

9M2023 Results

Investors Presentation

Antonio Porro – CEO

Alessandro Franzosi – CFO

Segrate, 8th November 2023

AGENDA

- 1. Highlights 9M 2023**
2. Results 9M 2023
3. Outlook FY 2023
4. Annexes

Highlights 9M23 – Executive Summary



• ***Steady improvement
of economic and
financial performance***

• ***Solid capital structure***



Guidance 2023

- Adj. EBITDA +13.8€ mn vs 9M22 thanks to improvements across all business areas
- Significant margin improvement (+200 bps vs 9M2022)

- Solid cash generation (Ordinary Cash Flow around 65€ mn LTM)
- NFP reducing by more than 10€ mn in the last 12M despite significant Shareholders remuneration (dividends around 29€ mn)

Confirmed economic and financial outlook for FY

Highlights 9M²³ – Trend Adj. EBITDA / EBIT

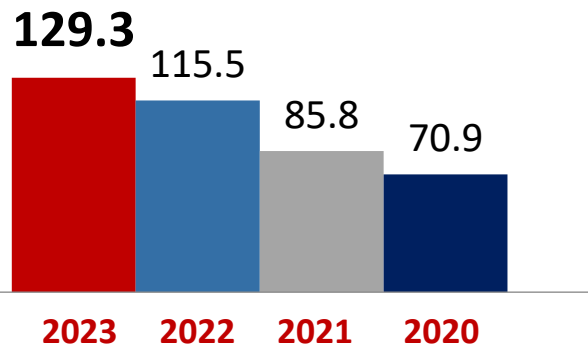
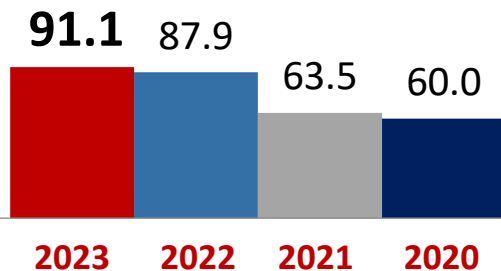
€ mn

3Q

9M

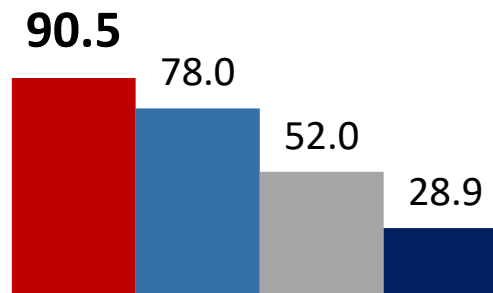
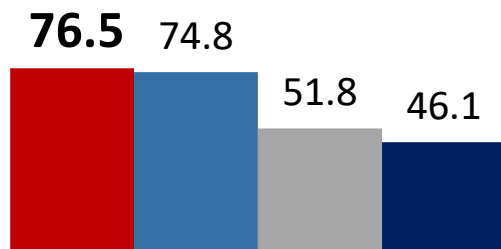
Adj EBITDA

EBITDA
margin



19.0% 17.0% 14.4% 13.1%

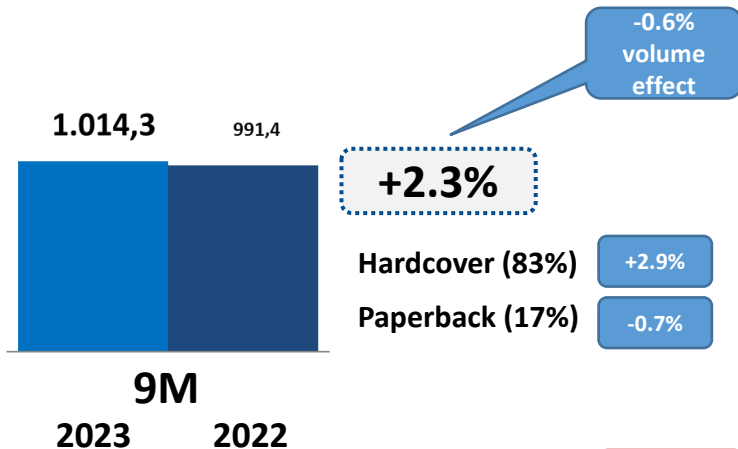
EBIT



Books Trade Market – 9M 2023

Value data – Sell out
(€ mn)

Market



Last weeks
(week 40-43)

+1.8%

+6.1%

New
Bestsellers



Sept. Market Share

MONDADORI
LIBRI

27.3%

27.3%

GMS

10.6%

11.1%

GIUNTI

8.0%

8.0%

La Feltrinelli

6.7%

6.3%

Altri

47.4%

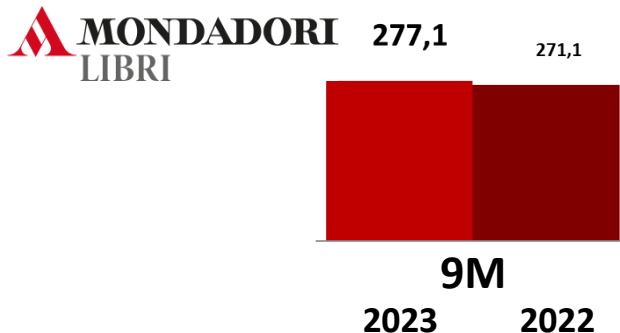
47.3%

2023

2022

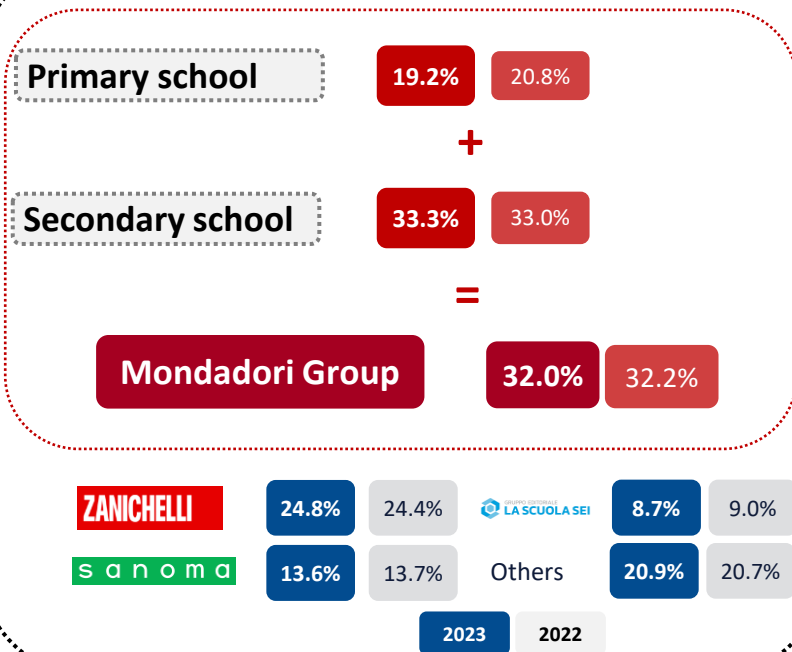
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Source: GfK, YTD September 2023 (Week 39)

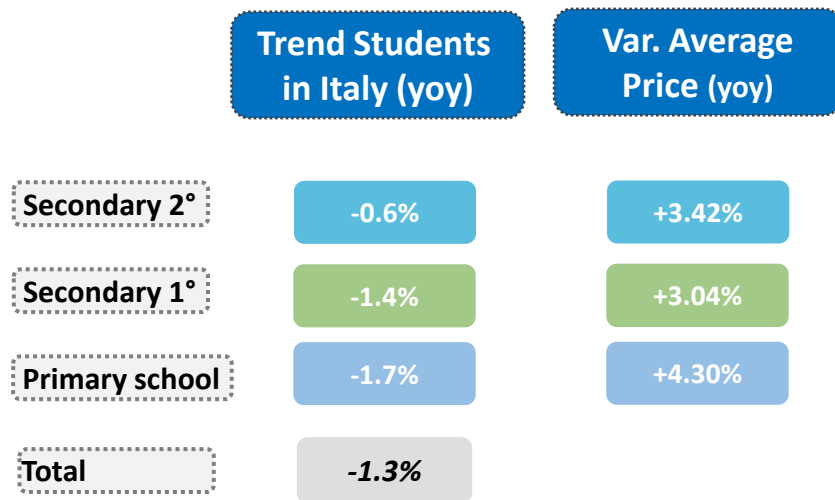


Education Books Market – 2023

Market Share



Trend Quantity/Prices

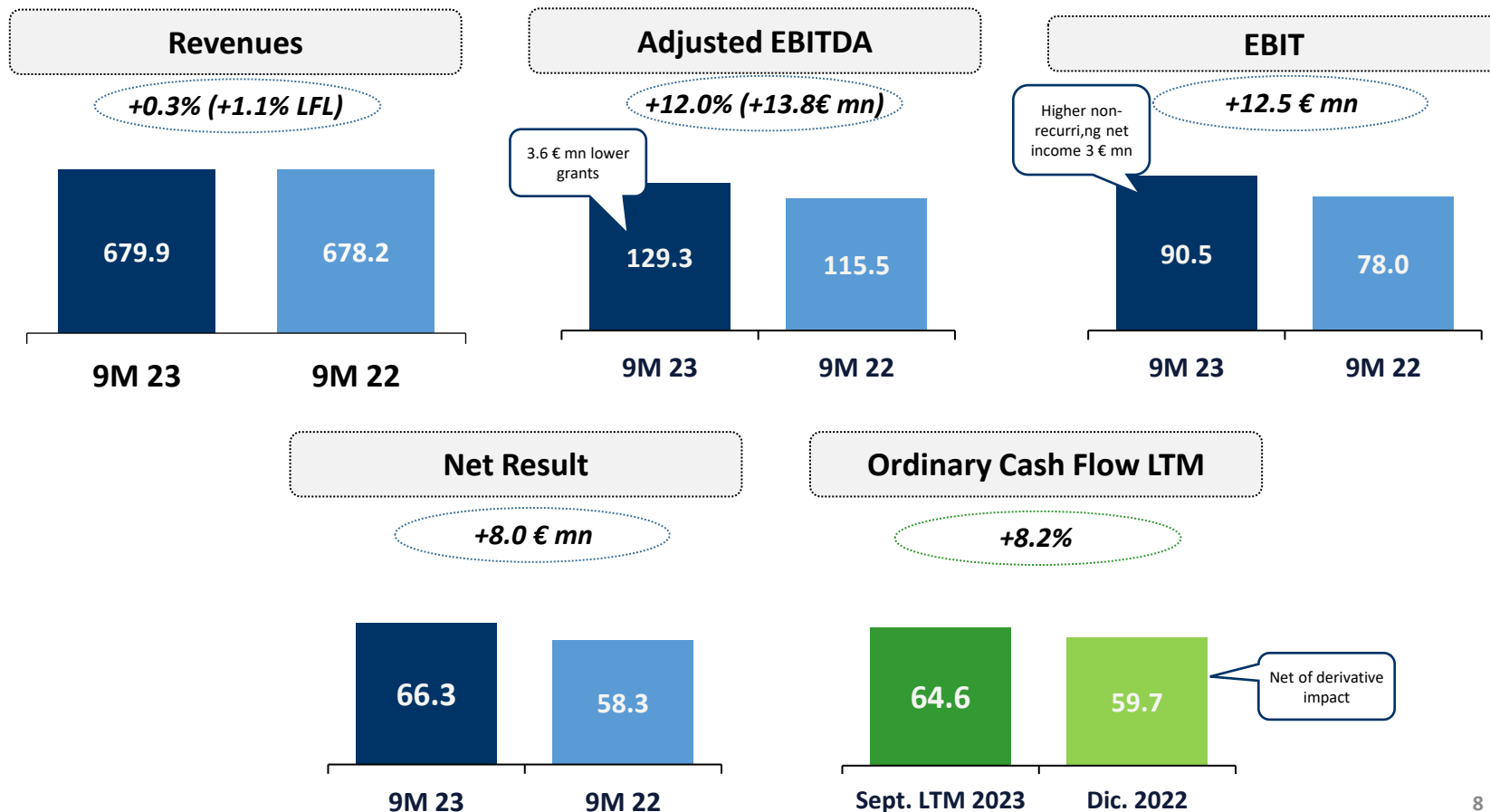


AGENDA

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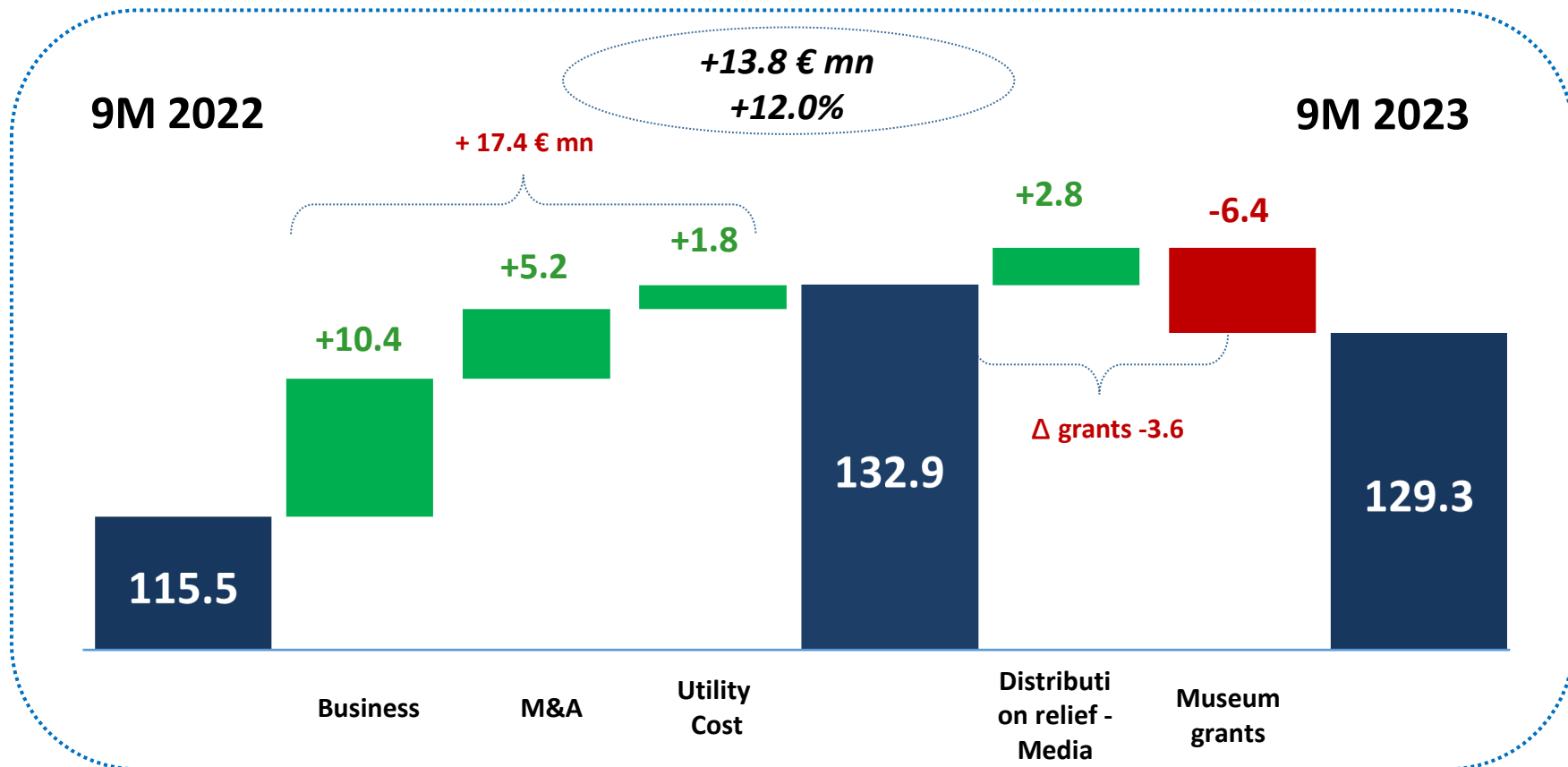
Highlights – 9M23

€ mn



Adjusted EBITDA – 9M²³

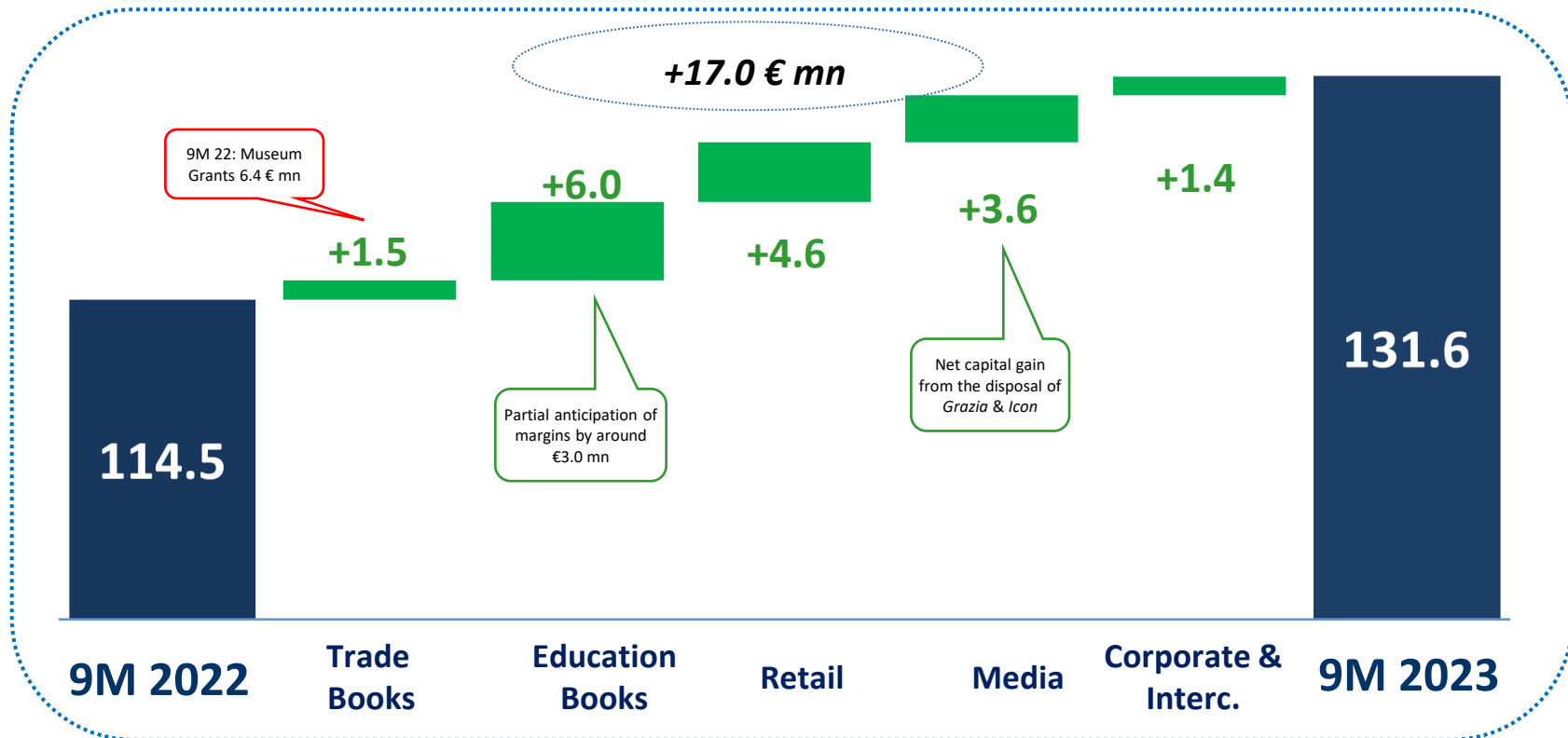
€ mn



EBITDA reported by Business Area – 9M²³

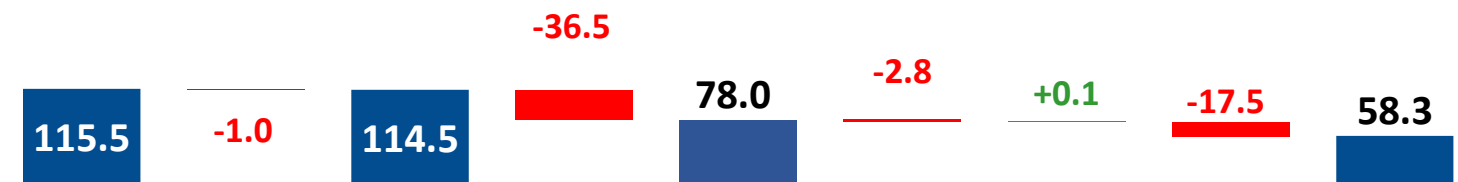
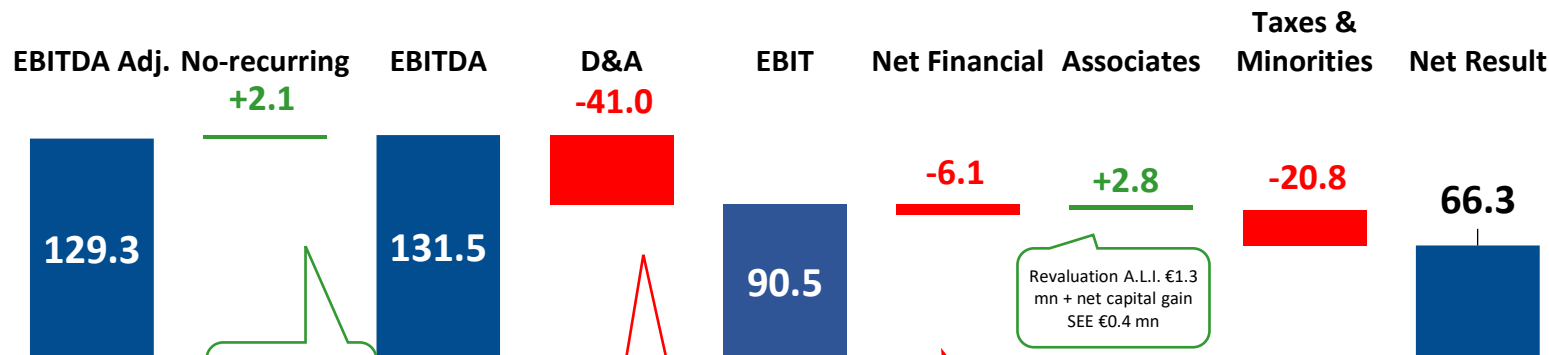
€ mn

Improvement across all business areas



From EBITDA to Net Result 9M²³

€ mn

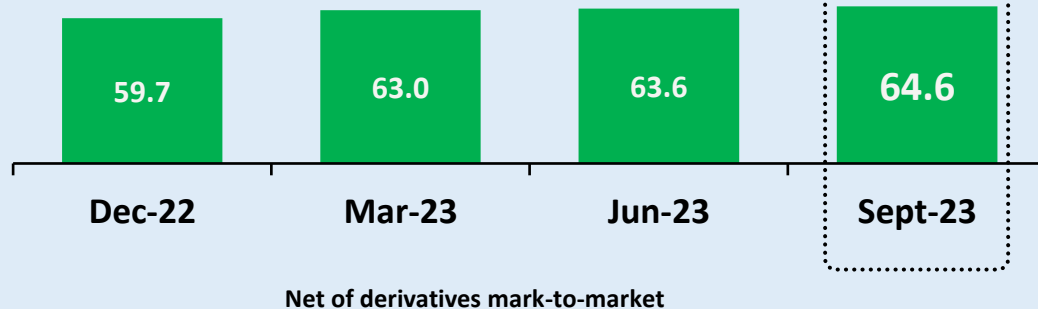


A strengthened financial structure ...

€ mn

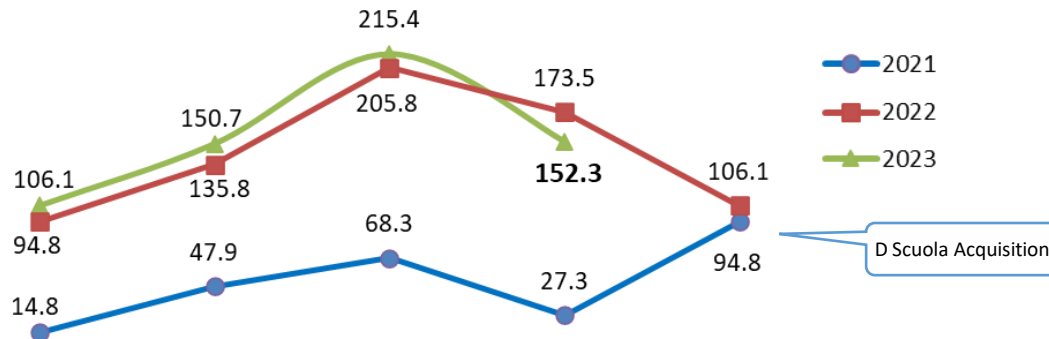
Strong business cash generation confirmed

**LTM
Ordinary
Cash Flow**



Dec. Mar. Jun. Sept. Dec.

**Trend
Group NFP
(no IFRS16)**



...thanks to a strong cash generation

€ mn

Free Cash Flow
+51.4

NFP
30th Sept
2022

Adj.
EBITDA*

NWC and
provisions

CAPEX

Financial
charges*

Taxes

Restructuring
charges

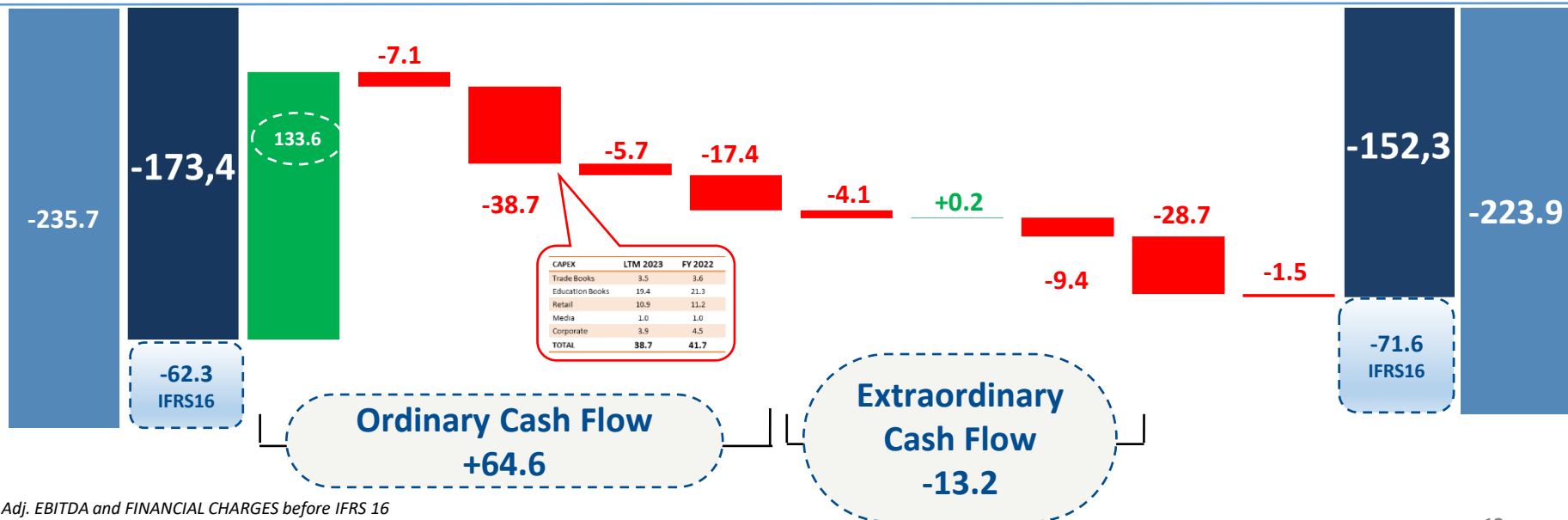
Acquisitions/
Disposals

Others**

Dividends

Change in
derivatives
valuation

NFP
30th Sept
2023



* Adj. EBITDA and FINANCIAL CHARGES before IFRS 16

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

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Outlook **FY23** – Guidance Confirmed

FY 2023

REVENUES

Single-digit growth

Adj. EBITDA

High single / low double-digit growth

Net Income

Growth ~ 20%

Ordinary Cash Flow

€65-70 mn
(up to +15% net of one-off derivative impacts)



NFP/ Adj. EBITDA (IFRS16)

~ 1.0x (from 1.3x 2022)



BACK-UP

AGENDA

Business Areas 9M 2023

Books

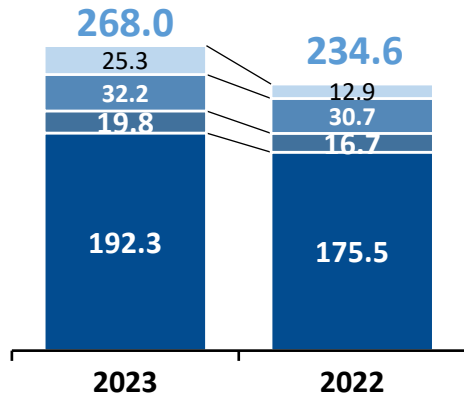
Retail

Media

Business 9M23 – Trade Books

€ mn

Revenues * +14.3% (+3% LFL)



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

RIP +4.9%

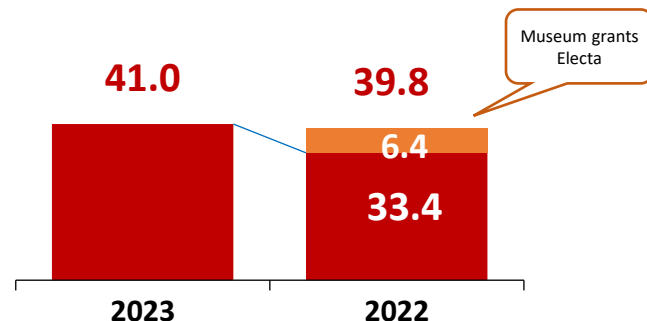
Electa +18.6%

Publishers +9.6%

Digital = 7.3% editorial revenues

* Net intercompany

EBITDA Adj. net grants
+7.6 € mn (+23%)



REVENUES

+14.3% or +3% net of a perimeter variation due to a growth across all business areas:

- +9.6% editorial revenues (+2% LFL) thanks to the quality of the editorial plan
E-book/Audiobook: 7.3% of editorial revenues, up of 12.6% vs 9M22
- +18.6% Electa thanks to museum activities
- +4.9% Rizzoli International Publications thanks to new titles and sponsored books positive performance
- Significant increase in distribution services of third party publishers, thanks to A.L.I. consolidation

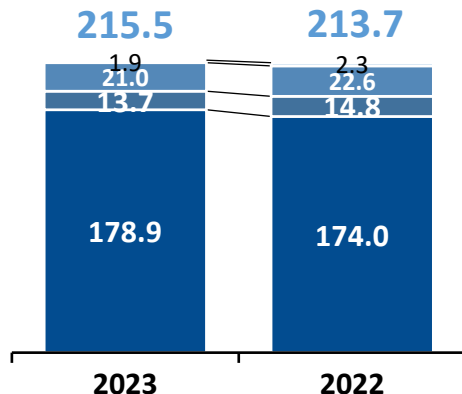
Adj. EBITDA

23% growth of Adj. EBITDA, net of 2022 museum grants, thanks to the top-line growth and the consolidation of new companies

Business 9M²³ – Education Books

€ mn

Revenues +0.8%



Other

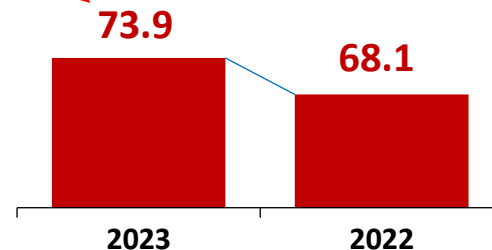
Third Publishers -7.1%

Primary -7.4%

Secondary +2.8%

Adj. EBITDA +5.8 € mn

Partial anticipation of margins
by around €3.0mn



REVENUES

- **Growth of revenues in secondary school** thanks to Mondadori Education and D Scuola performances
- **Declining revenues of primary school**, because of higher volatility and lower profitability.
- As expected, **declining revenues of third publishers**

Adj. EBITDA

Adj. EBITDA growth of 8.5%, thanks to:

- Revenues mix (higher revenues in secondary school and lower revenues of third publishers)
- **Reduction of operating costs**

AGENDA

Business Areas 9M 2023

Books

Retail

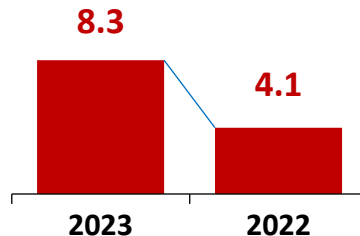
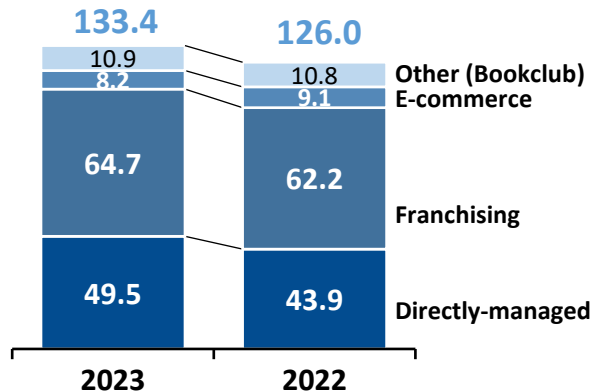
Media

Business 9M23 – Retail

€ mn

Revenues +5.9%

Adj. EBITDA +4.2 mn



MONDADORI
RETAIL

Book Market 9M 2023

Mercato

+2.3%

MONDADORI
RETAIL

+5.7%

Market
Share
13.0%

-1.6%
(-6.3m€)

ONLINE
WEIGHT
37.5%*

-3.4%
(-0.2m€)

ONLINE
WEIGHT
4.6%

+4.8%
(-29.0m€)

PHYSICAL
WEIGHT
62.5%

+6.2%
(-7.4m€)

PHYSICAL
WEIGHT
95.4%

Δ
+1.4 pt

Source: internal estimate on GfK figures, Set. 2023
* Internal estimate

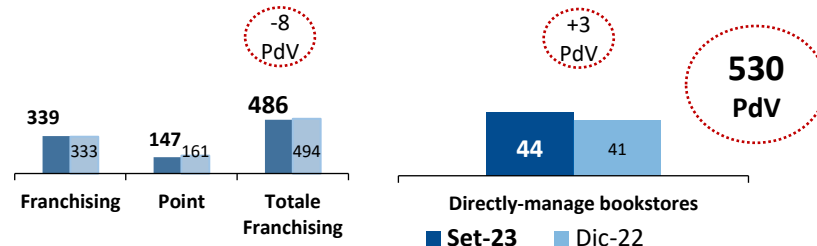
RICAVI

- **Books (87% of store revenue):** revenue up by approximately 7%
- **Directly-managed PoS** reported a **sharp recovery in revenue** thanks to the development of the network : **+12.8%**
- **Franchising: +4.0%**
- **Online dropped**

Adj.
EBITDA

Adjusted EBITDA doubled 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



AGENDA

Business Areas 9M 2023

Books
Retail
Media

Business 9M²³ – Media

€ mn

2023 Magaz. Circulations Trend

-8.1%



2023

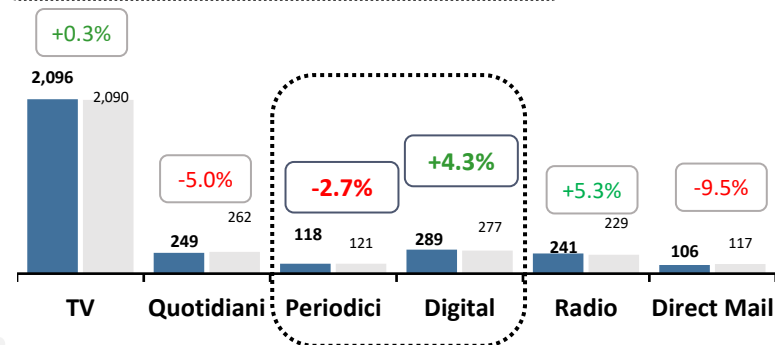
2022

20.3%

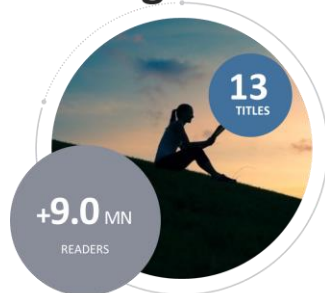
19.8%

2023 ADV Market 2023

+0.7%



Magazine



Web



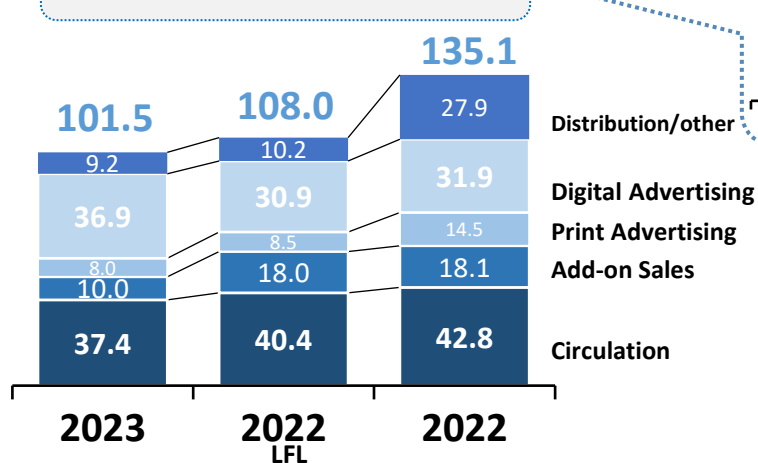
Social



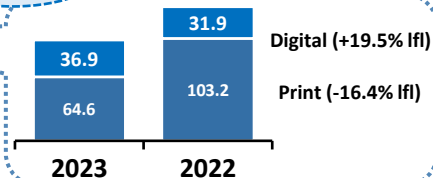
Business 9M23 – Media

€ mn

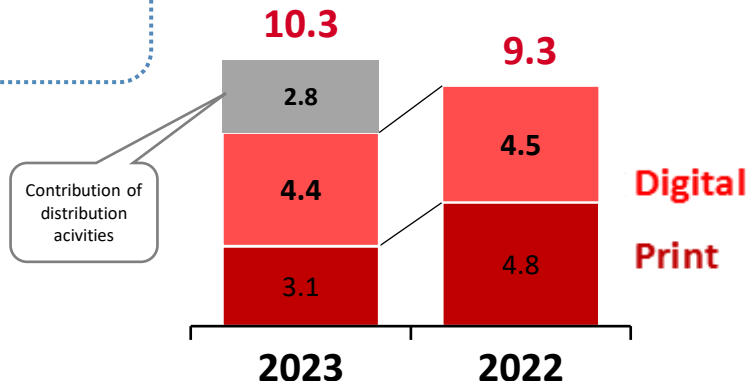
Revenues -25%, -6% lfl



37% digital revenues



Adj. EBITDA +1.0€ mn



REVENUES
LFL

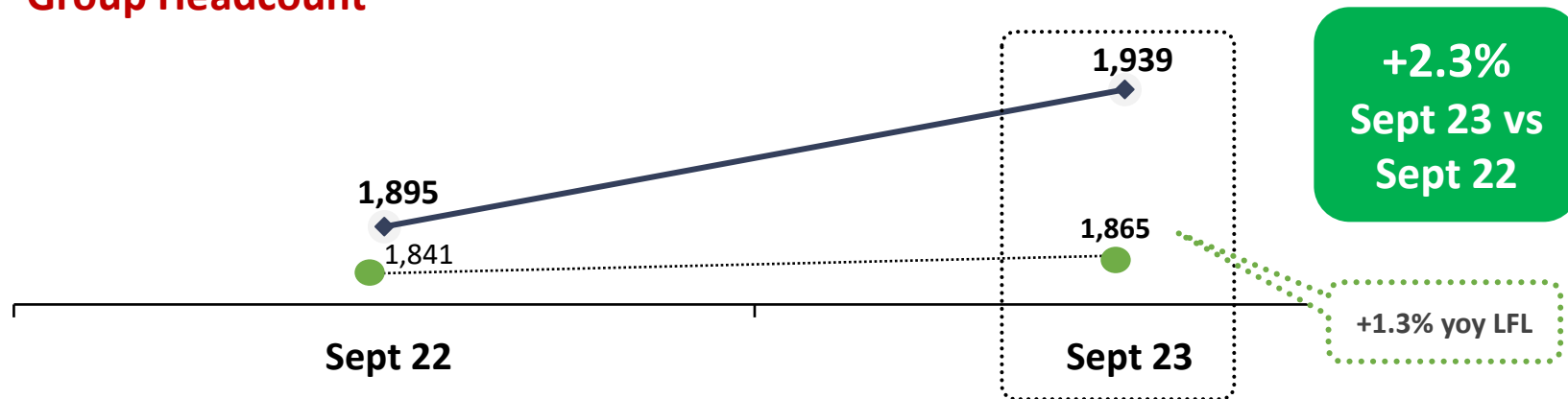
- **ADV revenue** increased by **10%** thanks to **increased digital activities**
- **Circulation revenue**: -7.6%, with a better performance of TV magazines and *Chi* (-6.7%)
- **Add-on Sales revenue**: -47.3%, due mainly to the reduction of musical products and Home Video
- **Others**: -8% due to the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

Adj.
EBITDA

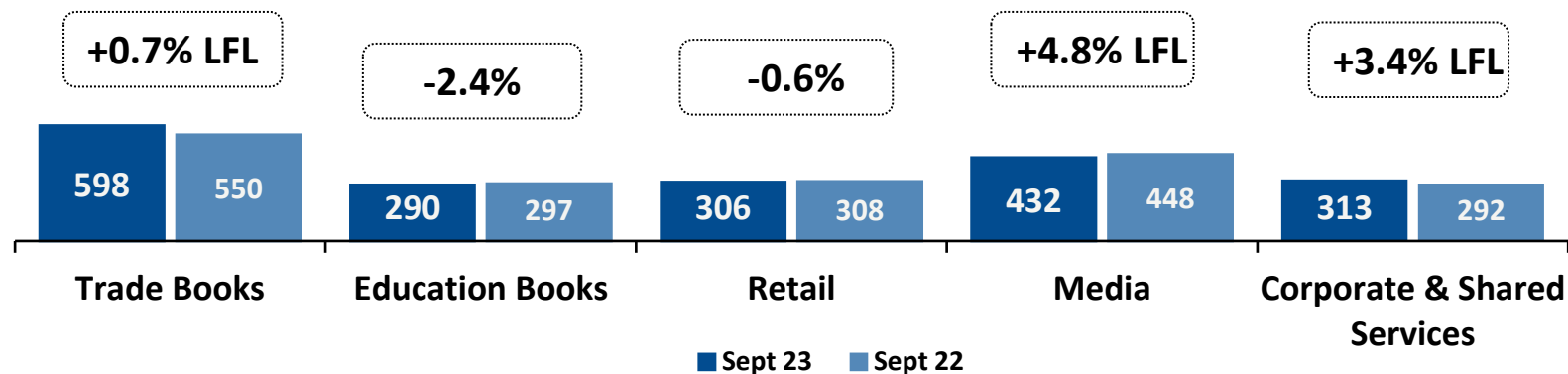
- Adj. EBITDA up by 10%, thanks to the **Print performance**, despite higher paper costs and contraction of add-on sales margin, for:
- Grant for magazines distribution activity (€2.8 milioni)
 - The continuing measures to **contain operating costs**
- Adj. EBITDA of **Digital** is stable, the organic growth by companies consolidations is offset by the disposal of printed magazines.

Headcount Evolution - 9M23

Group Headcount



BU Headcount



Revenue and Adj. EBITDA by Business Area - 9M 23

Revenues

(Euro/millions)	9M 2023	9M 2022	Chg. %
Trade Books	268.0	234.6	14.3 %
Education Books	215.5	213.7	0.8 %
Retail	133.4	126.0	5.9 %
Media	101.5	135.3	(25.0)%
Corporate & Shared Services	31.6	29.6	6.5 %
Intercompany	(70.1)	(61.0)	14.8 %
Total Consolidated Revenues	679.9	678.2	0.3 %

Adj. EBITDA

(Euro/millions)	9M 2023	9M 2022	Chg.
Trade Books	41.0	39.8	1.2
Education Books	73.9	68.1	5.8
Retail	8.3	4.1	4.2
Media	10.3	9.3	0.9
Corporate & Shared Services	(3.6)	(4.0)	0.4
Intercompany	(0.5)	(1.8)	1.3
Total Adj. EBITDA	129.3	115.5	13.8

Museum Grants
€6.4 mn

Revenue and Adj. EBITDA by Business Area - 3Q 23

Revenues

(Euro/millions)	Q3 2023	Q3 2022	Chg. %
Trade Books	92.5	86.1	7.5 %
Education Books	157.7	164.2	(4.0)%
Retail	49.5	48.4	2.3 %
Media	32.8	37.1	(11.6)%
Corporate & Shared Services	10.5	10.0	4.9 %
Intercompany	(25.4)	(22.6)	12.4 %
Total Consolidated Revenues	317.6	323.1	(1.7)%

Adj. EBITDA

(Euro/millions)	Q3 2023	Q3 2022	Chg.
Trade Books	14.7	13.6	1.1
Education Books	71.5	70.5	1.1
Retail	4.1	2.8	1.4
Media	1.2	1.6	(0.3)
Corporate & Shared Services	(0.6)	(0.3)	(0.3)
Intercompany	0.0	(0.2)	0.2
Total Adj. EBITDA	91.1	87.9	3.1

P&L - 9M2023

P&L 9M 2023

(Euro/millions)	9M 2023		9M 2022		Chg. %
Revenue	679.9		678.2		0.3 %
Industrial product cost	208.8	30.7 %	211.1	31.1 %	(1.1) %
Variable product costs	79.0	11.6 %	82.1	12.1 %	(3.7) %
Other variable costs	116.7	17.2 %	129.2	19.1 %	(9.7) %
Structural costs	43.9	6.5 %	43.0	6.3 %	1.9 %
Extended labour cost	105.5	15.5 %	105.4	15.5 %	0.1 %
Other expense (income)	(3.2)	(0.5) %	(8.1)	(1.2) %	n.s.
Adjusted EBITDA	129.3	19.0 %	115.5	17.0 %	12.0 %
Restructuring costs	1.3	0.2 %	1.0	0.2 %	23.3 %
Extraordinary expense (income)	(3.4)	(0.5) %	0.0	— %	n.s.
EBITDA	131.5	19.3 %	114.5	16.9 %	14.9 %
Amortization and depreciation	29.9	4.4 %	26.1	3.8 %	14.6 %
Amortization and depreciation IFRS 16	11.1	1.6 %	10.4	1.5 %	7.1 %
EBIT	90.5	13.3 %	78.0	11.5 %	16.0 %
Financial expense (income)	4.6	0.7 %	2.8	0.4 %	66.5 %
Financial expense IFRS 16	1.5	0.2 %	0.0	— %	n.s.
Expense (income) from investments	(2.8)	(0.4) %	(0.6)	(0.1) %	n.s.
EBT	87.1	12.8 %	75.8	11.2 %	n.s.
Tax expense (income)	20.5	3.0 %	17.6	2.6 %	n.s.
Minorities	0.3	— %	(0.1)	— %	n.s.
Group net result	66.3	9.8 %	58.3	8.6 %	13.8 %

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

P&L - 3Q2023

P&L 3Q 2023

(Euro/millions)	Q3 2023		Q3 2022		Chg. %
Revenue	317.6		323.1		(1.7)%
Industrial product cost	95.1	30.0 %	98.8	30.6 %	(3.7)%
Variable product costs	33.9	10.7 %	35.8	11.1 %	(5.1)%
Other variable costs	52.6	16.6 %	55.2	17.1 %	(4.7)%
Structural costs	14.1	4.5 %	13.8	4.3 %	2.7 %
Extended labour cost	33.0	10.4 %	31.7	9.8 %	4.2 %
Other expense (income)	(2.3)	(0.7)%	0.0	— %	n.s.
Adjusted EBITDA	91.1	28.7 %	87.9	27.2 %	3.5 %
Restructuring costs	1.0	0.3 %	0.5	0.2 %	81.7 %
Extraordinary expense (income)	(1.1)	(0.3)%	(0.3)	(0.1)%	n.s.
EBITDA	91.1	28.7 %	87.7	27.1 %	3.9 %
Amortization and depreciation	10.8	3.4 %	9.5	3.0 %	13.5 %
Amortization and depreciation IFRS 16	3.8	1.2 %	3.4	1.1 %	11.7 %
EBIT	76.5	24.1 %	74.8	23.1 %	2.3 %
Financial expense (income)	2.1	0.7 %	1.0	0.3 %	107.3 %
Financial expense IFRS 16	0.6	0.2 %	(1.1)	(0.3)%	n.s.
Expense (income) from investments	(1.0)	(0.3)%	(0.5)	(0.2)%	n.s.
EBT	74.8	23.6 %	75.3	23.3 %	(0.6)%
Tax expense (income)	20.6	6.5 %	19.4	6.0 %	n.s.
Minorities	0.2	0.1 %	0.4	0.1 %	n.s.
Group net result	54.1	17.0 %	55.5	17.2 %	(2.5)%

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

Balance Sheet **30.09.2023**

Balance Sheet 9M2023

(Euro/millions)	9M 2023	9M 2022	Chg. %
Trade receivables	226.6	215.1	5.3 %
Inventory	167.6	159.8	4.8 %
Trade payables	265.3	252.3	5.2 %
Other assets (liabilities)	(41.2)	(29.1)	n.s.
Net working capital continuing operations	87.7	93.6	(6.2)%
Discontinued or discontinuing assets (liabilities)	—	(0.4)	(100.0)%
Net Working Capital	87.7	93.2	(5.9)%
Intangible assets	385.2	376.0	2.4 %
Property, plant and equipment	31.1	19.4	60.0 %
Investments	14.2	29.5	(51.9)%
Net fixed assets with no rights of use IFRS 16	430.5	425.0	1.3 %
Assets from right of use IFRS 16	68.2	59.3	14.9 %
Net fixed assets with rights of use IFRS 16	498.6	484.3	3.0 %
Provisions for risks	38.4	43.0	(10.8)%
Post-employment benefits	29.0	28.9	0.4 %
Provisions	67.4	72.0	(6.3)%
Net invested capital	519.0	505.5	2.7 %
Share capital	68.0	68.0	— %
Reserves	160.1	141.3	13.3 %
Profit (loss) for the period	66.3	58.3	13.8 %
Group equity	294.4	267.5	10.0 %
Non-controlling interests' equity	0.6	2.3	(72.4)%
Equity	295.0	269.9	9.3 %
Net financial position no IFRS 16	152.3	173.4	(12.2)%
Net financial position IFRS 16	71.6	62.3	15.1 %
Net financial position	223.9	235.7	(5.0)%
Sources	519.0	505.5	2.7 %

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).



Investor Relations

Nicoletta Pinoia

Tel: +39 02 75422632

invrel@mondadori.it



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