

Italian Excellences 2023

Investors Presentation

Antonio Porro – CEO

Alessandro Franzosi – CFO

Paris, October 10th, 2023

Mondadori Group in a nutshell – FY 2022

€ mn

Area

% 2022 Revenue

Revenue

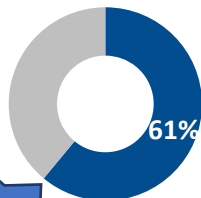
% 2022 Adj. EBITDA

Adj. EBITDA



**MONDADORI
LIBRI**

Book
> 80%

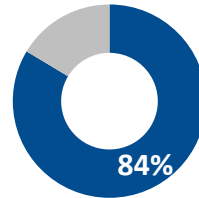
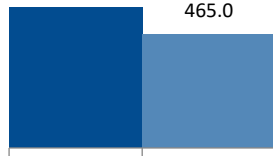


576.2

465.0

2022

2021

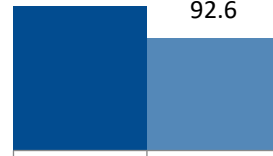


118.5

92.6

2022

2021

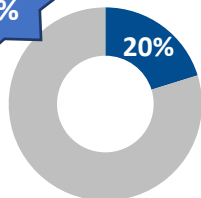


EBITDA Margin = 21%



**MONDADORI
RETAIL**

20%

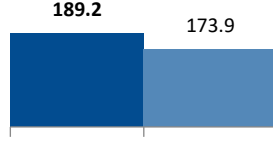


189.2

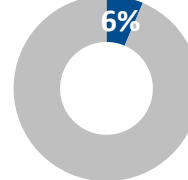
173.9

2022

2021



6%

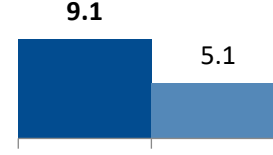


9.1

5.1

2022

2021



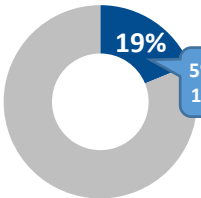
EBITDA Margin = 5%



**MONDADORI
MEDIA**

19%

5% Digital
14% Print

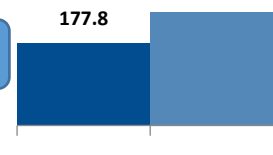


177.8

206.6

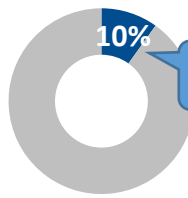
2022

2021



10%

7% Digital
3% Print

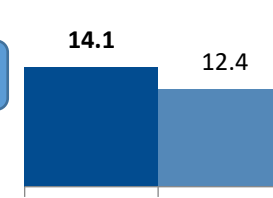


14.1

12.4

2022

2021

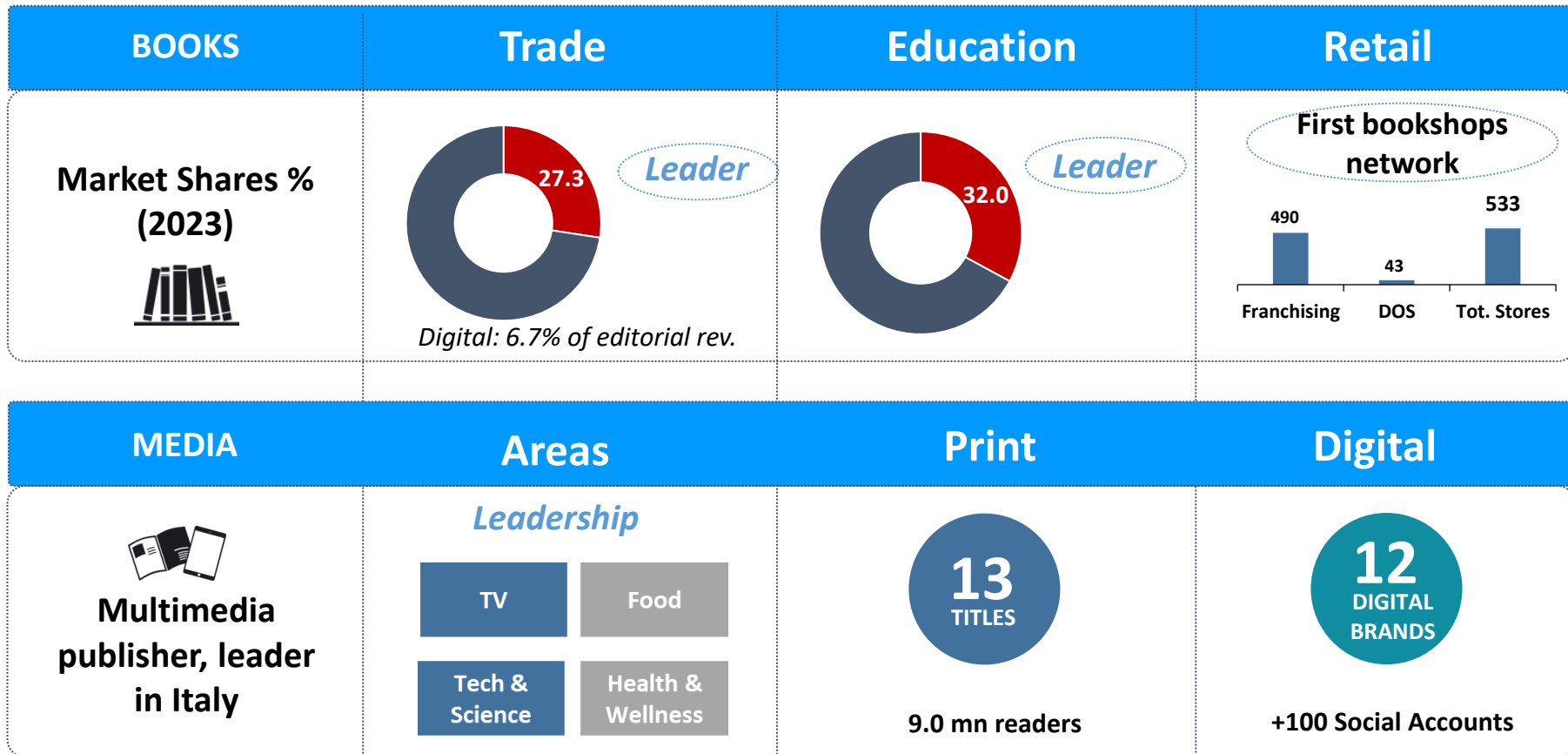


EBITDA Margin = 8%

Group

15.1%

Mondadori Group in a nutshell – Our positioning



AGENDA

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

Mondadori Group – Key Investment Proposition



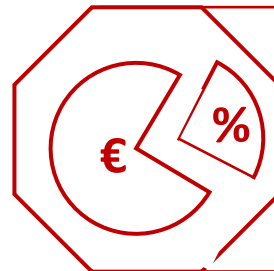
**1. Almost a
«pure» Book
player**



**2. Continued
profitability
improvement**



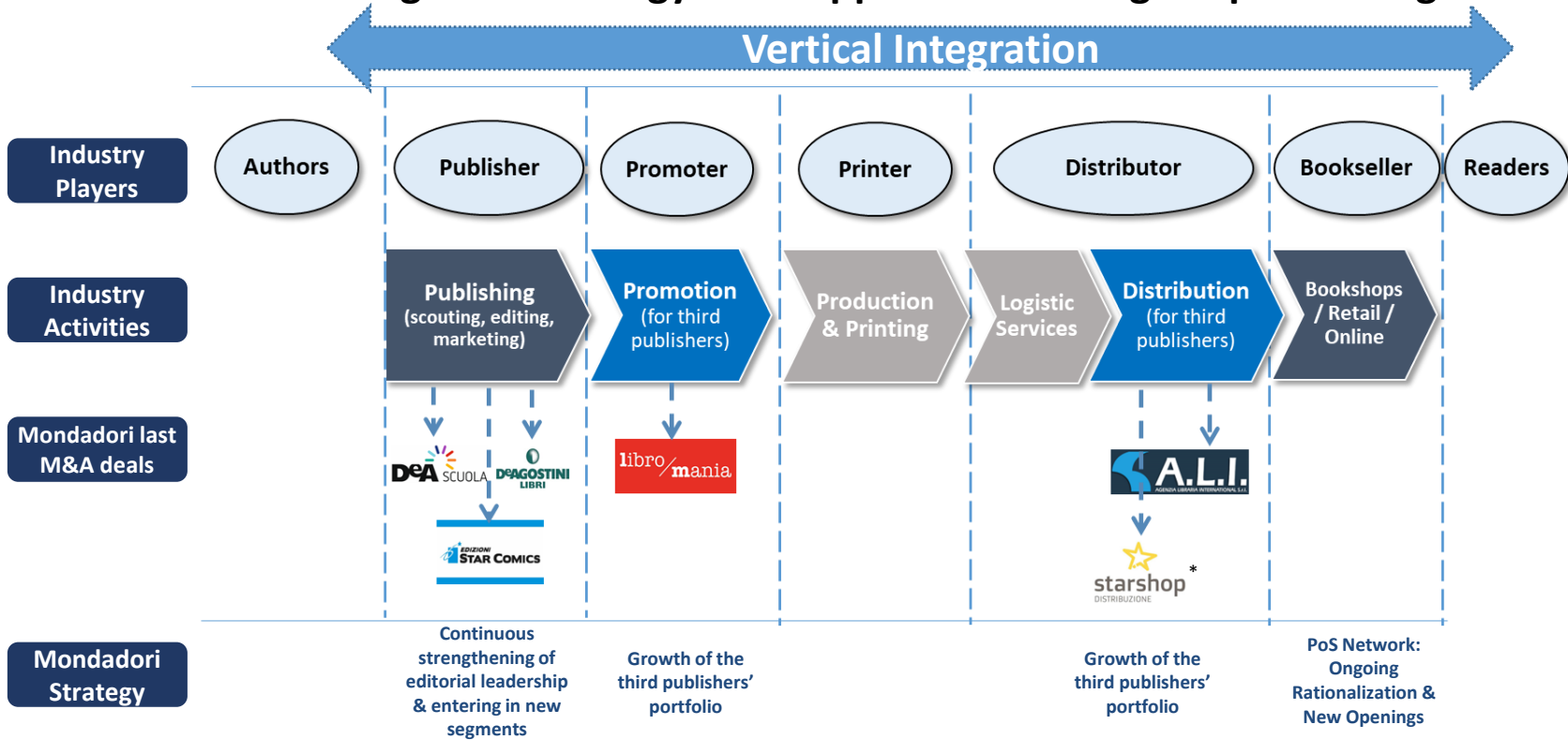
**3. Strong &
Steady Cash
Generation**



**4. A sound
Dividend Policy**

1. Almost a «pure» Book player

Thanks to a strong M&A strategy that supported a strategic repositioning....



* Currently under Antitrust Authority investigation

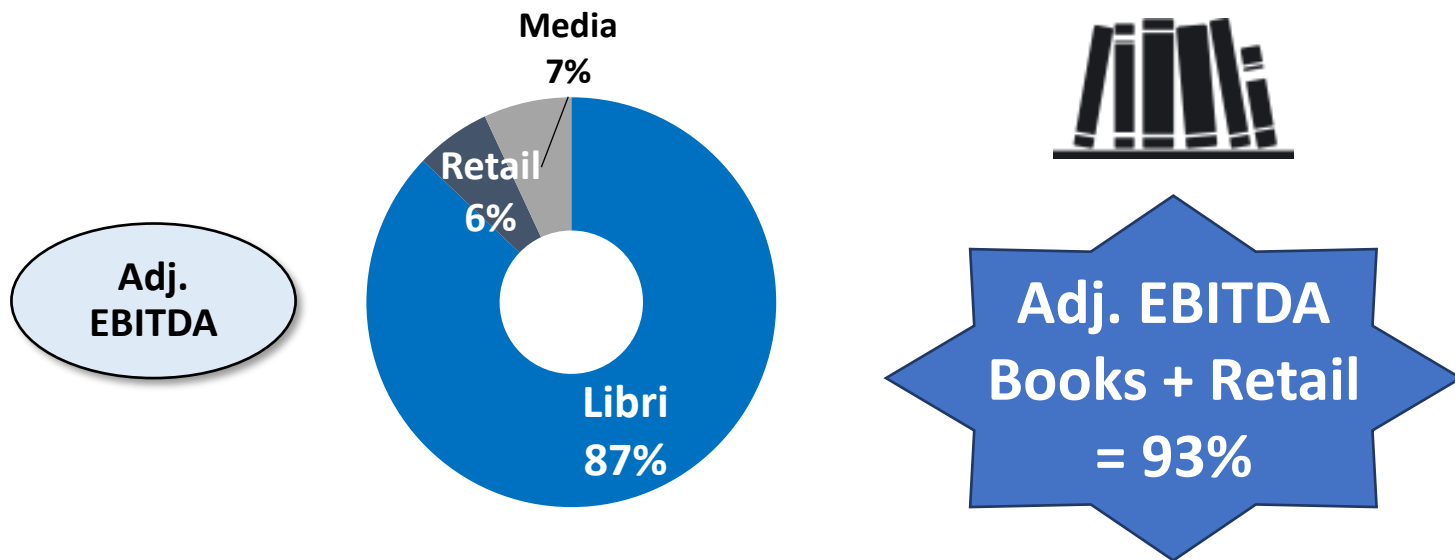
1. Almost a «pure» Book player

€ mn

... the Group is increasingly focusing on Books

The “new Mondadori”

2023E (IFRS16) incl. M&A*



* Incl. fully 12-months consolidation of STAR COMICS and A.L.I.

2. Continued profitability improvement

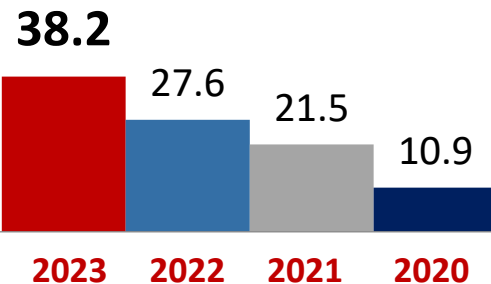
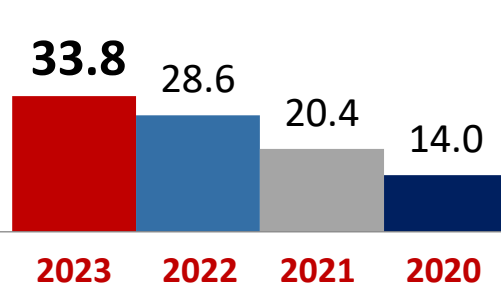
€ mn

2Q

1H

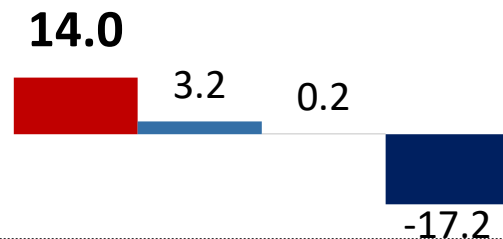
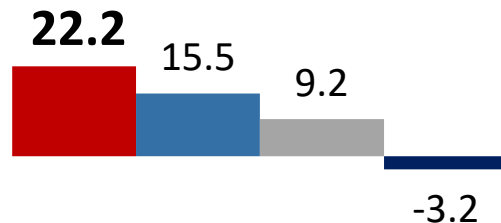
Adj EBITDA

EBITDA
margin



10.4% 7.8% 6.7% 3.8%

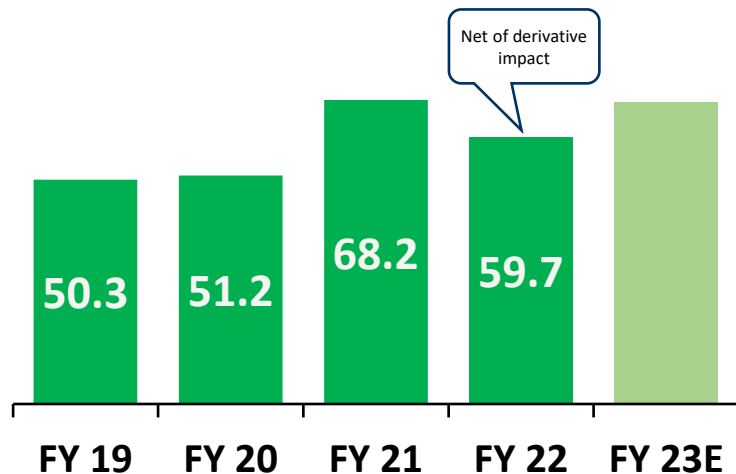
EBIT



3. Strong Cash Flow & Balance Sheet

€ mn

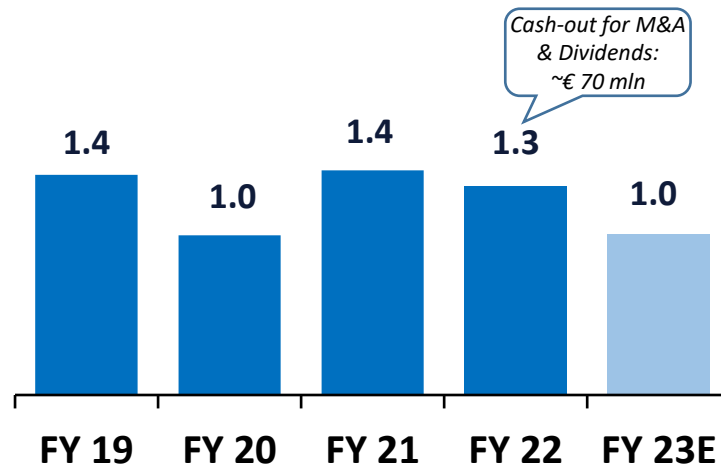
Ordinary Cash Flow



Over 50% Average Cash Conversion*

46% 52% 65% 44%

Net Debt to EBITDA



*Pro-forma post D
Scuola acquisition
(cash-out €131 mln)*

* OCF / Adj. EBITDA (IFRS16)

4. Capital Allocation Strategy

Capital Allocation Strategy & Value Proposition - active investment policy and steady return on capital

*Invest in the
business*

- **Organic growth and core business consolidation focused on Book:**

- ✓ Content and digital platform development in school textbook publishing
- ✓ Selective strengthening of the DOS in the Retail network

- **M&A (Focus on Books)**

- ✓ Pursuit of opportunities in Book publishing segments still untapped by the Group (editorial strengthening) and in the Digital business
- ✓ Pursuit of vertical integration

- **Sustainable *Dividend Policy* \geq 40% Ordinary Cash Flow**

(floor = previous year DPS)

DPS 2022 = € 11 cents - Dividend Yield 23E > 5%)

*Value
enhancing
acquisitions*

*Return to
Shareholders*



AGENDA

- 1. Latest Highlights**
2. Results 1H 2023
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Trade Books Market – 2023

9M 2023

+2.3%

+2.2%

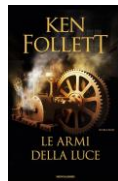
**Mkt Share
27.3%**

Last week
(week 39)

+6.6%

+15.8%

Launch of the
new Bestseller



Market

1H 2023



1H
2023 2022

+2.7%

Hardcover (84%)

Flat
volume

Paperback (16%)

+2.9%

+1.7%



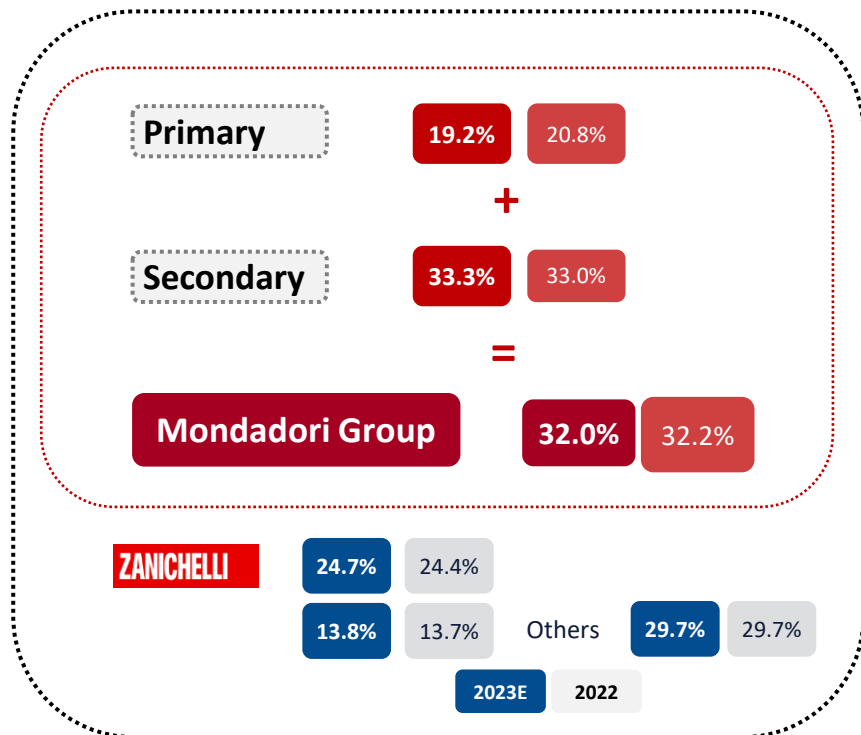
1H
2023 2022

+5.7%

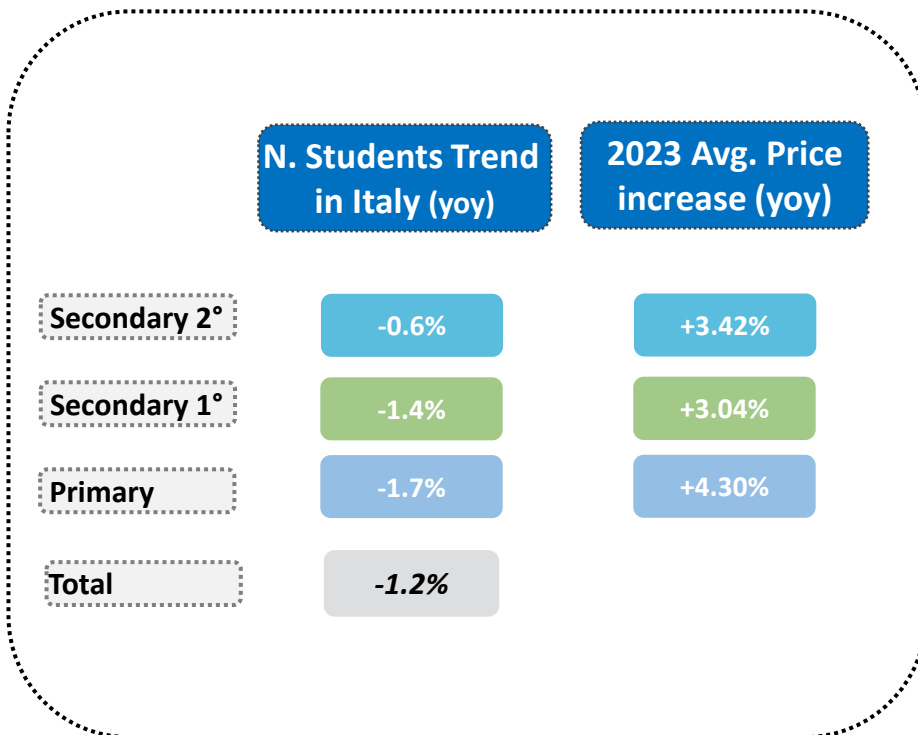
+0.7%
volume
effect

Education Books Market – 2023

Expected Market Shares



Trend in Volume/Price



AGENDA

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Highlights 1H23 – Executive Summary



- ***Steady improvement of economic and financial performance***
- ***Solid capital structure***

- 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)



Continuation of the development strategy and strengthening of the core business

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

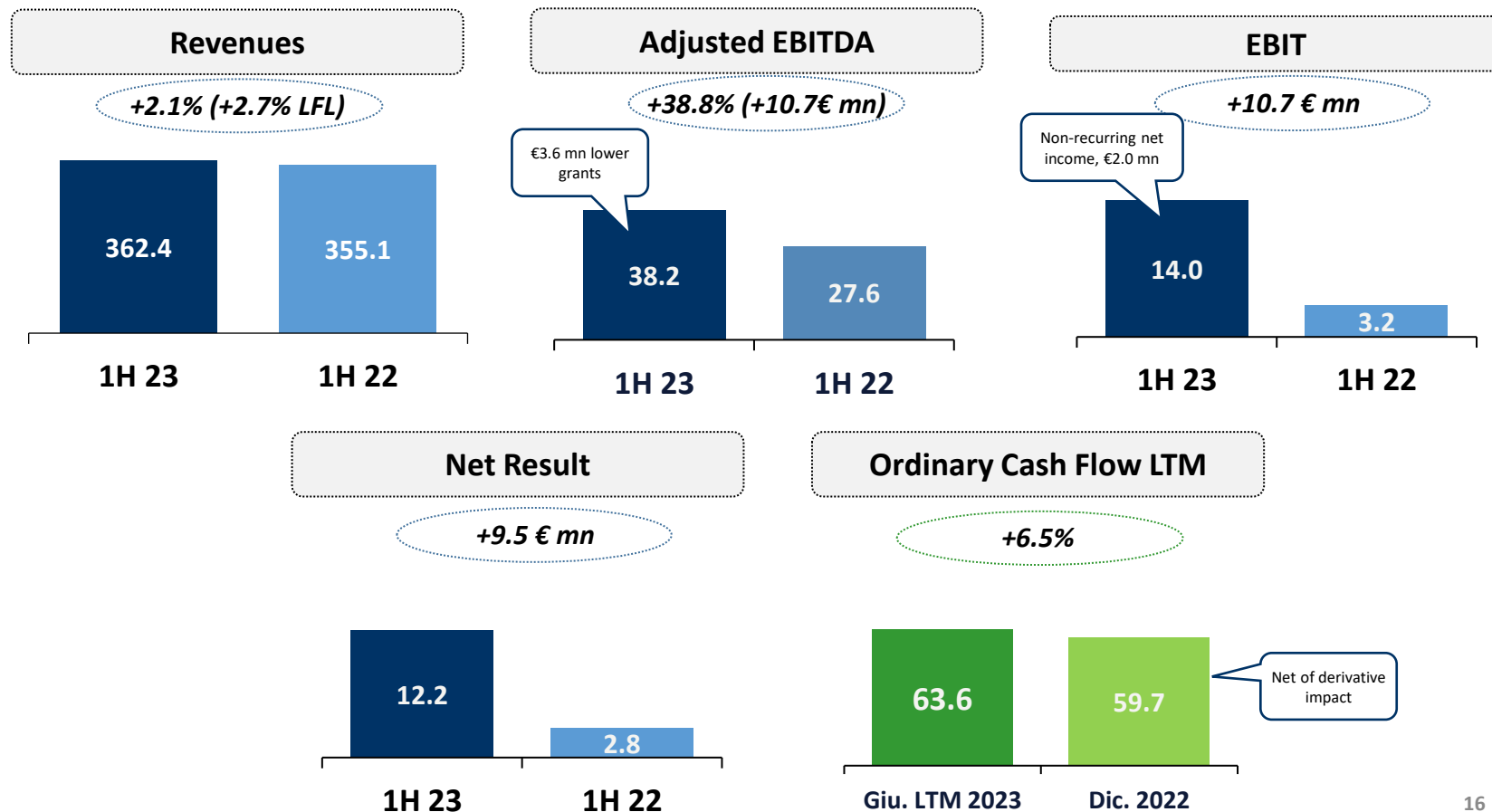


Guidance 2023 - Upward Revision

Improved economic and financial outlook

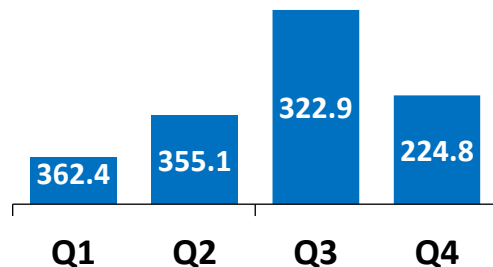
Highlights – 1H23

€ mn



Business Seasonality (2022)

Revenue



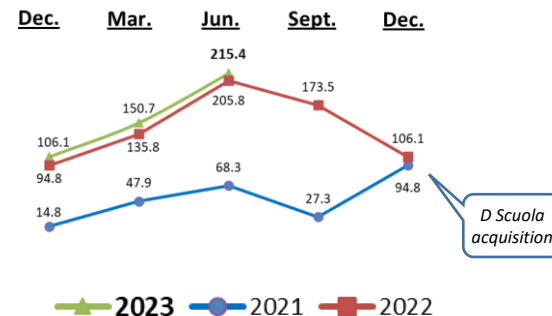
In Q3 50% top-line coming from Education which in this quarter generates 2/3 of yearly revenue

Adjusted EBITDA



In Q3 € 70.5 mn coming from Education which in this quarter generates 110% of yearly EBITDA

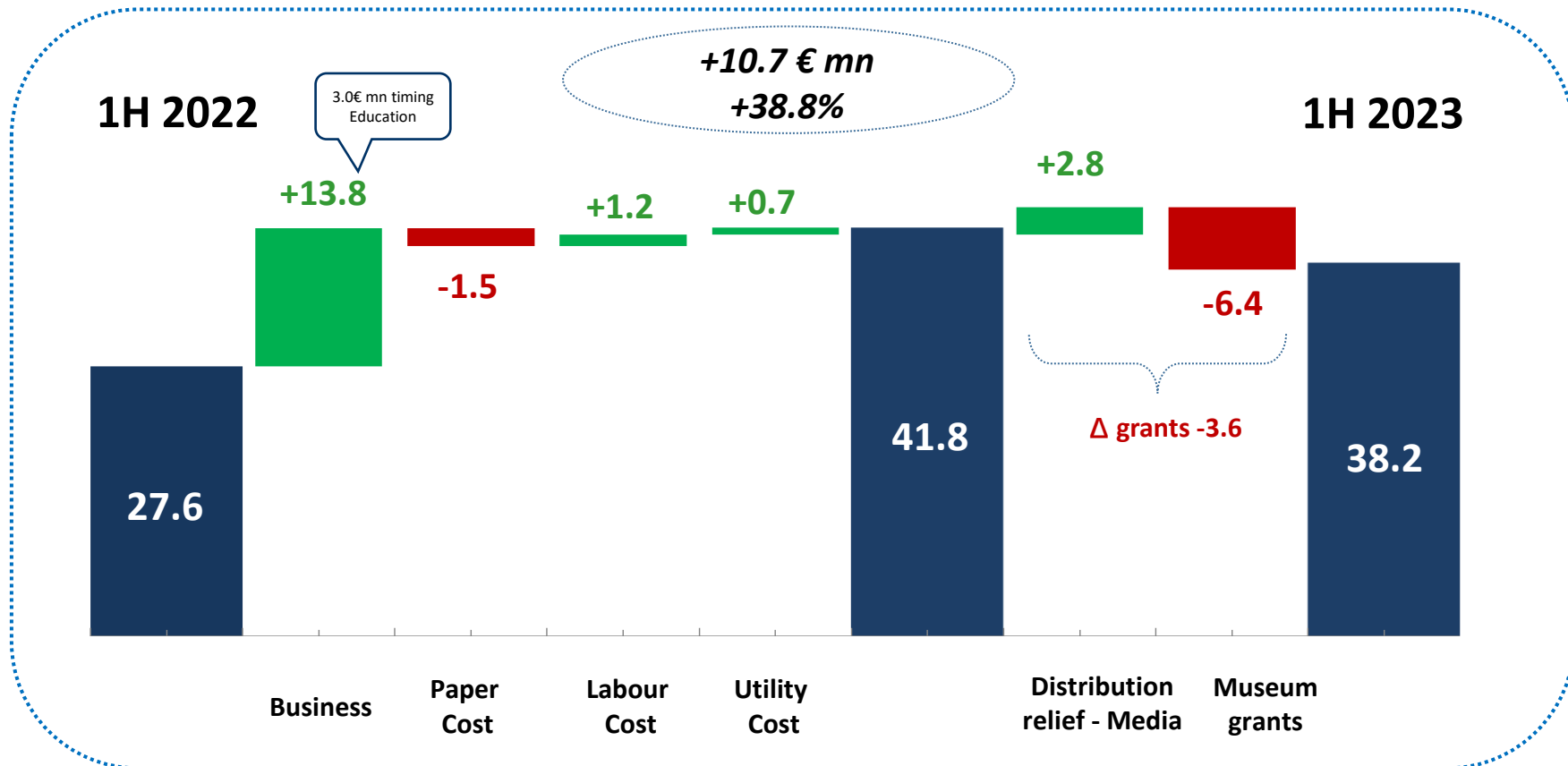
Net Financial Position



Q3 & Q4 each generate approx. FY Ordinary Cash Flow Generation

Adjusted EBITDA – 1H 23

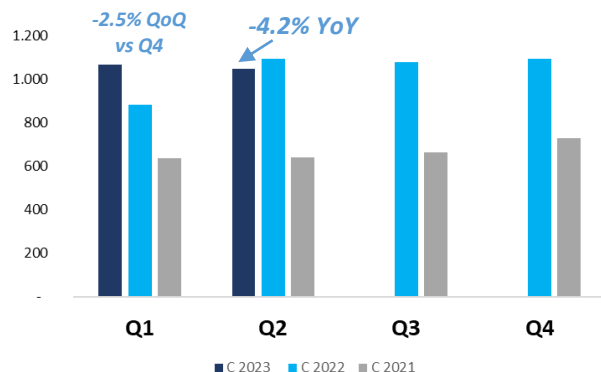
€ mn



Paper Cost Trend – 1H23

Purchased value (€ mn)

CMP (€/ton)

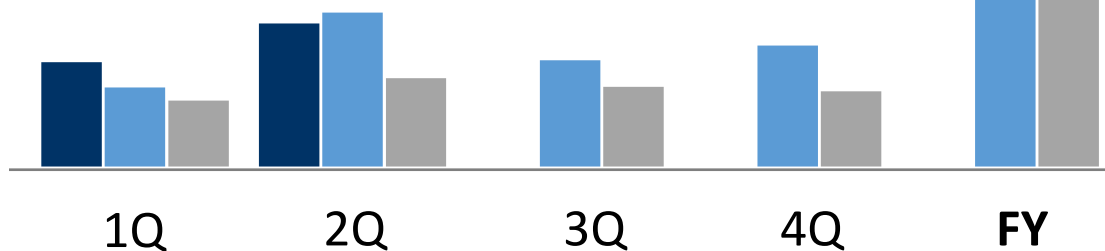


+45% lfl

57.8

37.6

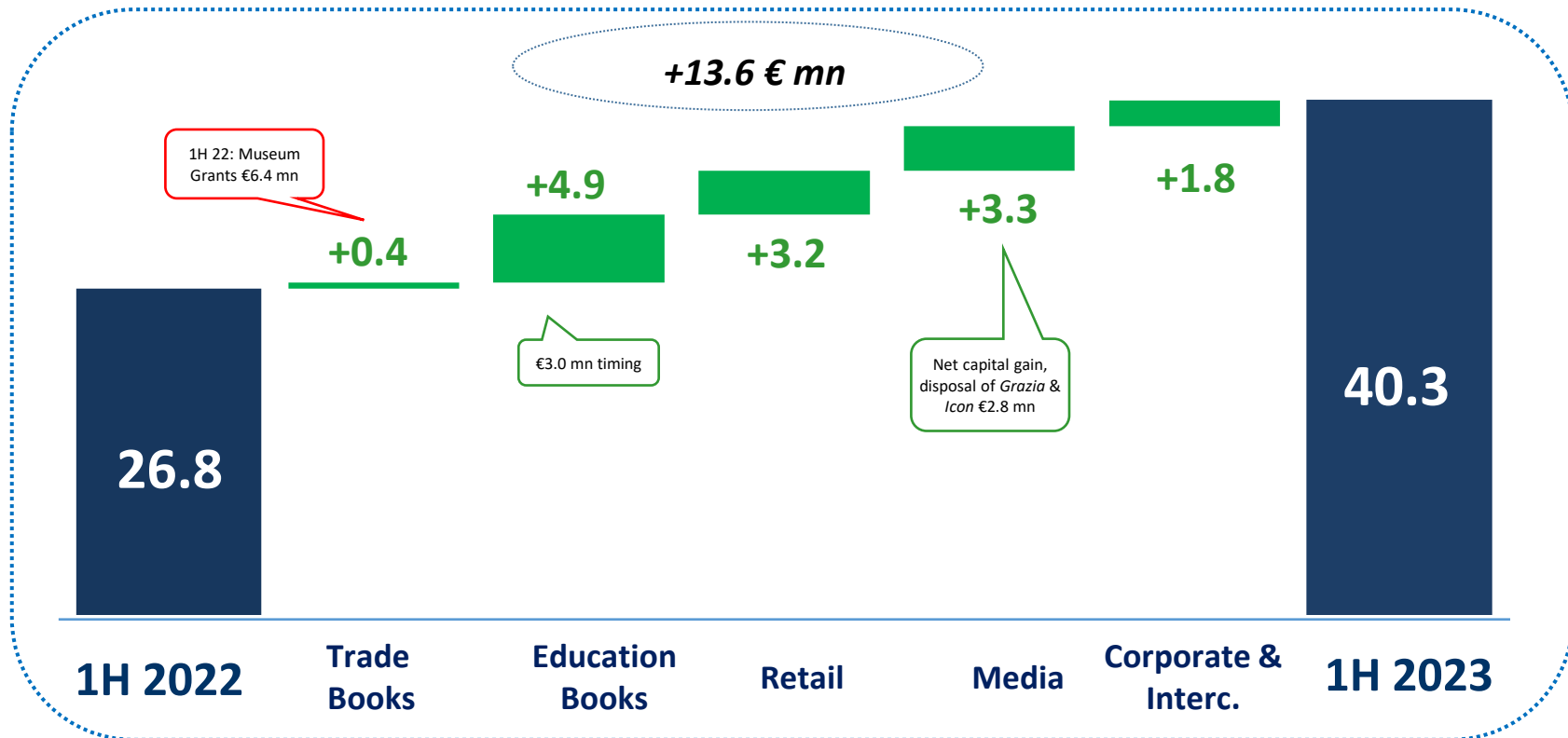
- +20.1 mn**
(+16.6 mn excl. D Scuola)
- +23.3 mn price effect
 - -3.2 mn volume effect



EBITDA reported by Business Area – 1H 23

€ mn

Improvement across all business areas

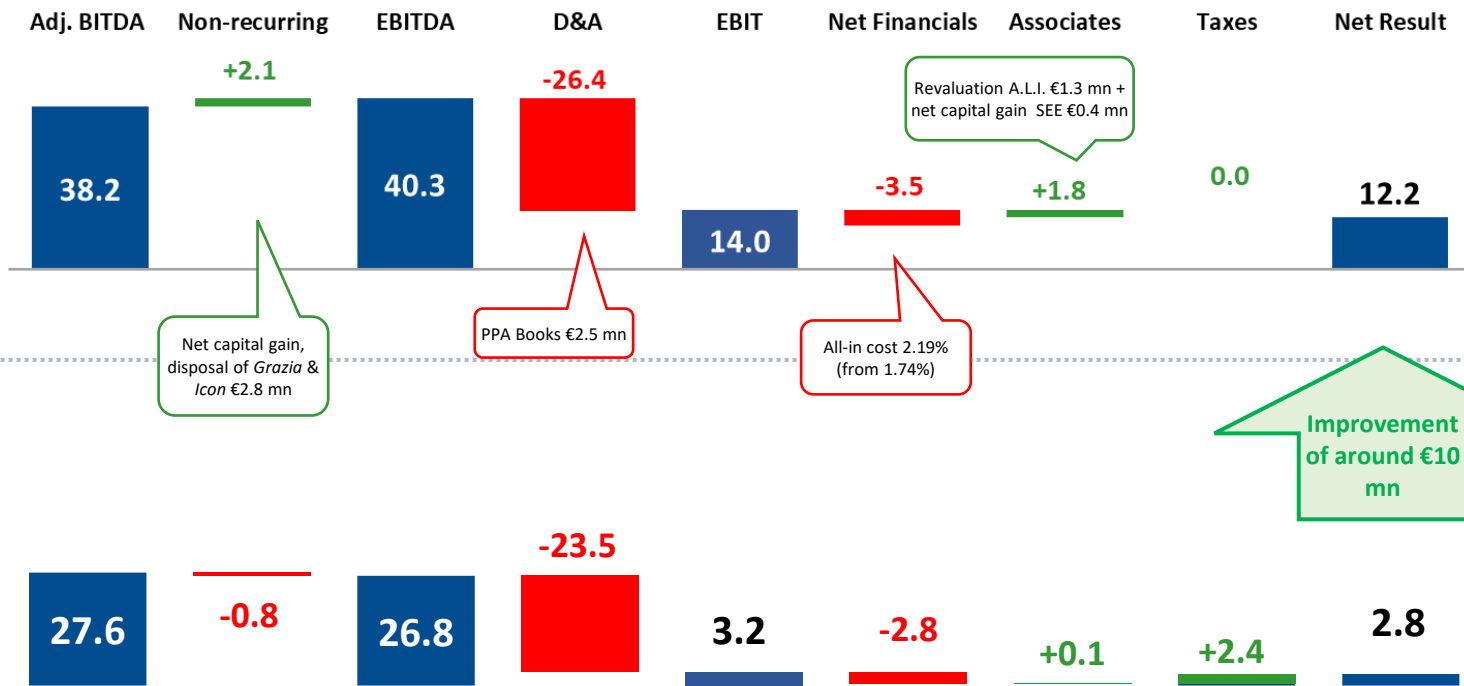


From EBITDA to Net Result 1H23

€ mn

1H 2023

1H 2022

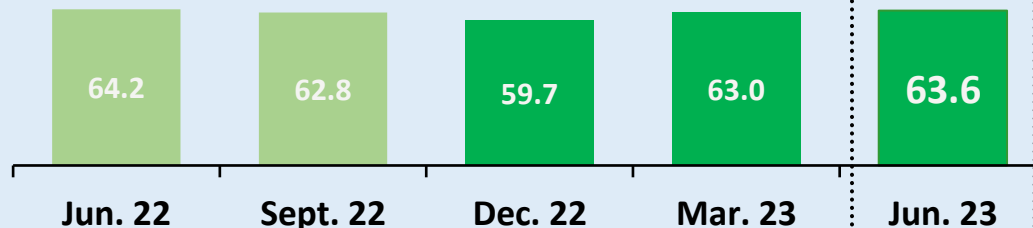


A solid financial structure...

€ mn

Strong business cash generation confirmed

**LTM
Ordinary
Cash Flow**



Overall perimeter
Without D Scuola

Net of derivatives revaluation (to cover interest rates)

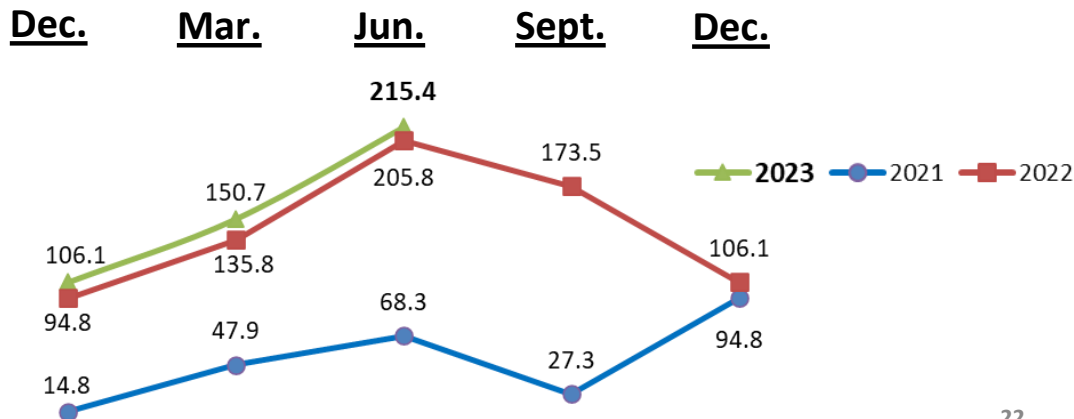
**Net Debt 1H
Seasonality**

+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

Free Cash Flow
+15.8

NFP
30 Jun.
2022

Adj.
EBITDA*

NWC and
provisions

CAPEX

Financial
charges*

Taxes

Restructuring
charges

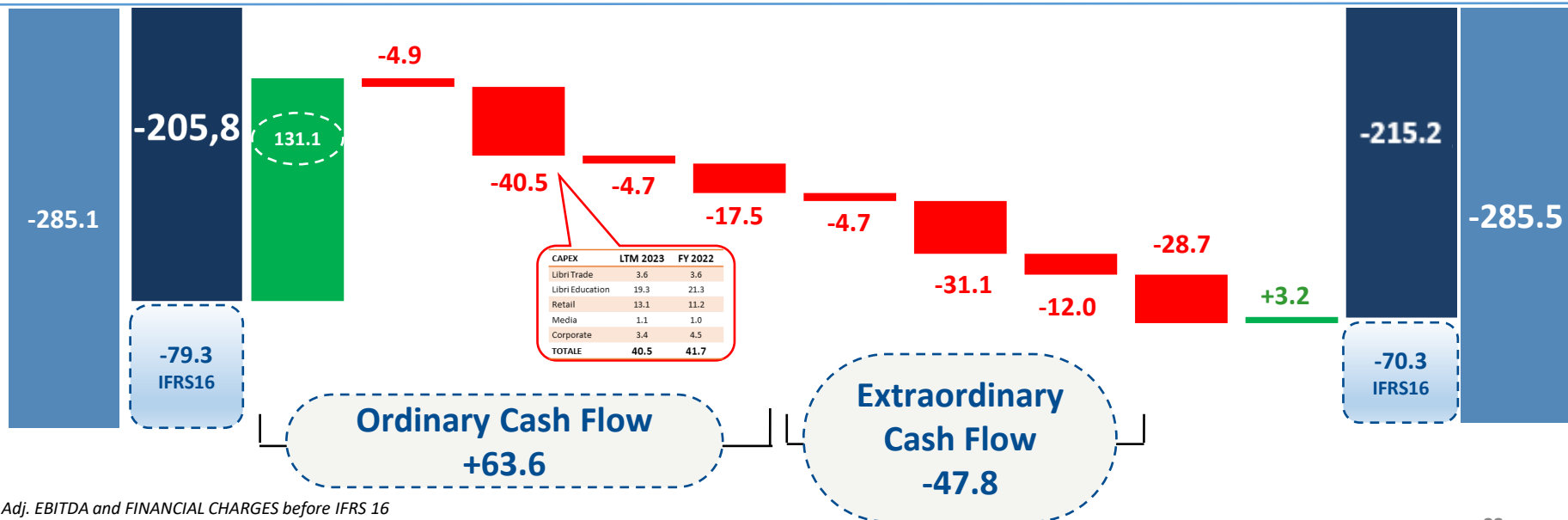
Acquisitions/
Disposals

Others**

Dividends

Change in
derivatives
valuation

NFP
30 Jun.
2023



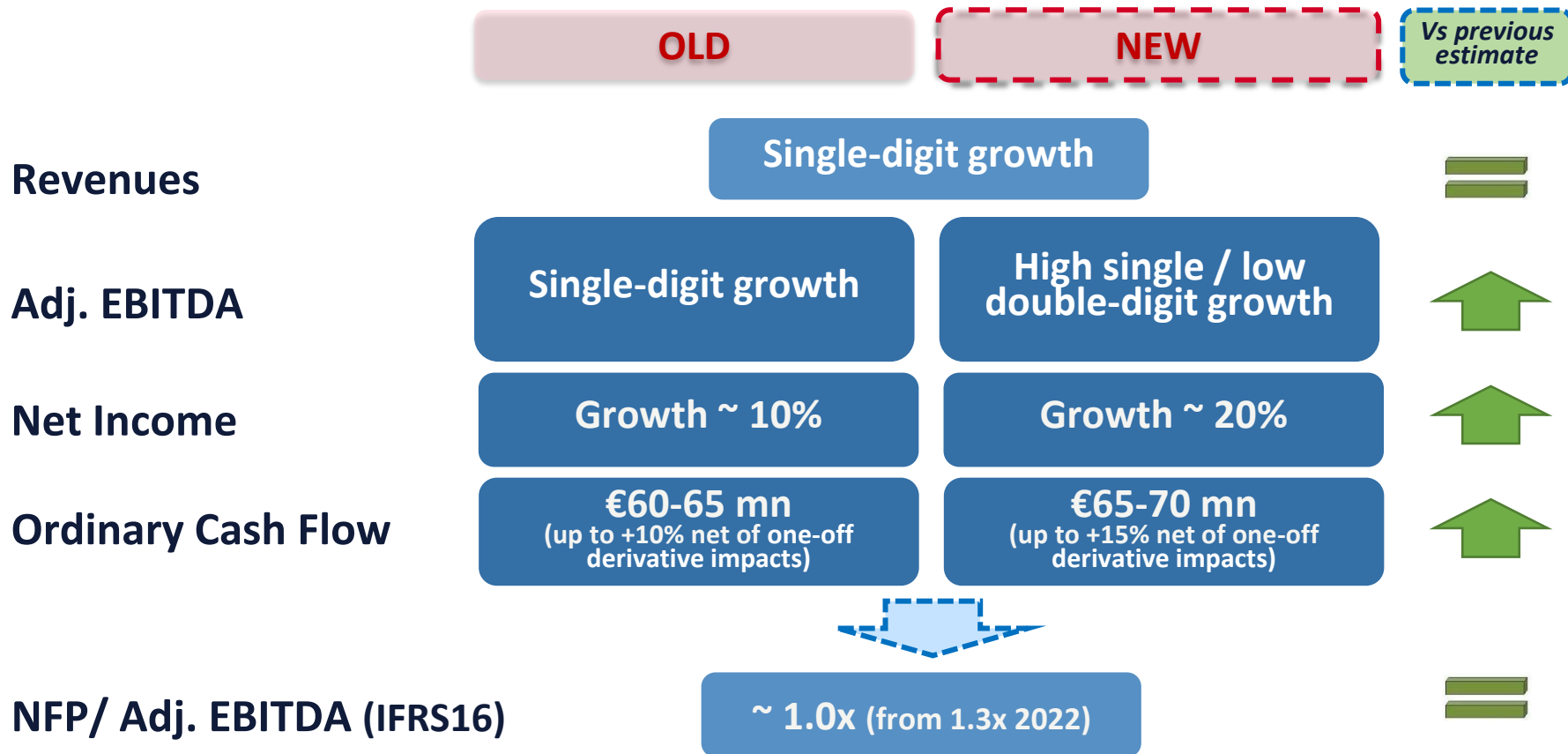
* Adj. EBITDA and FINANCIAL CHARGES before IFRS 16

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

AGENDA

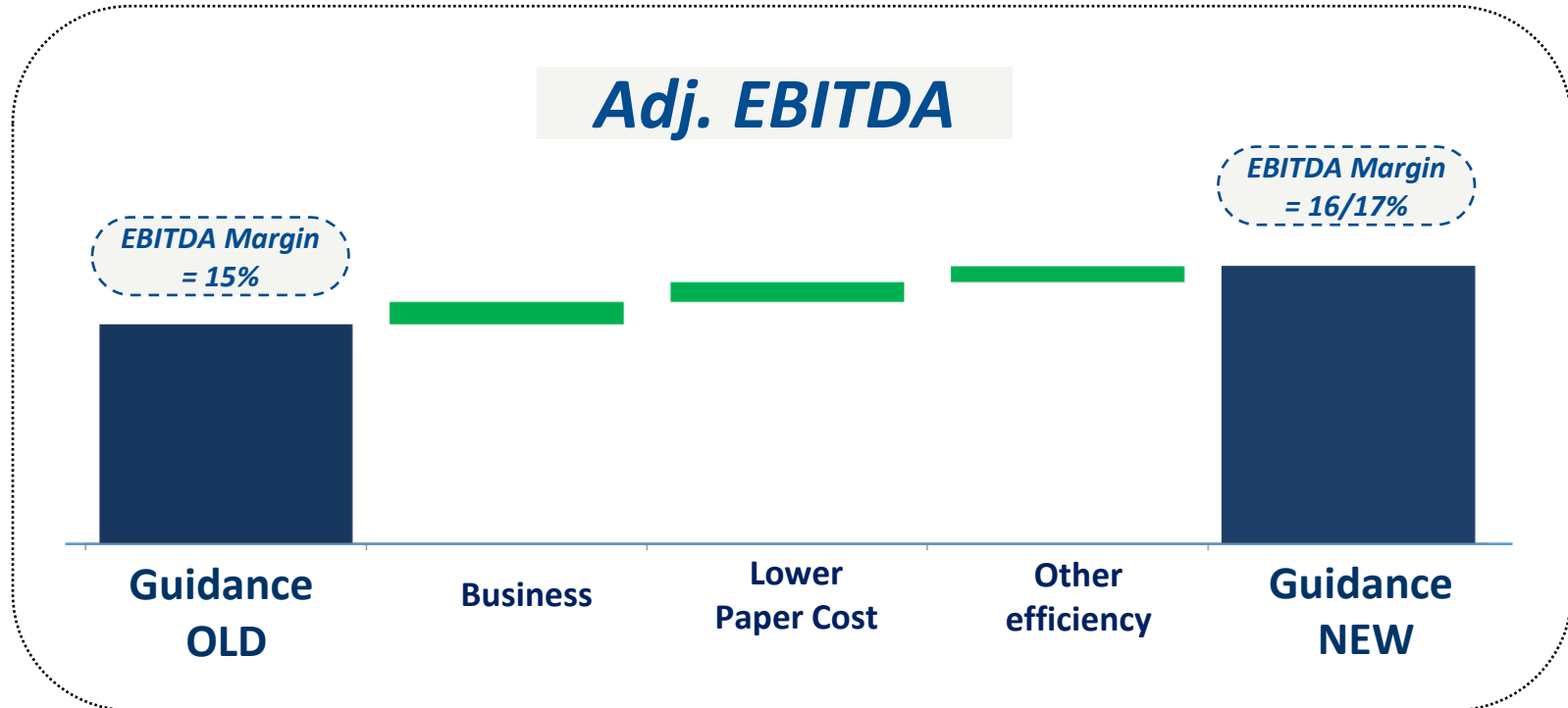
1. Latest Highlights
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Outlook **FY23** – Improved Guidance



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

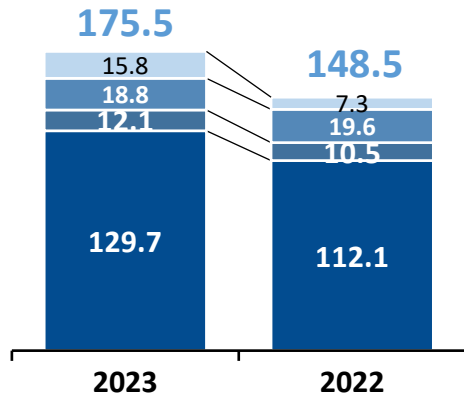
Media

Business 1H23 – Books

€ mn

Revenues +18.2% (+4% LFL)*

TRADE



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

RIP -4.1%

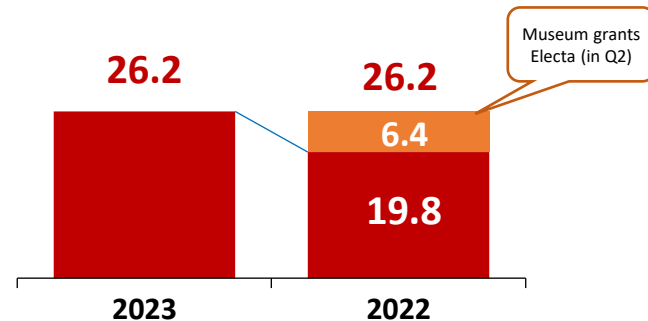
Electa +15.2%

Publishers +15.7%

Digital = 6.7%
editorial
revenues

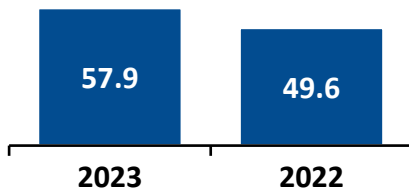
* Net intercompany

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



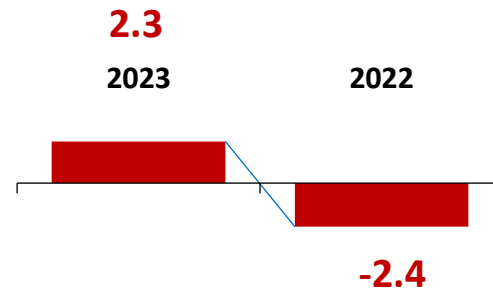
Revenues +16.8%

EDUCATION



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

EBITDA Adj. +4.7 € mn



ANNEXES

Aree di Business 1H 2023

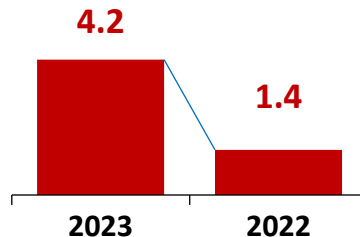
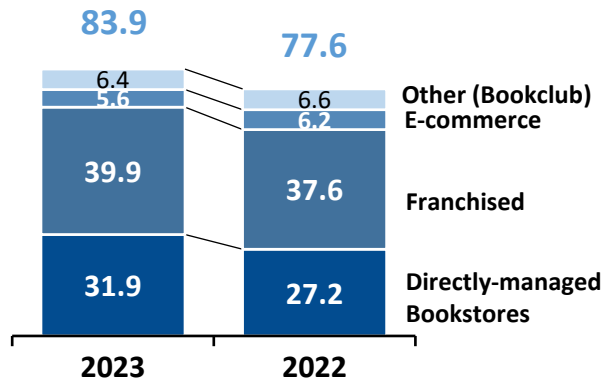
Books
Retail
Media

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

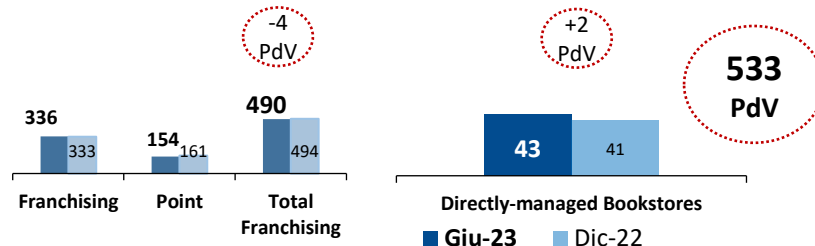
Revenues

- **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

-8.4%



2023

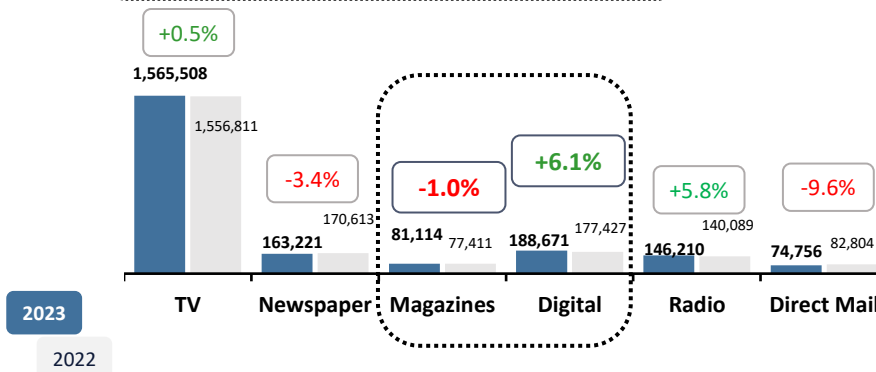
2022

20.3%

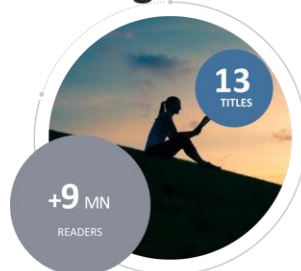
19.7%

2023 ADV Market

+1.3%



Magazine



Web



Social



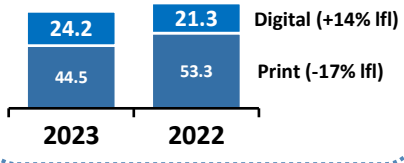
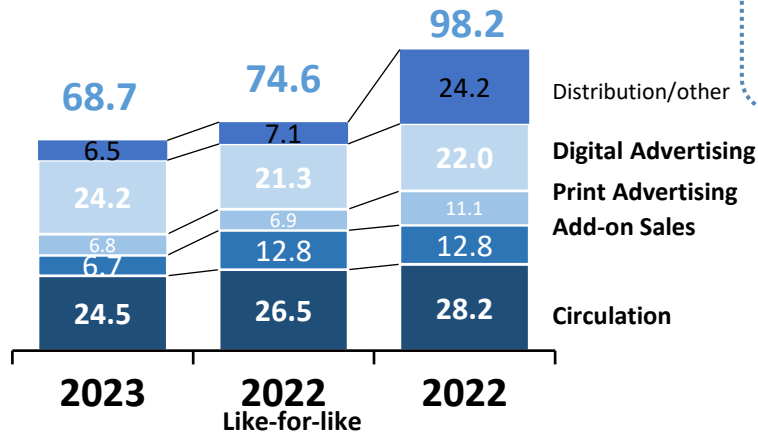
Business 1H23 – Media

€ mn

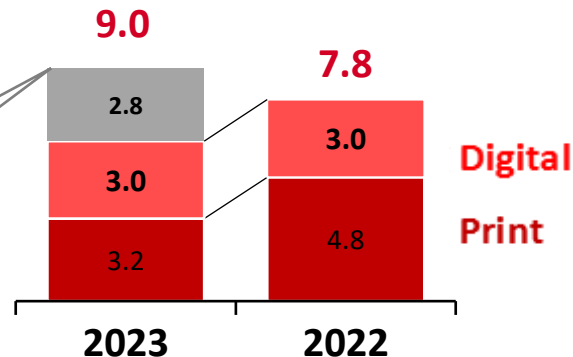
Revenues -30%, -8% lfl

35% digital
revenues

EBITDA Adj. +1.2€ mn



Contribution of
distribution
activities



Revenues
LFL

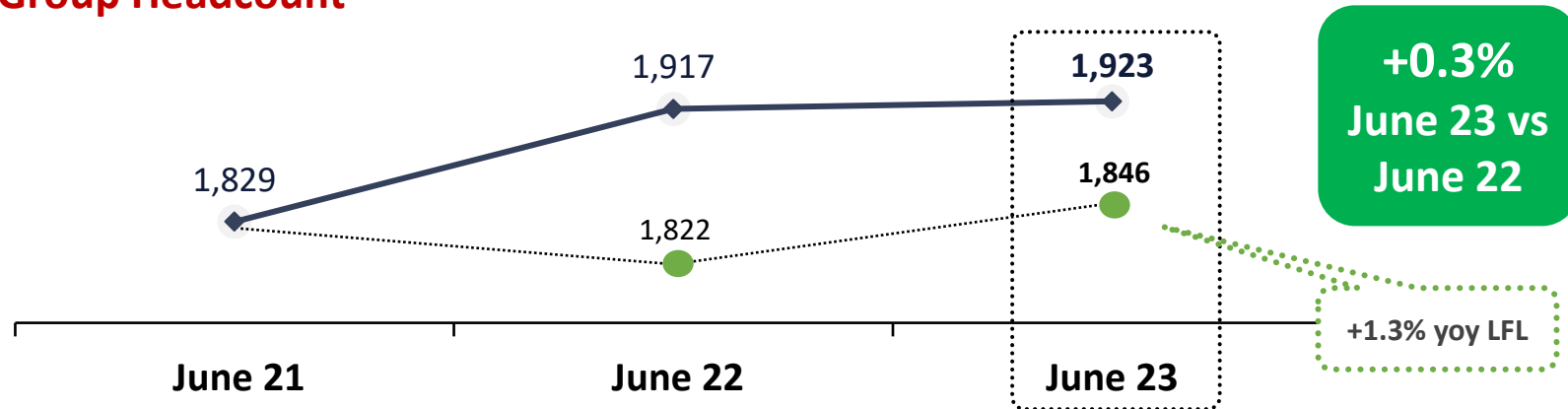
- **ADV revenue** increased by **10%** thanks to **increased digital activities**
- **Circulation revenue**: -7.6%, with a better performance of TV magazines and *Chi* (-6.7%)
- **Add-on Sales revenue**: -47.3%, due mainly to the reduction of musical products and Home Video
- **Others**: +8% due to the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

Adj.
EBITDA

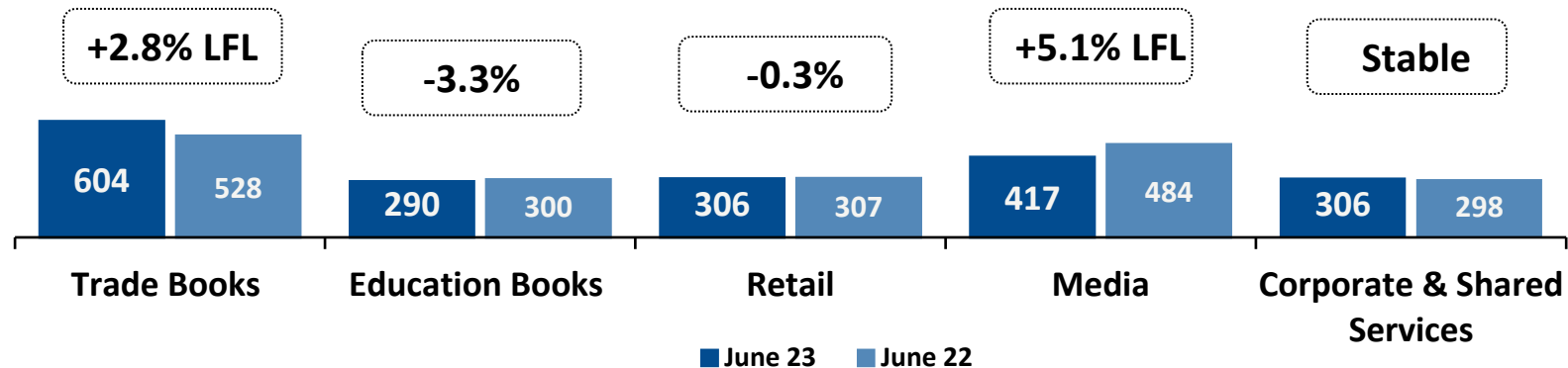
- Adj. EBITDA up by 16%, thanks to the Print performance**, despite higher paper costs and contraction of add-on sales margin, for:
- Grant for magazines distribution activity (€2.8 mn)
 - The continuing measures to **contain operating costs**

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 %
Total Consolidated Revenues	362,4	355,1	2,1 %

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
Total Adj. EBITDA	38,2	27,6	10,7

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 %
Total Consolidated Revenues	202,4	202,0	0,2 %

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
Total Adj. EBITDA	33,8	28,7	5,1

Museum Grants
€6.4 mn

P&L 1H 2023

(Euro/millions)	1H 2023		1H 2022		Chg. %
Revenue	362,4		355,1		2,1%
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.
Adjusted EBITDA	38,2	10,6%	27,6	7,8%	38,8%
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.
EBITDA	40,3	11,1%	26,8	7,5%	50,8%
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%
EBIT	14,0	3,9%	3,2	0,9%	333,0%
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.
EBT	12,3	3,4%	0,5	0,1%	n.s.
Tax expense (income)	(0,1)	0,0%	(1,8)	(0,5%)	n.s.
Minorities	0,1	0,0%	(0,6)	(0,2%)	n.s.
Group net result	12,2	3,4%	2,8	0,8%	337,6%

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

P&L 2Q 2023

(Euro/millions)	Q2 2023		Q2 2022		Var. %
Revenue	202,4		202,0		0,2%
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.
Adjusted EBITDA	33,8	16,7%	28,6	14,2%	18,1%
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.
EBITDA	35,7	17,6%	27,4	13,6%	30,0%
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%
EBIT	22,2	11,0%	15,5	7,6%	43,6%
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.
EBT	21,1	10,4%	14,9	7,4%	41,8%
Tax expense (income)	3,5	1,7%	1,3	0,6%	n.s.
Minorities	0,2	0,1%	(0,6)	(0,3%)	n.s.
Group net result	17,4	8,6%	14,2	7,0%	22,8%

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.
Net working capital continuing operations	96,4	98,8	(2,4)%
Discontinued or discontinuing assets (liabilities)	—	(1,7)	(100,0)%
Net Working Capital	96,4	97,1	(0,8)%
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)%
Net fixed assets with no rights of use IFRS 16	431,5	396,3	8,9 %
Assets from right of use IFRS 16	67,1	75,2	(10,7)%
Net fixed assets with rights of use IFRS 16	498,7	471,5	5,8 %
Provisions for risks	40,5	45,4	(10,9)%
Post-employment benefits	28,4	28,5	(0,1)%
Provisions	68,9	73,9	(6,7)%
Net invested capital	526,1	494,7	6,3 %
Share capital	68,0	68,0	— %
Reserves	159,7	137,0	16,6 %
Profit (loss) for the period	12,2	2,8	337,3 %
Group equity	239,9	207,7	15,5 %
Non-controlling interests' equity	0,7	1,9	(61,1)%
Equity	240,6	209,6	14,8 %
Net financial position no IFRS 16	215,2	205,8	4,6 %
Net financial position IFRS 16	70,3	79,3	(11,4)%
Net financial position	285,5	285,1	0,1 %
Sources	526,1	494,7	6,3 %

2022 Restatement

€ mn

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
Intercompany	(17.9)	(38.4)	(61.0)	(88.6)
Total	153.1	355.1	678.2	903.0

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)
Intercompany	(0.2)	(1.7)	(1.8)	-
Total	(1.1)	27.6	115.5	136.3

▶ **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).



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