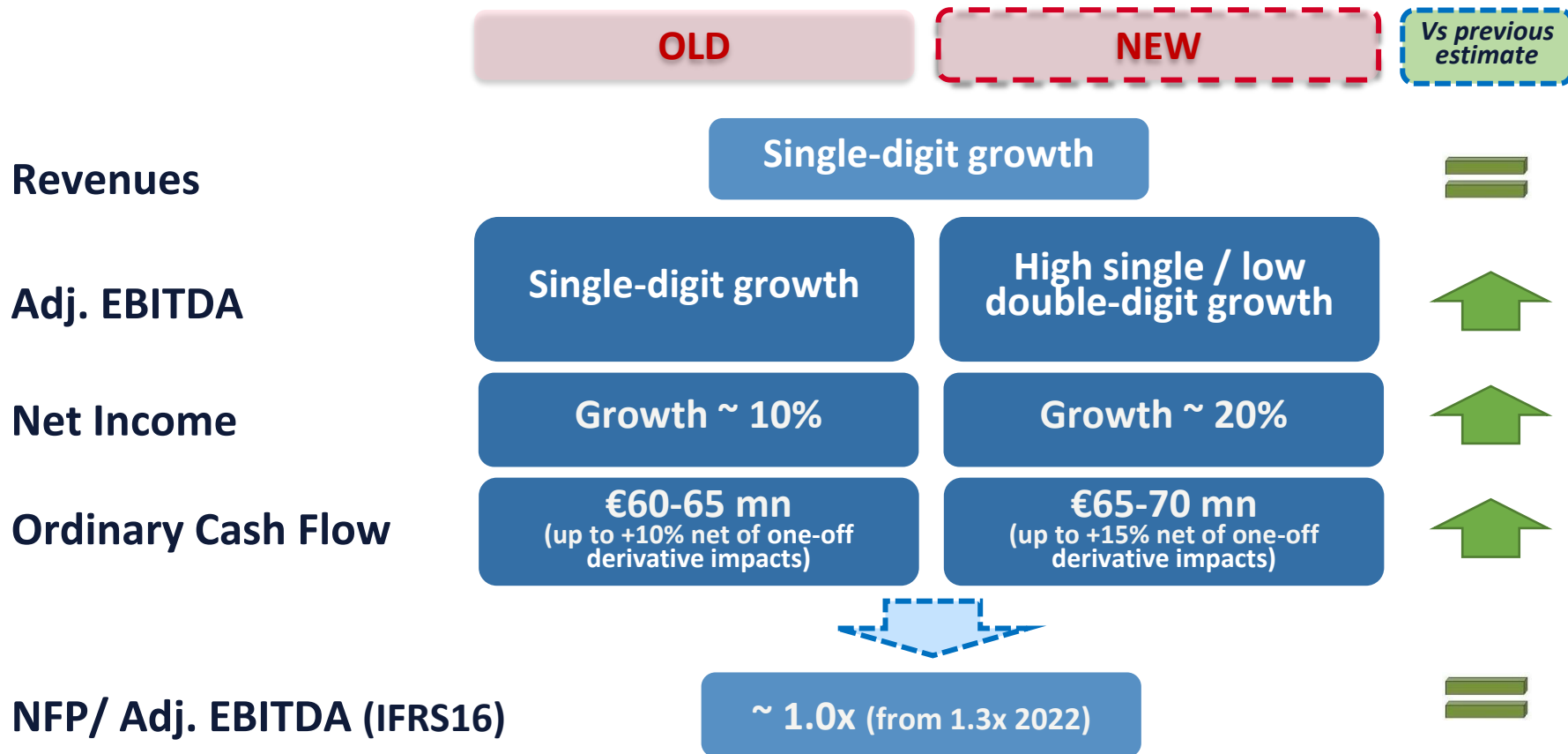
\* Adj. EBITDA and FINANCIAL CHARGES before IFRS 16

\*\* Others include cash-out/in related to Extraordinary taxes and Associates charges

**AGENDA**

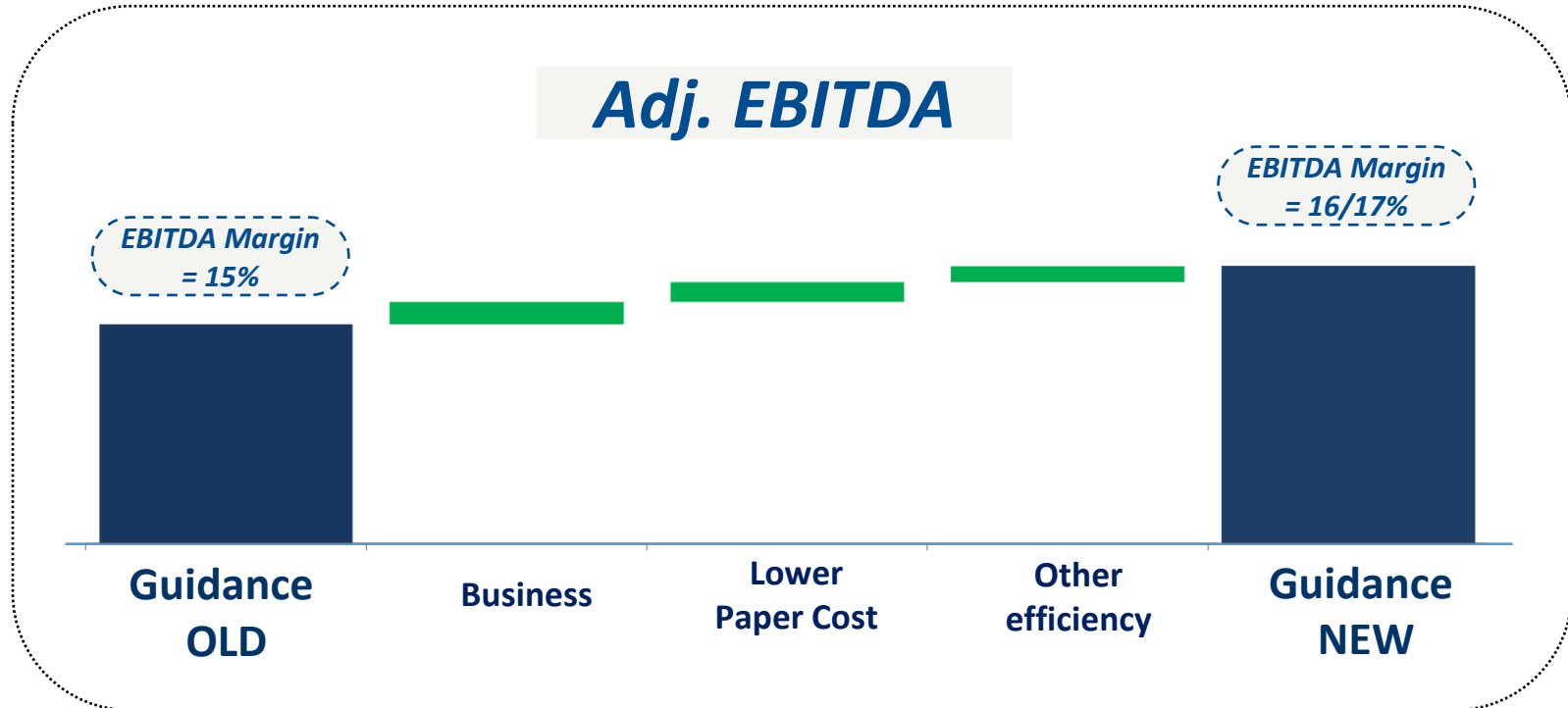
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# Outlook **FY23** – Improved Guidance



# Outlook **FY23** – Upward revision ...

... thanks to a more favourable evolution  of the business  
of the input prices trend





**BACK-UP**



ANNEXES

**Aree di Business 1H 2023**

**Books**

Retail

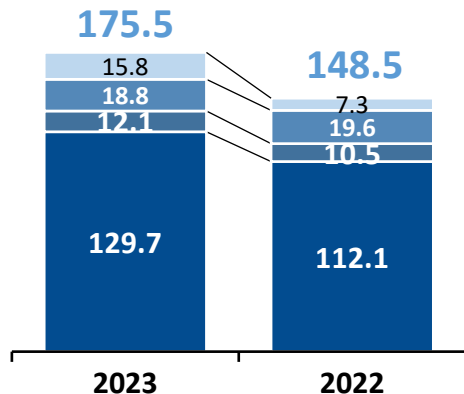
Media

# Business 1H23 – Books

€ mn

Revenues +18.2% (+4% LFL)\*

TRADE



Distribution and service (incl. A.L.I.)

RIP -4.1%

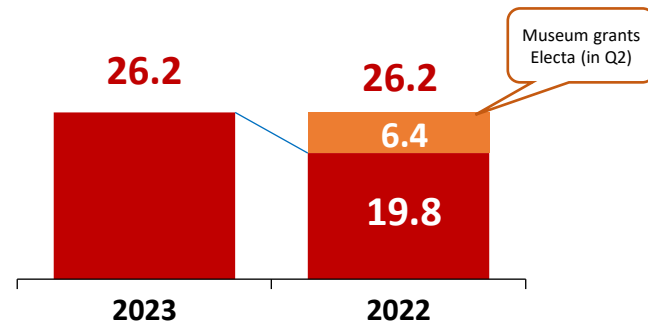
Electa +15.2%

Publishers +15.7%

Digital = 6.7% editorial revenues

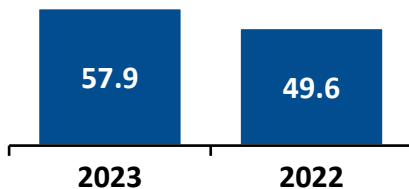
\* Net intercompany

EBITDA Adj. net of grants  
+6.4 € mn (+32%)



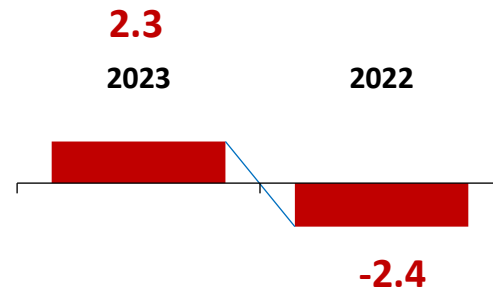
Revenues +16.8%

EDUCATION



Anticipation (timing) of supplies to management customers vs 1H22

EBITDA Adj. +4.7 € mn



ANNEXES

**Aree di Business 1H 2023**

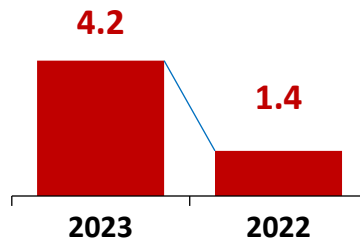
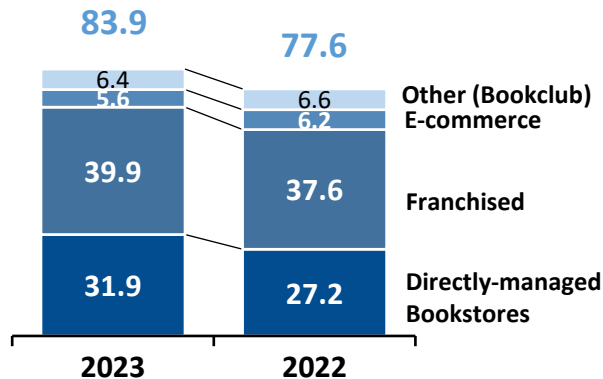
Books  
Retail  
Media

# Business 1H23 – Retail

€ mn

Revenues +8.1%

Adj. EBITDA +2.8 mn



**MONDADORI**  
RETAIL

## Book Market 1H 2023

Market

+2.7%

**MONDADORI**  
RETAIL

+8.5%

Market  
Share  
12.4%

-4.2%

ONLINE  
WEIGHT  
38.6%

-9.2%

ONLINE  
WEIGHT  
5.0%

+7.5%

PHYSICAL  
WEIGHT  
61.4%

+9.6%

PHYSICAL  
WEIGHT  
95.0%

Δ  
+2.1 pt

Source: internal estimate on GfK figures, Giu. 2023

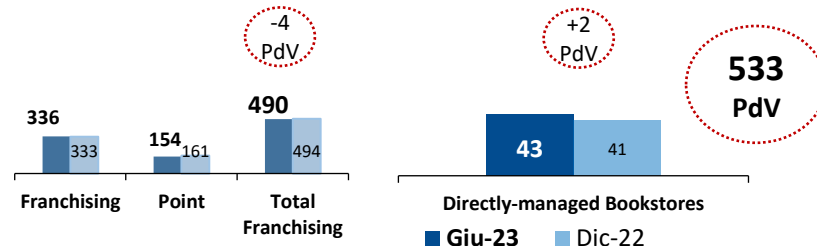
Revenues

- **Books (85% of store revenue):** revenue up by approximately 9%
- **Directly-managed PoS** reported a **sharp recovery in revenue** thanks to the development of the network: **+17.3%**
- **Franchised:** **+6.1%**
- **Online** dropped, in line with the market

Adj.  
EBITDA

**Adjusted EBITDA triplicated** thanks to the growth in revenue, the development of the physical store network and the continued cost containment.

## Network of Point of Sales: continuous rationalization activity



ANNEXES

**Aree di Business 1H 2023**

Books  
Retail  
**Media**

# Business 1H23 – Media

€ mn

## 2023 Magaz. Circulations Trend

-7.8%



2023

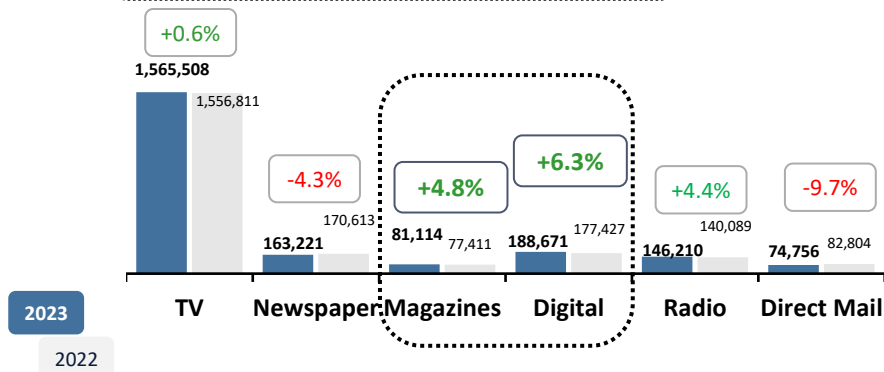
2022

20.5%

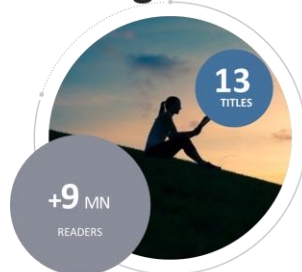
20.0%

## 2023 ADV Market

+1.3%



## Magazine



## Web



## Social



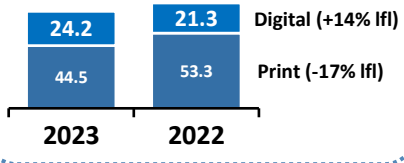
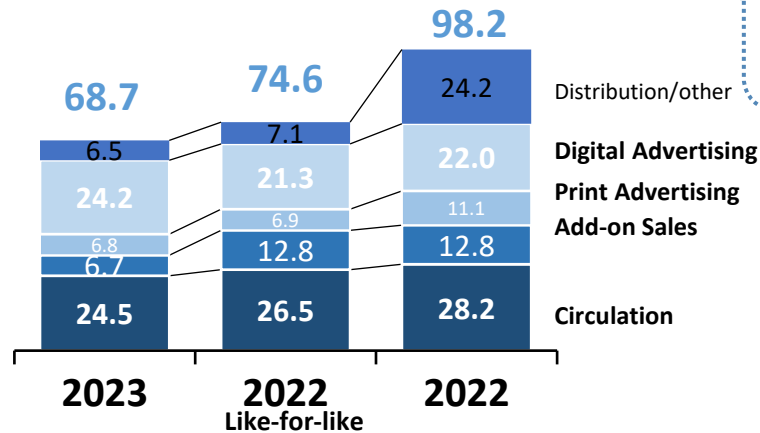
# Business 1H23 – Media

€ mn

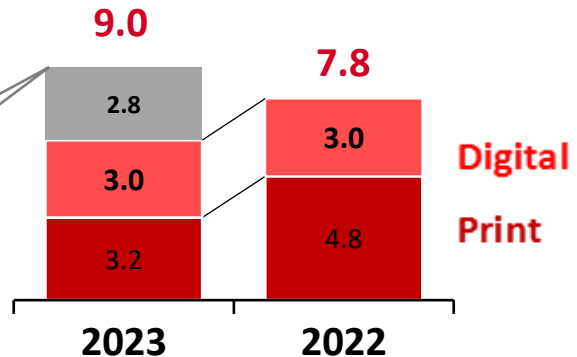
Revenues -30%, -8% lfl

35% digital  
revenues

EBITDA Adj. +1.2€ mn



Contribution of  
distribution  
activities



Revenues  
LFL

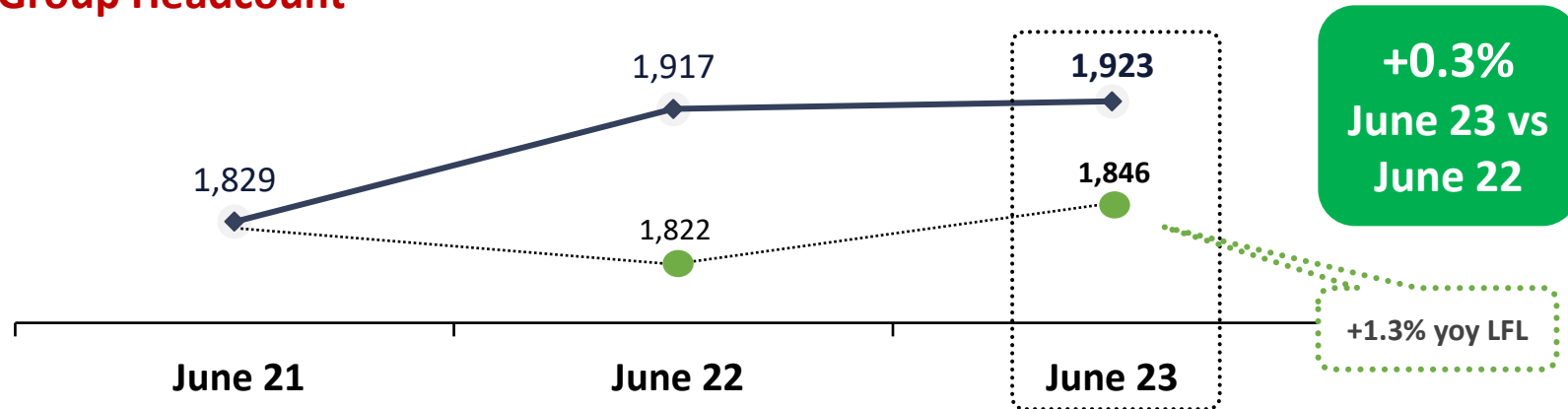
- **ADV revenue** increased by **10%** thanks to **increased digital activities**
- **Circulation revenue**: -7.6%, with a better performance of TV magazines and *Chi* (-6.7%)
- **Add-on Sales revenue**: -47.3%, due mainly to the reduction of musical products and Home Video
- **Others**: +8% due to the reduction of subscriptions

Adj.  
EBITDA

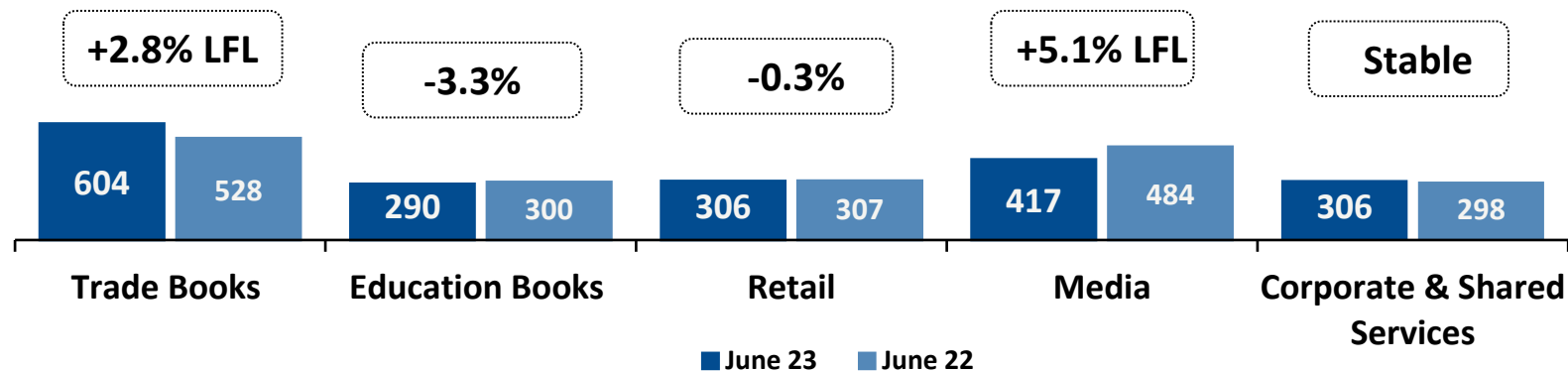
- Adj. EBITDA up by 16%, thanks to the Print performance**, despite higher paper costs and contraction of add-on sales margin, for:
- Grant for magazines distribution activity (€2.8 mn)
  - The continuing measures to **contain operating costs**

# Headcount Evolution 1H23

## Group Headcount



## Headcount by BU





# 1H 23 - Revenue and Adj. EBITDA by Business Area

## Revenues

(Euro/millions)	1H 2023	1H 2022	Chg. %
Trade Books	175,5	148,5	18,2 %
Education Books	57,9	49,6	16,8 %
Retail	83,9	77,6	8,1 %
Media	68,7	98,2	(30,1) %
Corporate & Shared Services	21,1	19,7	7,4 %
Intercompany	(44,7)	(38,4)	16,3 %
<b>Total Consolidated Revenues</b>	<b>362,4</b>	<b>355,1</b>	<b>2,1 %</b>

## Adj. EBITDA

(Euro/millions)	1H 2023	1H 2022	Var.
Trade Books	26,2	26,2	0,0
Education Books	2,3	(2,4)	4,7
Retail	4,2	1,4	2,8
Media	9,0	7,8	1,2
Corporate & Shared Services	(3,0)	(3,7)	0,7
Intercompany	(0,6)	(1,7)	1,1
<b>Total Adj. EBITDA</b>	<b>38,2</b>	<b>27,6</b>	<b>10,7</b>

Museum Grants  
€6.4 mn

Timing €3 mn

## 2Q 23 - Revenue and Adj. EBITDA by Business Area

### Revenues

(Euro/millions)	Q2 2023	Q2 2022	Chg. %
Trade Books	87,2	80,3	8,6 %
Education Books	49,4	40,6	21,7 %
Retail	42,2	40,4	4,5 %
Media	36,4	51,1	(28,9)%
Corporate & Shared Services	10,8	10,1	6,0 %
Intercompany	(23,5)	(20,5)	14,4 %
<b>Total Consolidated Revenues</b>	<b>202,4</b>	<b>202,0</b>	<b>0,2 %</b>

### Adj. EBITDA

(Euro/millions)	Q2 2023	Q2 2022	Var.
Trade Books	13,1	16,5	(3,5)
Education Books	14,0	9,4	4,7
Retail	2,5	1,0	1,5
Media	6,2	5,8	0,4
Corporate & Shared Services	(2,1)	(2,5)	0,5
Intercompany	0,1	(1,5)	1,6
<b>Total Adj. EBITDA</b>	<b>33,8</b>	<b>28,7</b>	<b>5,1</b>

Museum Grants  
€6.4 mn

## P&L 1H 2023

(Euro/millions)	1H 2023		1H 2022		Chg. %
<b>Revenue</b>	<b>362,4</b>		<b>355,1</b>		<b>2,1%</b>
Industrial product cost	113,7	31,4%	112,3	31,6%	1,2%
Variable product costs	45,1	12,4%	46,3	13,0%	(2,6%)
Other variable costs	64,0	17,7%	74,0	20,8%	(13,4%)
Structural costs	29,7	8,2%	29,3	8,2%	1,6%
Extended labour cost	72,5	20,0%	73,7	20,8%	(1,7%)
Other expense (income)	(0,9)	(0,2%)	(8,0)	(2,3%)	n.s.
<b>Adjusted EBITDA</b>	<b>38,2</b>	<b>10,6%</b>	<b>27,6</b>	<b>7,8%</b>	<b>38,8%</b>
Restructuring costs	0,3	0,1%	0,5	0,1%	(42,0%)
Extraordinary expense (income)	(2,4)	(0,7%)	0,3	0,1%	n.s.
<b>EBITDA</b>	<b>40,3</b>	<b>11,1%</b>	<b>26,8</b>	<b>7,5%</b>	<b>50,8%</b>
Amortization and depreciation	19,1	5,3%	16,5	4,7%	15,3%
Amortization and depreciation IFRS 16	7,3	2,0%	7,0	2,0%	4,8%
<b>EBIT</b>	<b>14,0</b>	<b>3,9%</b>	<b>3,2</b>	<b>0,9%</b>	<b>333,0%</b>
Financial expense (income)	2,5	0,7%	1,8	0,5%	42,5%
Financial expense IFRS 16	1,0	0,3%	1,1	0,3%	(14,5%)
Financial expense (income) from securities valuation	(1,8)	(0,5%)	(0,1)	0,0%	n.s.
<b>EBT</b>	<b>12,3</b>	<b>3,4%</b>	<b>0,5</b>	<b>0,1%</b>	<b>n.s.</b>
Tax expense (income)	(0,1)	0,0%	(1,8)	(0,5%)	n.s.
Minorities	0,1	0,0%	(0,6)	(0,2%)	n.s.
<b>Group net result</b>	<b>12,2</b>	<b>3,4%</b>	<b>2,8</b>	<b>0,8%</b>	<b>337,6%</b>

Extended Labour Cost includes costs related to collaborations and agency work.

## P&L 2Q 2023

(Euro/millions)	Q2 2023		Q2 2022		Var. %
<b>Revenue</b>	<b>202,4</b>		<b>202,0</b>		<b>0,2%</b>
Industrial product cost	57,5	28,4%	62,6	31,0%	(8,2%)
Variable product costs	24,1	11,9%	24,9	12,3%	(3,2%)
Other variable costs	35,0	17,3%	39,8	19,7%	(12,0%)
Structural costs	15,3	7,6%	16,7	8,3%	(8,4%)
Extended labour cost	36,5	18,0%	37,0	18,3%	(1,4%)
Other expense (income)	0,2	0,1%	(7,6)	(3,8%)	n.s.
<b>Adjusted EBITDA</b>	<b>33,8</b>	<b>16,7%</b>	<b>28,6</b>	<b>14,2%</b>	<b>18,1%</b>
Restructuring costs	0,1	0,0%	0,3	0,2%	(74,5%)
Extraordinary expense (income)	(1,9)	(0,9%)	0,9	0,5%	n.s.
<b>EBITDA</b>	<b>35,7</b>	<b>17,6%</b>	<b>27,4</b>	<b>13,6%</b>	<b>30,0%</b>
Amortization and depreciation	9,9	4,9%	8,5	4,2%	16,3%
Amortization and depreciation IFRS 16	3,6	1,8%	3,5	1,7%	3,4%
<b>EBIT</b>	<b>22,2</b>	<b>11,0%</b>	<b>15,5</b>	<b>7,6%</b>	<b>43,6%</b>
Financial expense (income)	1,7	0,8%	1,0	0,5%	75,2%
Financial expense IFRS 16	0,6	0,3%	0,5	0,3%	4,7%
Financial expense (income) from securities valuation	(1,2)	(0,6%)	(1,0)	(0,5%)	n.s.
<b>EBT</b>	<b>21,1</b>	<b>10,4%</b>	<b>14,9</b>	<b>7,4%</b>	<b>41,8%</b>
Tax expense (income)	3,5	1,7%	1,3	0,6%	n.s.
Minorities	0,2	0,1%	(0,6)	(0,3%)	n.s.
<b>Group net result</b>	<b>17,4</b>	<b>8,6%</b>	<b>14,2</b>	<b>7,0%</b>	<b>22,8%</b>

Extended Labour Cost includes costs related to collaborations and agency work.

# Balance Sheet 1H2023

## Balance Sheet 1H2023

(Euro/millions)	1H 2023	1H 2022	% chg.
Trade receivables	158,6	142,0	11,6 %
Inventory	177,1	158,7	11,6 %
Trade payables	229,9	206,9	11,1 %
Other assets (liabilities)	(9,4)	4,9	n.s.
<b>Net working capital continuing operations</b>	<b>96,4</b>	<b>98,8</b>	<b>(2,4)%</b>
Discontinued or discontinuing assets (liabilities)	—	(1,7)	(100,0)%
<b>Net Working Capital</b>	<b>96,4</b>	<b>97,1</b>	<b>(0,8)%</b>
Intangible assets	386,1	352,0	9,7 %
Property, plant and equipment	31,4	16,4	92,0 %
Investments	14,0	27,9	(49,9)%
<b>Net fixed assets with no rights of use IFRS 16</b>	<b>431,5</b>	<b>396,3</b>	<b>8,9 %</b>
Assets from right of use IFRS 16	67,1	75,2	(10,7)%
<b>Net fixed assets with rights of use IFRS 16</b>	<b>498,7</b>	<b>471,5</b>	<b>5,8 %</b>
Provisions for risks	40,5	45,4	(10,9)%
Post-employment benefits	28,4	28,5	(0,1)%
<b>Provisions</b>	<b>68,9</b>	<b>73,9</b>	<b>(6,7)%</b>
<b>Net invested capital</b>	<b>526,1</b>	<b>494,7</b>	<b>6,3 %</b>
Share capital	68,0	68,0	— %
Reserves	159,7	137,0	16,6 %
Profit (loss) for the period	12,2	2,8	337,3 %
<b>Group equity</b>	<b>239,9</b>	<b>207,7</b>	<b>15,5 %</b>
Non-controlling interests' equity	0,7	1,9	(61,1)%
<b>Equity</b>	<b>240,6</b>	<b>209,6</b>	<b>14,8 %</b>
Net financial position no IFRS 16	215,2	205,8	4,6 %
Net financial position IFRS 16	70,3	79,3	(11,4)%
<b>Net financial position</b>	<b>285,5</b>	<b>285,1</b>	<b>0,1 %</b>
<b>Sources</b>	<b>526,1</b>	<b>494,7</b>	<b>6,3 %</b>

# Cash Flow LTM June 2023

## Cash Flow LTM June 2023

(Euro/millions)	LTM 2023	FY 2022
<b>Initial NFP IFRS 16</b>	<b>(285,1)</b>	<b>(179,1)</b>
Financial liabilities application of IFRS 16	(79,3)	(84,3)
<b>Initial NFP No IFRS 16</b>	<b>(205,8)</b>	<b>(94,8)</b>
Adjusted EBITDA (No IFRS 16)	131,1	120,9
NWC and provisions	(4,9)	6,3
CAPEX no IFRS 16	(40,5)	(41,7)
<b>Cash flow from operations</b>	<b>85,7</b>	<b>85,5</b>
Financial income (expense) no ifrs 16	(4,7)	(4,1)
Tax	(17,5)	(21,6)
<b>Cash flow from ordinary operations</b>	<b>63,6</b>	<b>59,7</b>
Restructuring costs	(4,7)	(8,8)
Share capital increase/dividends from associates	(2,9)	(1,0)
M&A	(31,1)	(42,6)
Other income and expenditure	(9,1)	(7,3)
<b>Cash Flow from extraordinary operations</b>	<b>(47,8)</b>	<b>(59,6)</b>
<b>Free cash flow</b>	<b>15,8</b>	<b>0,2</b>
Dividends	(28,7)	(22,2)
<b>Tot. cash flow</b>	<b>(12,9)</b>	<b>(11,5)</b>
<b>Net financial position no IFRS 16</b>	<b>(215,2)</b>	<b>(106,0)</b>
IFRS Effects in the period	9,0	13,1
<b>Final net financial position</b>	<b>(285,8)</b>	<b>(177,4)</b>

# 2022 Restatement

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## Revenue

	1Q 22	1H 22	9M 22	FY 22
Trade Books	68.2	148.5	234.6	345.8
Education Books	9.0	49.6	213.7	237.3
Retail	37.2	77.6	126.0	189.2
Media	47.1	98.2	135.3	177.8
Corporate & Shared Services	9.5	19.7	29.6	41.5
<i>Intercompany</i>	<i>(17.9)</i>	<i>(38.4)</i>	<i>(61.0)</i>	<i>(88.6)</i>
<b>Total</b>	<b>153.1</b>	<b>355.1</b>	<b>678.2</b>	<b>903.0</b>

## Adj. EBITDA

	1Q 22	1H 22	9M 22	FY 22
Trade Books	9.7	26.2	39.8	55.0
Education Books	(11.7)	(2.4)	68.1	63.5
Retail	0.3	1.4	4.1	9.1
Media	2.0	7.8	9.3	14.1
Corporate & Shared Services	(1.2)	(3.7)	(4.0)	(5.4)
<i>Intercompany</i>	<i>(0.2)</i>	<i>(1.7)</i>	<i>(1.8)</i>	-
<b>Total</b>	<b>(1.1)</b>	<b>27.6</b>	<b>115.5</b>	<b>136.3</b>

▶ **EBITDA**

is equal to net results before interest, tax, depreciation and amortization.

▶ **Adjusted EBITDA**

is EBITDA, 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).

▶ **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.

▶ **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

▶ **Free Cash Flow**

the sum of cash flow from ordinary and non-ordinary operations in the reporting period (excluding payment of dividends, if any).





## Investor Relations

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