GRUPPO MONDADORI

Virtual STAR Conference

Ernesto Mauri – CEO
Alessandro Franzosi – CFO

October 7th, 2020

GRUPPO MONDADORI

AGENDA

1H20 Highlights

February YTD results in line with FY guidance

Covid-19 / Lockdown: bookshops closed from 12th March to end of April, Amazon's supplies suspension from 20th March to mid of April, museums closed from 8th March to mid of May, kiosks partially closed during the lockdown period

March and April impacted by Covid-19 effects:

Revenues -43% and Adj. Ebitda IFRS16 -9.6 € mn vs. PY

June 2020 (post lockdown and after reopening):

YTD Revenues at 288.9 € mn. (-24% vs. PY*), **Adj. Ebitda IFRS16** at 11 € mn (-10.9 € mn vs. PY),

LTM Cash Flow at 36.7 € mn (48.5 € mn as at December 2019)

*** -22% lfl**

Covid-19 actions

Safety

Internal **crisis committee** established

Smart-working for almost all the employees

Company anti contagion **protocol** published and made available to the entire company population

Supply of all necessary personal **protective equipment** in a sanitized work environment

Actions on Costs

Implemented actions **to reduce the cost of personnel**, also by resorting to social safety nets as well as resolving to reduce the variable remuneration of the Group's Management for 2020

Other interventions aimed at a **restraint of operational costs**

Actions on Revenues

Rescheduling of **editorial plan**

Support to the **production chain**

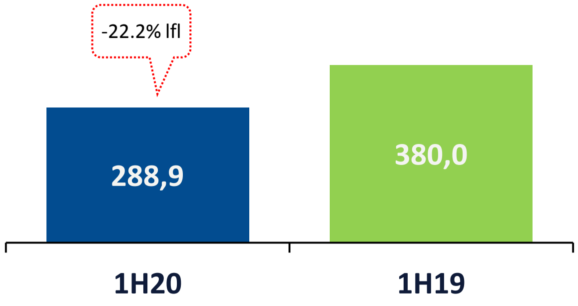
1H20 Highlights (IFRS 16)

GRUPPO MONDADORI

€ mn

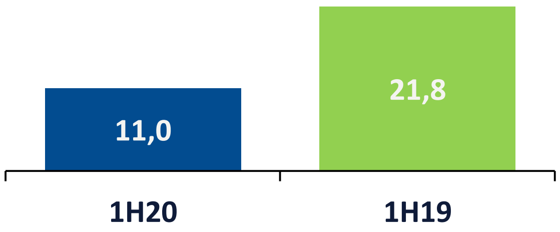
(24.0%)

Revenues



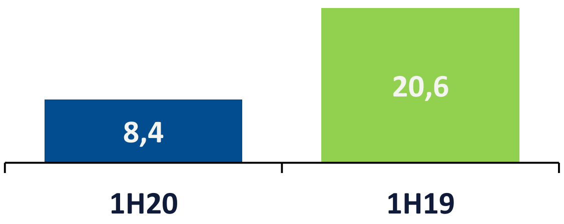
-10.9 € mn

Adj. EBITDA



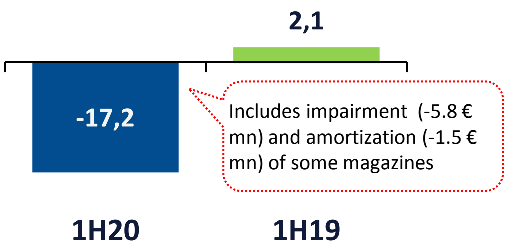
-12.2 € mn

Rep. EBITDA



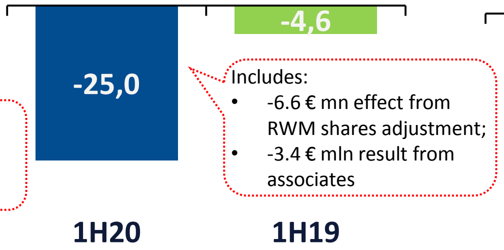
-19.3 € mn

EBIT



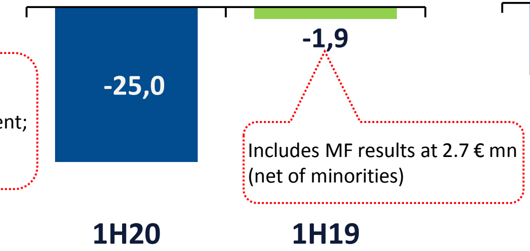
-20.4 € mn

Result from continuing operations



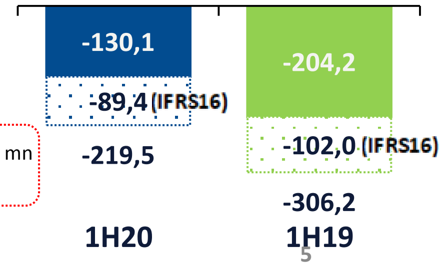
-23.1 € mn

Consolidated Net Result



+74.1 € mn

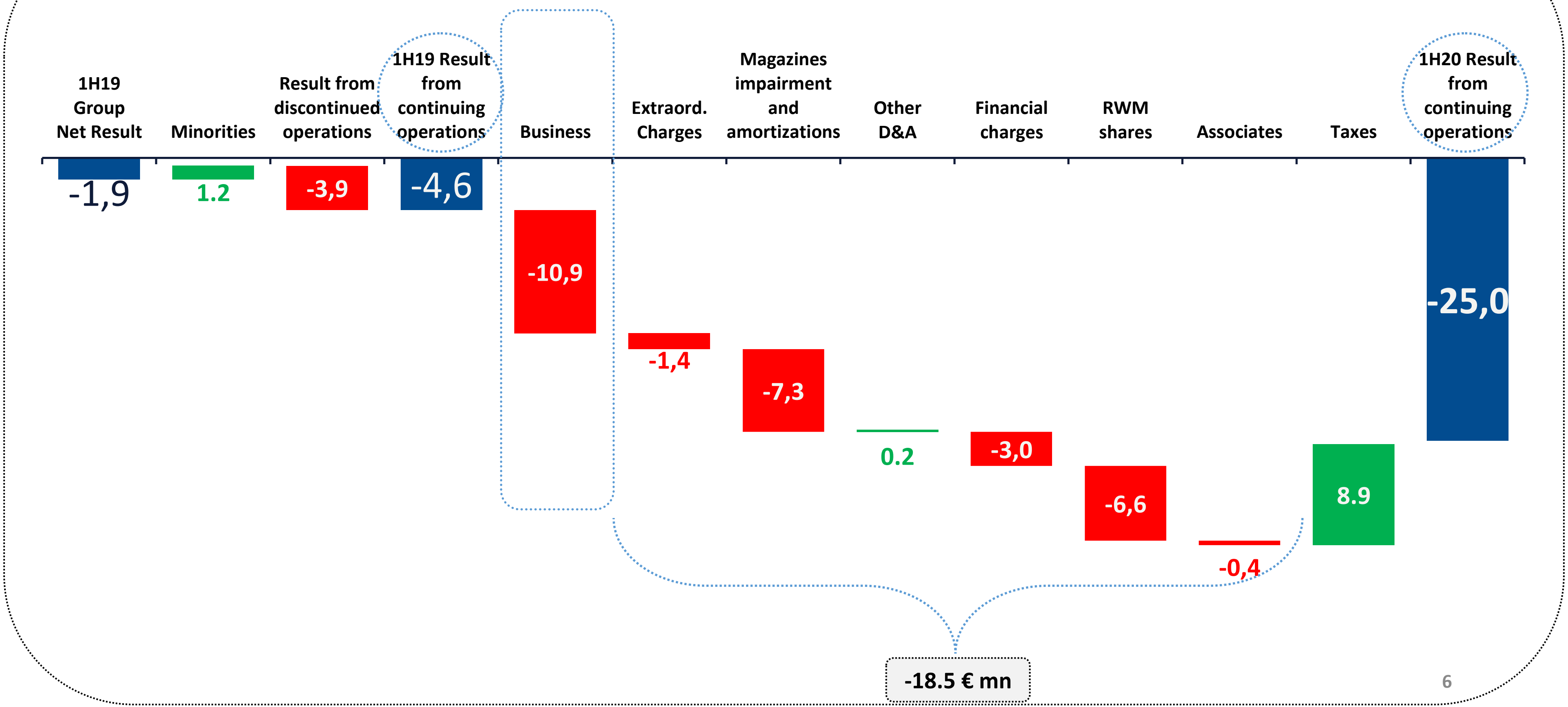
NFP



1H20 Net Result evolution

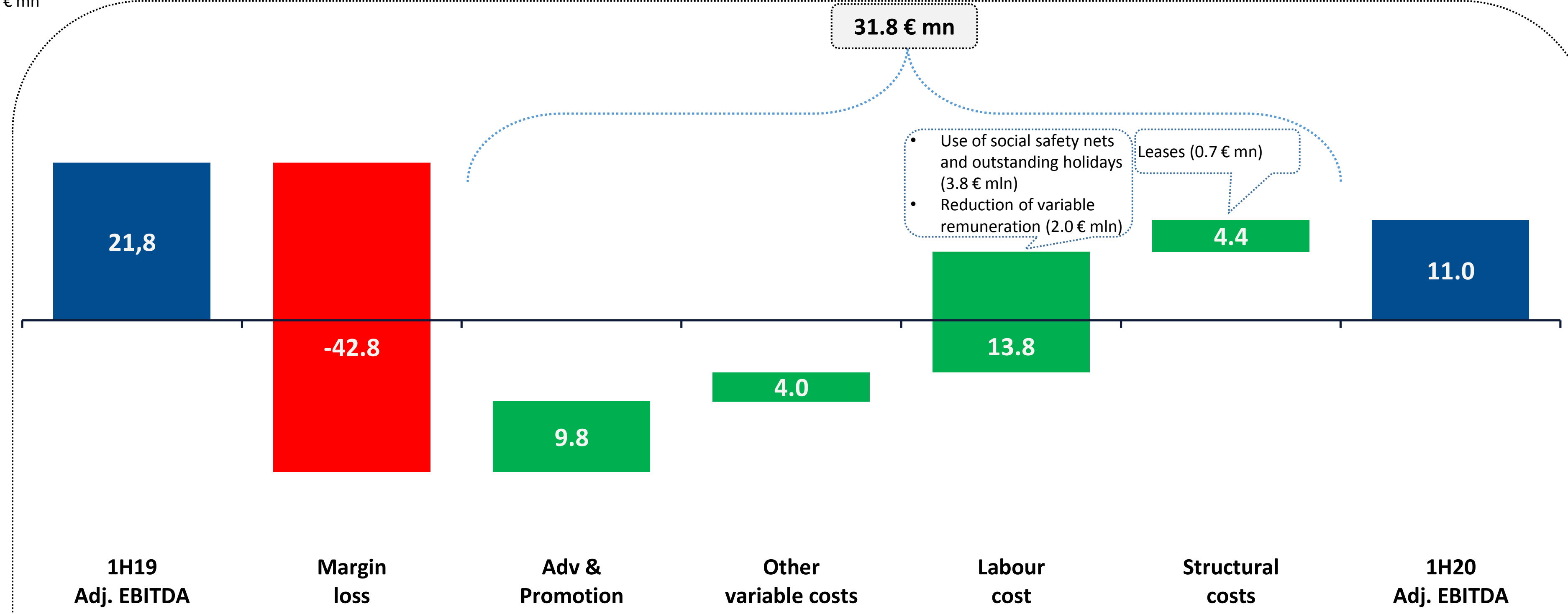
GRUPPO MONDADORI

€ mn



Costs reduction 1H20 vs. 1H19

€ mn



GRUPPO MONDADORI

AGENDA

1. 1H 2020 Highlights
2. **1H 2020 Results**
3. 1H 2020 Business Units
4. FY 2020 Outlook

1H20 Revenues and Adj. EBITDA by Business Area

€ mn

Revenues

	1H20	1H19	Var. %
Books	145.9	183.8	***(20.6%)***
Retail	59.0	81.4	***(27.5%)***
Media	95.8	130.9	***(26.8%)***
Corporate & Shared Services	22.1	19.1	***15.5%***
Intercompany	*(33.8)*	*(35.2)*	*(3.9%)*
Total	**288.9**	**380.0**	***(24.0%)***

-21.5% lfl

-22.2% lfl

Adj. EBITDA

	1H20	1H19	Var.
Books	10.9	16.2	***(5.3)***
Retail	(2.8)	(0.6)	***(2.2)***
Media	2.0	6.9	***(5.0)***
Corporate & Shared Services	(0.2)	(0.7)	***0.5***
Intercompany	*1.0*	*0.0*	***1.0***
Total	**11.0**	**21.8**	***(10.9)***

Intercompany stock effect*

*** Margin release on intercompany inventory reduction**

EBITDA Reported e EBIT per Area di Business 1H20

€ mn

Rep. EBITDA

	1H20	1H19	*Var.*
Books	10.3	15.8	***(5.5)***
Retail	(3.3)	(0.9)	***(2.5)***
Media	1.7	6.4	***(4.7)***
Corporate & Shared Services	(1.3)	(0.7)	***(0.6)***
Intercompany	*1.0*	*0.0*	***1.0***
Total	**8.4**	**20.6**	***(12.2)***

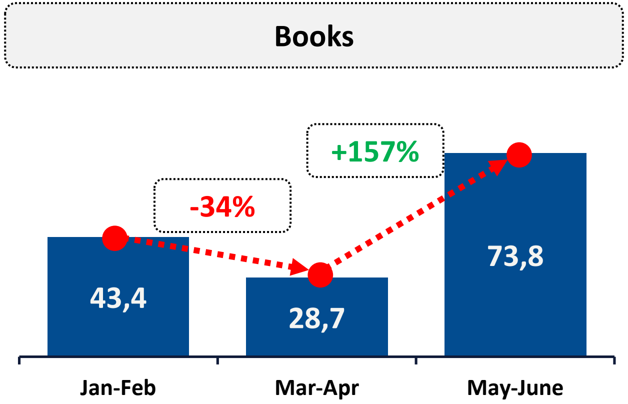
EBIT

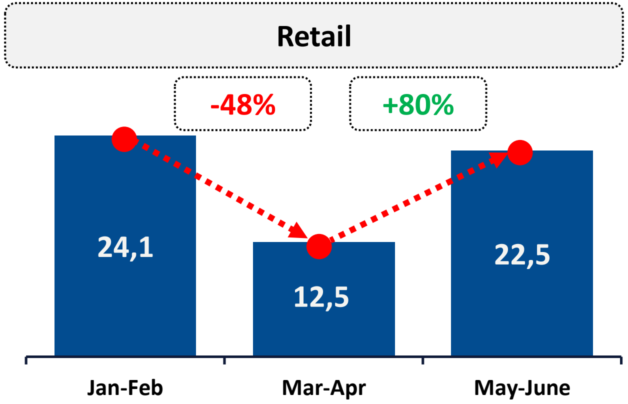
	1H20	1H19	*Var.*
Books	3.9	9.7	***(5.8)***
Retail	(8.2)	(6.0)	***(2.2)***
Media	(7.9)	3.7	***(11.6)***
Corporate & Shared Services	(6.0)	(5.3)	***(0.7)***
Intercompany	*1.0*	*0.0*	***1.0***
Total	**(17.2)**	**2.1**	***(19.3)***

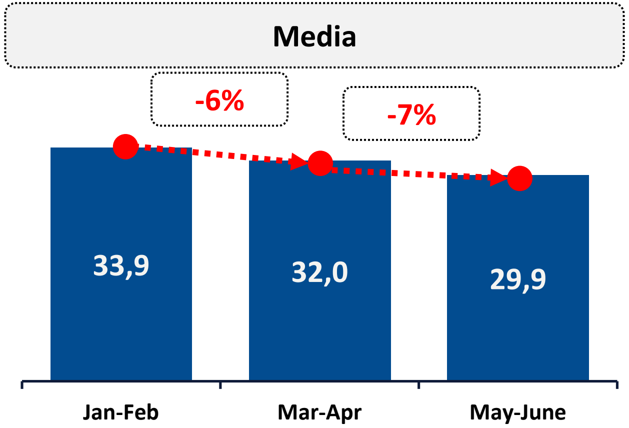
Includes impairment (-5.8 € mn) and amortization (-1.5 € mn) of some magazines

1H20 Revenues by business area

€ mn



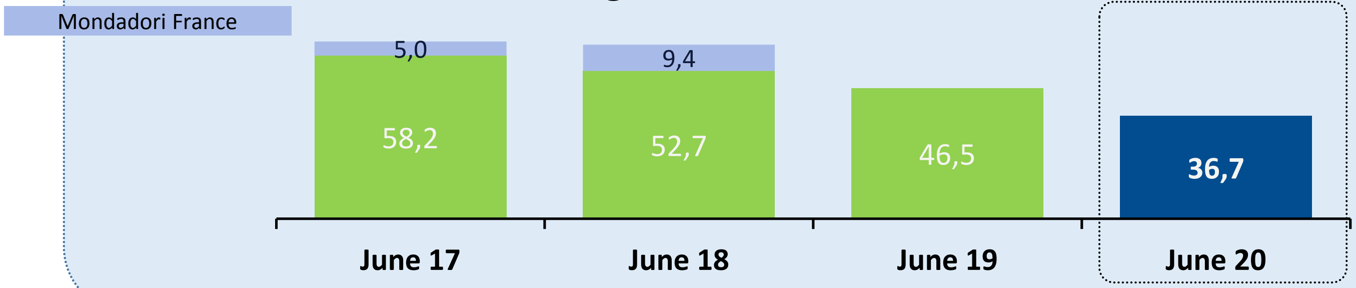




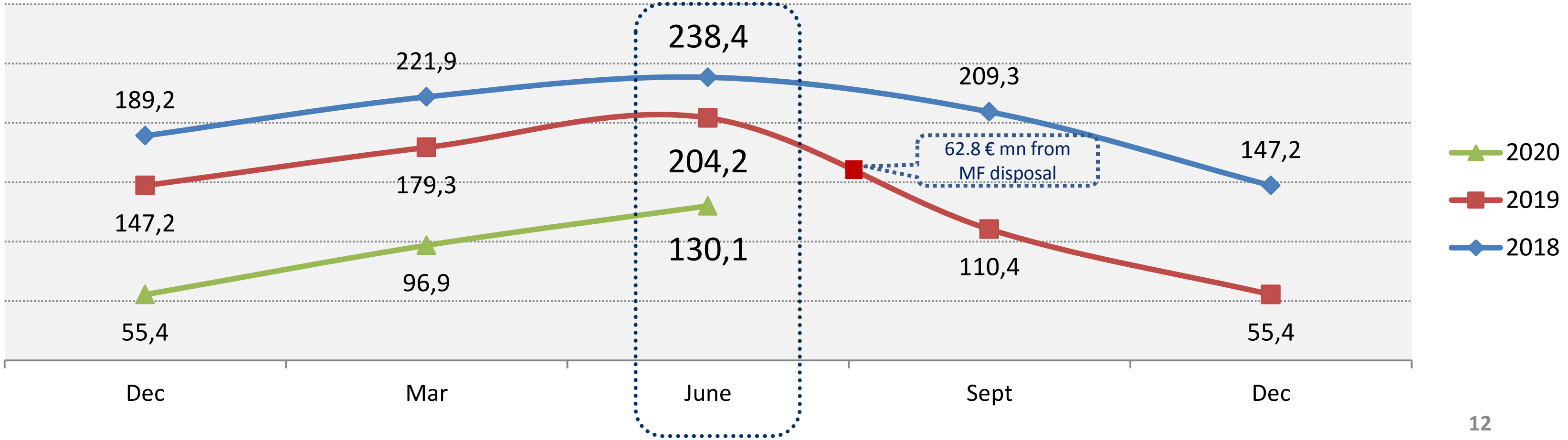
1H20 LTM Cash Flow

€ mn

Positive cash generation from business confirmed

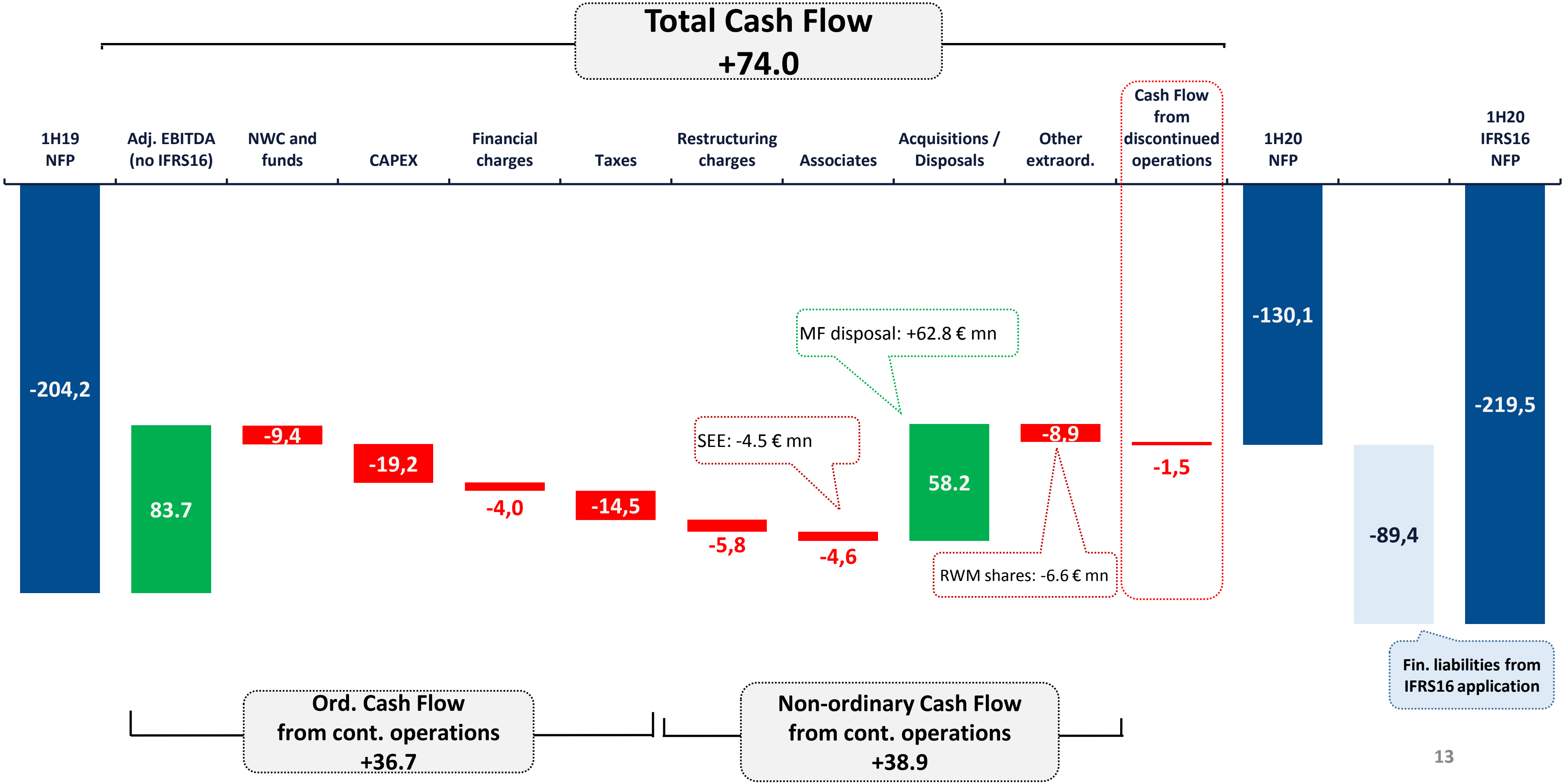


Ordinary Cash Flow = Operating Cash Flow net of taxes and financial charges



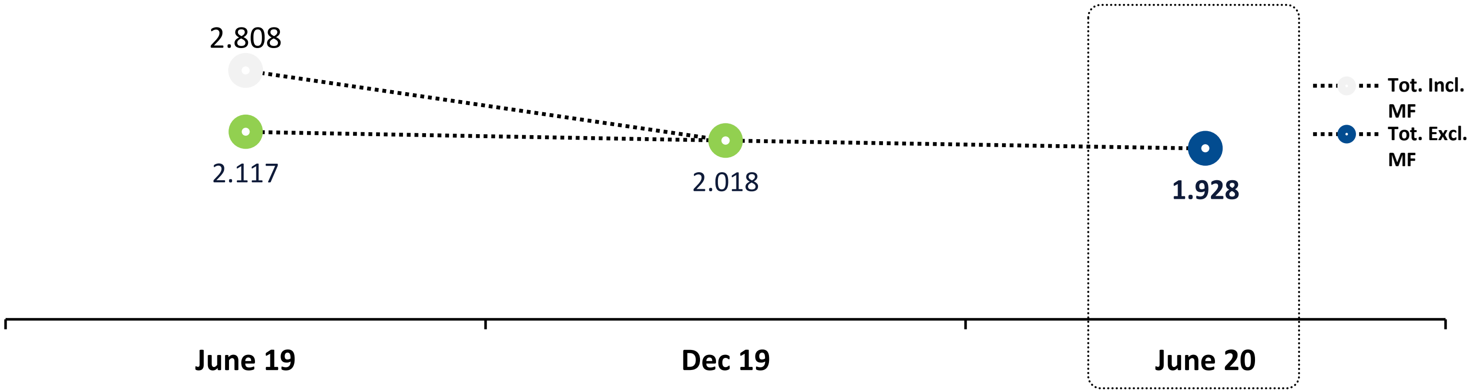
1H20 LTM Cash Flow

€ mn



1H20 Headcount evolution

Group Headcount

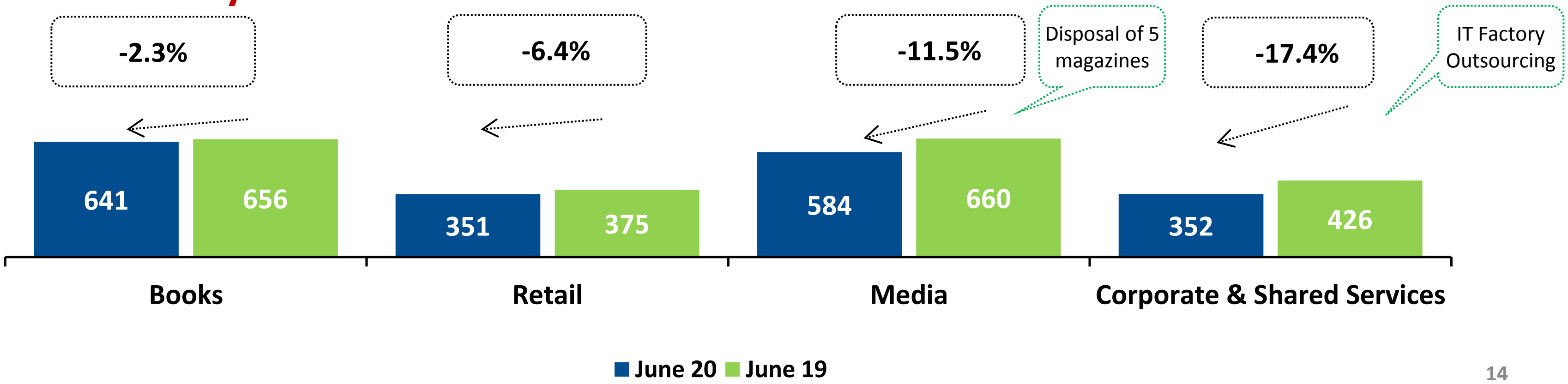


Totale Incl. MF:
-880 (-31.3%)

Totale lfl:
-189 (-8.9%)

June 20 vs. June 19

Headcount by BU

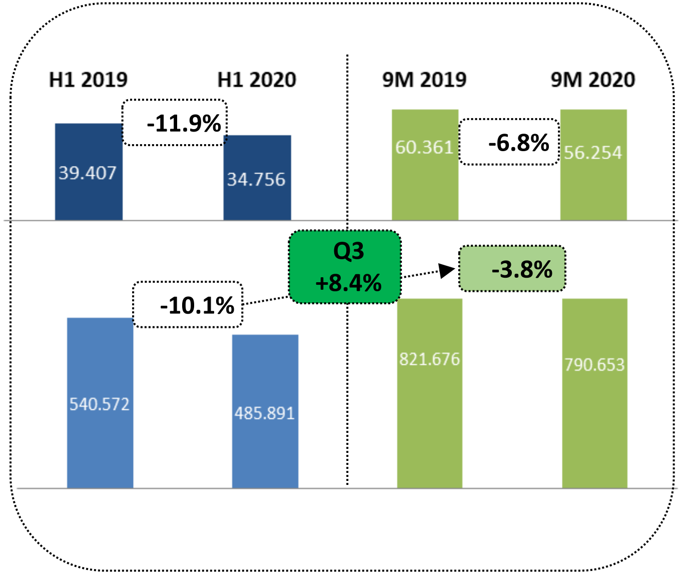


GRUPPO MONDADORI

AGENDA

1. 1H 2020 Highlights
2. 1H 2020 Results
3. **1H 2020 Business Units**
4. FY 2020 Outlook

Markets – Trade Books



Source: GfK September 2020 (sell-out)

Markets – Trade Books

9M 2020 market shares

	2020	2019
GRUPPO MONDADORI	24.6%	25.5%
EMS	11.2%	10.5%
GIUNTI	7.8%	8.8%
la Feltrinelli	5.2%	5.5%
ADELPHI	2.1%	1.7%
DeAGOSTINI LIBRI	1.4%	1.5%
Others	47.7%	46.5%

Source: GfK September 2020 (sell-out market value)

5 titles in last week Top10 sellers (7 titles in Top15)*

1

6

8

9

10

* Source: GfK - Week 28 Sept. – 6 Oct. 2020 (volume data)

Markets – Education Books Market Shares

MONDADORI LIBRI

€ mn

2020 Preliminary Estimates

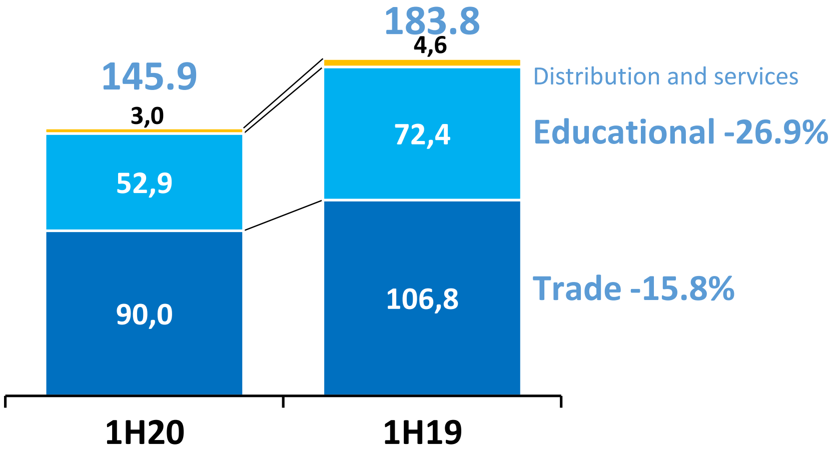
GRUPPO MONDADORI	22.1%	21.7%
MONDADORI EDUCATION	12.2%	12.1%
Rizzoli EDUCATION	9.9%	9.5%
ZANICHELLI	23.2%	22.8%
PEARSON	13.8%	13.8%
DeAGOSTINI LIBRI	10.7%	10.7%
Altro	30.2%	31.0%

Source: AIE, adopted sections

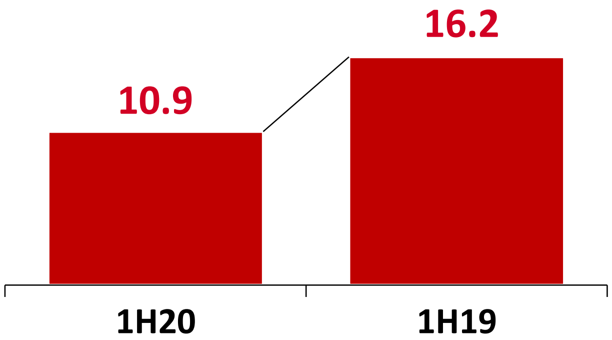
1H20 BU – Books

€ mn

Revenues -20.6%



Adj. EBITDA -5.3 € mn



REVENUES

- **Trade:** down by -15.8% versus 2019, due to the COVID-19 effects; significant recovery in the last 6 weeks
- E-book: +37% increase
- **Educational:** -26.9% yoy due mainly to the closure of museums and archaeological sites under concession due to the health emergency

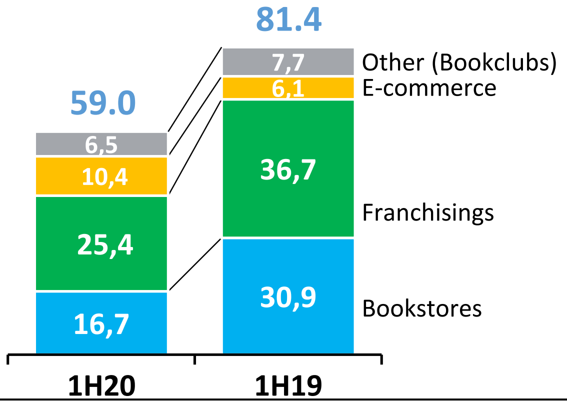
Adj. EBITDA

- **Adj. EBITDA** at 10.9 € mn. vs. 16.2 € mn. in 1H 2019

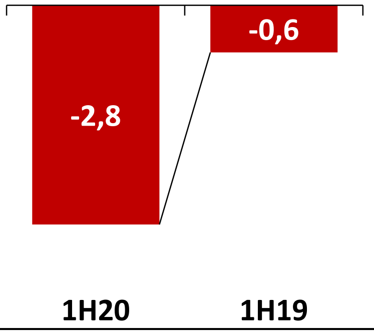
1H20 BU – Retail

€ mn

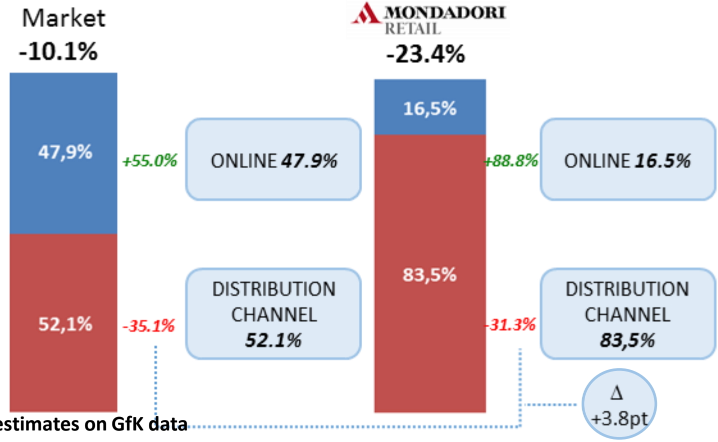
Revenues -27.5%



Adj. EBITDA
-2.2 € mn



June 2020 Book market



Source: internal estimates on GfK data

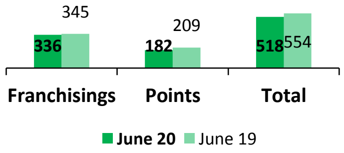
REVENUES

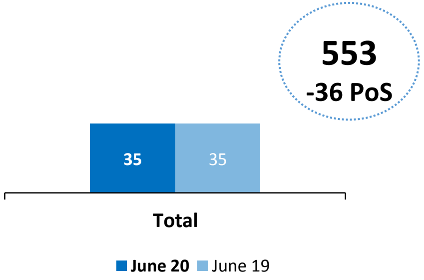
- **Books**: -23.4% contraction (bookshops closed from 12th March to end of April)
- **Extra-Books**: in decrease, also due to a focusing strategy on books products
- **E-commerce: ≈+72%**

Adj. EBITDA

- **Adj. EBITDA**: -2.2 € mn. yoy
- Impact in terms of EBITDA mitigated by careful cost management

Point of Sales





Markets – Media

MONDADORI MEDIA

YTD 2020 Circulation (€ mn)

-11.7%

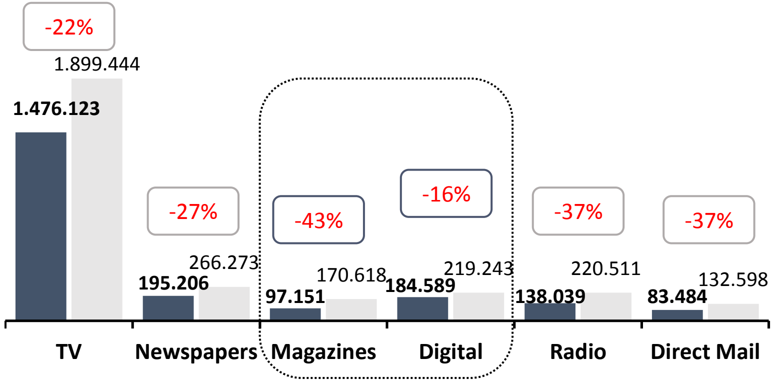
	2020	2019		2020	2019
MONDADORI MEDIA	23.7%	28.8%			
CAIRO EDITORE	22.2%	20.7%	HEARST magazines	5.2%	5.5%
RCS	6.2%	5.6%	La Verità (magazines only) Stile Italia Edizioni	4.2%	1.5%
Casa Editrice Universo	12.3%	11.7%	Altri	26.2%	26.2%

24.9% (excl. 5 magazines disposal

Source: Circulation – Press-di (June 2020), newstands + subs.

YTD June 2020 Adv. – 2.2 € bn

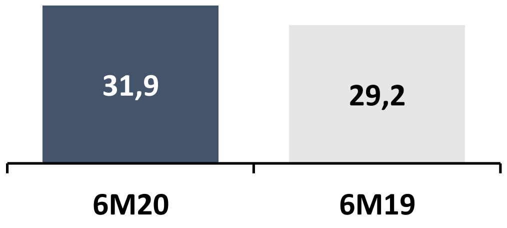
-26.8%



Source: Adv. – Nielsen (June 2020), value data

Mondadori Web Unique Audience (mn/month)

+9% YoY



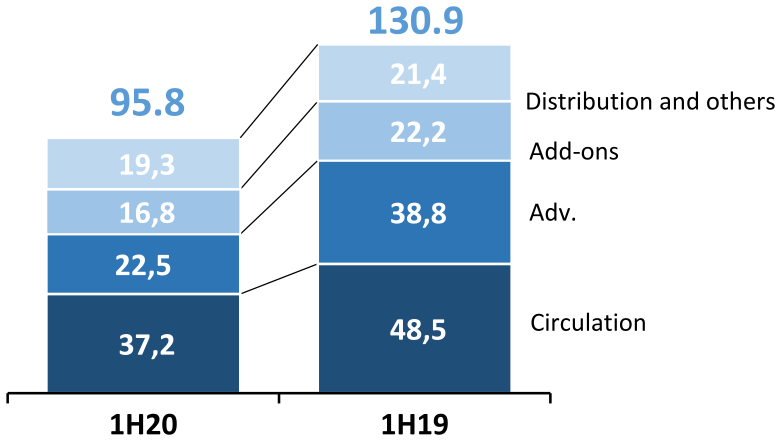
Source: comScore (Jan-June 2020), average data

1H20 BU – Media

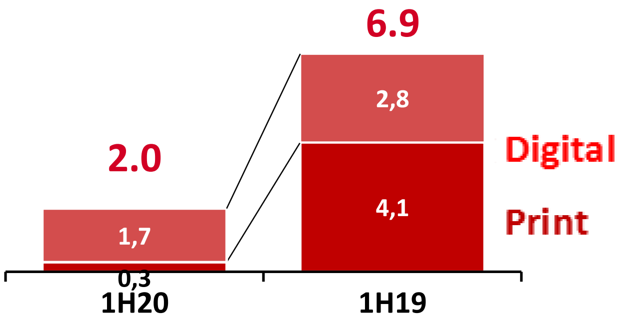
€ mn

Revenues -26.8%

-21.5% lfl



Adj. EBITDA
-5.0 € mn



REVENUES

- **Circulation revenues:** ≈-23% yoy, performance affected by both the COVID-19 impact and the disposal of a number of titles in 2019
- **Adv. revenues:** ≈-42%, ≈-4%, net of discontinuities and COVID-19 impacts; digital adv. revenues (on total adv.): ≈54%
- **Distribution and others:** ≈-10%

Adj. EBITDA

- **Adj. EBITDA** down only by -5 € mn versus 1H 2019, thanks to effective measures to contain operating costs

GRUPPO MONDADORI

AGENDA

1. 1H 2020 Highlights
2. 1H 2020 Results
3. 1H 2020 Business Units
4. **FY 2020 Outlook**

FY20 Outlook

GRUPPO MONDADORI

TRADE BOOKS

- **Strong market growth post lockdown**: market in terms of value at end July -7.8% vs. PY
- The quality of the **Group's publishing plan** is expected to drive growth and outperform the market
- **Profitability % basically steady**

SCHOOL TEXTBOOKS

- Impact on revenue from fewer adoption changes, potentially offset by the lower availability of used textbooks (start of the school year with remedial classes) and the probable lower propensity to buy/use them (health emergency)
- **Profitability % basically steady**

MUSEUMS

- Revenue impacted by the health emergency and the resulting contraction in tourist flows
- The business model and the **cost-cutting measures** have prevented losses despite the drastic reduction in revenue
- The **small size of the business** (≈10% of the Books BU's revenue) curbs the impact on the Group's consolidated operating profile

RETAIL

- Revenue performance tied to the trend of the books market (given also the narrower focus on the "non-book" product)
- The over-representation of the Group (in terms of % of revenue) leads to **moderate optimism over the recovery of part of the revenue** lost during the lockdown period
- The new Levi Law (discount reduction from 15% to 5%) is expected to drive the recovery of profitability

MEDIA

- **Advertising revenue down sharply** but digital advertising is on the upswing post lockdown
- **More moderate decline in circulation revenue**
- **The strong cost-cutting measures** should mitigate the effects of the fall in revenue
- Positive, albeit declining, profitability

FY20 Outlook – Consolidated

GRUPPO MONDADORI

REVENUES	**≈-16%/-18% drop**
Adj. EBITDA	**≈11%/12% margin**
Restructuring costs	**In increase, due to structural interventions**
Amortizations	**In increase, due to magazines' amortization and impairment**
Taxes	**In contraction**
Ord. Cash Flow	**Positive cash generation, albeit down versus the past**
NFP	**NFP at year end will depend on the amount of restructuring costs that will be financed through the cash flow from ordinary operations, with an estimate of the Group's NFP in any case no higher than the level at 31/12/19**

GRUPPO MONDADORI

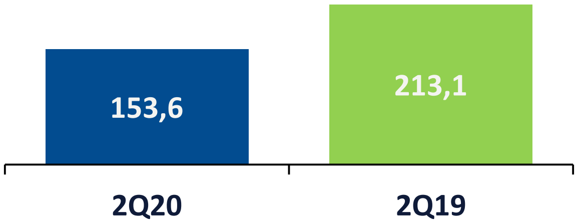
BACKUP

2Q20 Highlights (IFRS 16)

€ mn

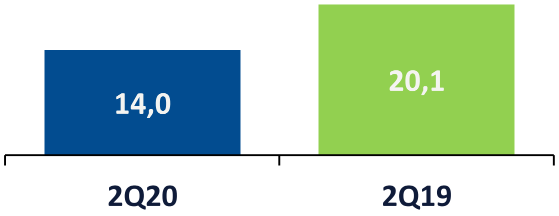
(27.9%)

Revenues



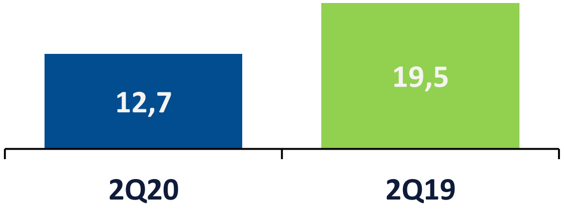
-6.1 € mn

Adj. EBITDA



-6.8 € mn

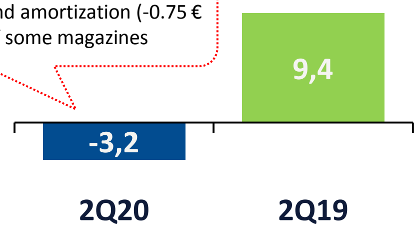
Rep. EBITDA



-12.6 € mn

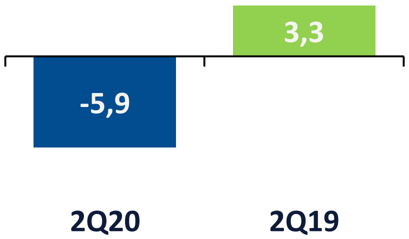
EBIT

Includes impairment (-5.8 € mn) and amortization (-0.75 € mn) of some magazines



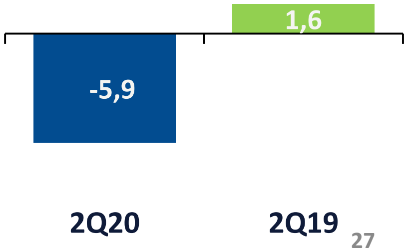
-9.2 € mn

Result from continuing operations



-7.5 € mn

Net Consolidated Result



2Q20 Revenues and Adj. EBITDA by Business Area

GRUPPO MONDADORI

€ mn

Revenues

	2Q20	2Q19	Var. %
Books	87.7	113.6	***(22.8%)***
Retail	27.9	40.0	***(30.3%)***
Media	45.2	67.9	***(33.4%)***
Corporate & Shared Services	11.0	9.7	***13.4%***
Intercompany	*(18.2)*	*(18.1)*	*0.6%*
Total	**153.6**	**213.1**	***(27.9%)***

Adj. EBITDA

	2Q20	2Q19	Var.
Books	15.5	16.4	***(0.9)***
Retail	(1.6)	(0.1)	***(1.5)***
Media	(0.1)	4.3	***(4.4)***
Corporate & Shared Services	(0.2)	(0.4)	***0.2***
Intercompany	*0.3*	*0.0*	***0.3***
Total	**14.0**	**20.1**	***(6.0)***

2Q20 Rep. EBITDA and EBIT by Business Area

€ mn

Rep. EBITDA

	2Q20	2Q19	Var.
Books	15.5	16.1	***(0.6)***
Retail	(2.0)	(0.3)	***(1.6)***
Media	(0.1)	4.1	***(4.2)***
Corporate & Shared Services	(1.1)	(0.5)	***(0.7)***
Intercompany	*0.3*	*0.0*	***0.3***
Total	**12.7**	**19.5**	***(6.8)***

EBIT

	2Q20	2Q19	Var.
Books	12.2	12.5	***(0.3)***
Retail	(4.4)	(2.8)	***(1.6)***
Media	(7.8)	2.7	***(10.5)***
Corporate & Shared Services	(3.5)	(3.0)	***(0.5)***
Intercompany	*0.3*	*0.0*	***0.3***
Total	**(3.2)**	**9.4**	***(12.5)***

Include impairment (-5,8 € mln) e amm.to (-0,75 € mln) testate

1H20 Profit & Loss (IFRS 16)

GRUPPO MONDADORI

€ mn

Includes magazines impairment (-5.8 € mn) and amortization (-1.5 € mn)

	1H 2020		1H 2019		Chg. vs PY	Chg. vs PY %
REVENUE	**288.9**	*100.0%*	**380.0**	*100.0%*	***(91.0)***	***(24%)***
INDUSTRIAL PRODUCT COST	84.8	*29.4%*	121.4	*31.9%*	*(36.6)*	*(30%)*
VARIABLE PRODUCT COSTS	42.9	*14.9%*	54.6	*14.4%*	*(11.7)*	*(21%)*
OTHER VARIABLE COSTS	60.7	*21.0%*	74.5	*19.6%*	*(13.8)*	*(18%)*
STRUCTURAL COSTS	24.2	*8.4%*	28.1	*7.4%*	*(3.9)*	*(14%)*
EXTENDED LABOUR COST	65.5	*22.7%*	79.3	*20.9%*	*(13.8)*	*(17%)*
OTHER EXPENSE (INCOME)	(0.2)	*(0.1%)*	0.2	*0.1%*	*(0.5)*	*n.s.*
ADJUSTED EBITDA	**11.0**	*3.8%*	**21.8**	*5.7%*	***(10.9)***	***(50%)***
RESTRUCTURING COSTS	1.6	*0.6%*	1.1	*0.3%*	*0.5*	*41%*
EXTRAORDINARY EXPENSE (INCOME)	0.9	*0.3%*	0.1	*0.0%*	*0.9*	*n.s.*
EBITDA	**8.4**	*2.9%*	**20.6**	*5.4%*	***(12.2)***	***(59%)***
AMORTIZATION AND DEPRECIATION	18.2	*6.3%*	11.1	*2.9%*	*7.2*	*65%*
AMORTIZATION AND DEPRECIATION IFRS 16	7.4	*2.5%*	7.4	*1.9%*	*(0.0)*	*(1%)*
EBIT	**(17.2)**	*(6.0%)*	**2.1**	*0.6%*	***(19.3)***	***n.s.***
FINANCIAL EXPENSE AND (INCOME)	2.4	*0.8%*	(0.3)	*(0.1%)*	*2.7*	*n.s.*
FINANCIAL EXPENSE IFRS 16	1.3	*0.5%*	1.0	*0.3%*	*0.3*	*26%*
FINANCIAL EXPENSE (INCOME) FROM SECURITIES VALUATION	6.6	*2.3%*		*0.0%*	*6.6*	*n.s.*
EXPENSE AND (INCOME) FROM INVESTMENTS	3.4	*1.2%*	3.0	*0.8%*	*0.4*	*12%*
EBT	**(30.9)**	*(10.7%)*	**(1.6)**	*(0.4%)*	***(29.3)***	***n.s.***
TAX EXPENSE (INCOME)	(5.9)	*(2.0%)*	3.0	*0.8%*	*(8.9)*	*n.s.*
RESULT FROM CONTINUING OPERATIONS	**(25.0)**	*(8.7%)*	**(4.6)**	*(1.2%)*	***(20.4)***	***n.s.***
RESULT FROM DISCONTINUED OR DISCONTINUING OPERATIONS		*0.0%*	**3.9**	*1.0%*	***(3.9)***	***n.s.***
NET RESULT FOR THE PERIOD (GROUP AND NON-CONTROLLING INTERESTS)	**(25.0)**	*(8.7%)*	**(0.7)**	*(0.2%)*	***(24.3)***	***n.s.***
NON-CONTROLLING INTERESTS	**(0.0)**	*(0.0%)*	**1.2**	*0.3%*	***(1.2)***	***n.s.***
GROUP INTERESTS	**(25.0)**	*(8.7%)*	**(1.9)**	*(0.5%)*	***(23.1)***	***n.s.***

1H20 Balance Sheet (IFRS 16)

GRUPPO MONDADORI

€ mn

	June 2020	June 2019	Chg. vs PY €	Chg. vs PY %
TRADE RECEIVABLES	181.4	228.1	(46.7)	(20.5%)
INVENTORY	143.5	134.6	8.9	6.6%
TRADE PAYABLES	231.1	262.5	(31.4)	(12.0%)
PAYABLES TO SUBSCRIBERS	19.2	19.1	0.0	0.2%
RECEIVABLES (PAYABLES) FROM/TO AUTHORS	7.7	9.2	(1.5)	(16.6%)
DEFERRED TAX ASSETS (LIABILITIES)	17.8	21.3	(3.5)	(16.2%)
DISCONTINUED OR DISCONTINUING ASSETS (LIABILITIES)		93.5	(93.5)	(100.0%)
OTHER ASSETS (LIABILITIES)	2.6	(14.3)	16.8	n.s.
NET WORKING CAPITAL	**102.8**	**190.9**	**(88.1)**	**(46.2%)**
INTANGIBLE ASSETS	211.6	225.8	(14.2)	(6.3%)
PROPERTY, PLANT AND EQUIPMENT	17.9	17.6	0.3	1.7%
ASSETS FROM RIGHTS OF USE IFRS 16	86.7	101.1	(14.4)	(14.2%)
INVESTMENTS	23.7	30.0	(6.3)	(21.0%)
NET FIXED ASSETS	**339.9**	**374.5**	**(34.6)**	**(9.2%)**
PROVISIONS FOR RISKS	46.1	54.0	(7.8)	(14.5%)
POST-EMPLOYMENT BENEFITS	32.1	34.7	(2.6)	(7.4%)
PROVISIONS	**78.2**	**88.6**	**(10.4)**	**(11.7%)**
NET INVESTED CAPITAL	**364.5**	**476.8**	**(112.3)**	**(23.6%)**
SHARE CAPITAL	68.0	68.0	0.0	0.0%
RESERVES	102.0	74.6	27.4	36.7%
PROFIT (LOSS) FOR THE PERIOD	(25.0)	(1.9)	(23.1)	n.s.
GROUP EQUITY	**144.9**	**140.7**	**4.2**	**3.0%**
NON-CONTROLLING INTERESTS' EQUITY	0.1	29.9	(29.8)	(99.8%)
EQUITY	**145.0**	**170.6**	**(25.6)**	**(15.0%)**
NET FINANCIAL POSITION NO IFRS 16	130.1	204.2	(74.1)	(36.3%)
NET FINANCIAL POSITION IFRS 16	89.4	102.0	(12.6)	(12.4%)
NET FINANCIAL POSITION	**219.5**	**306.2**	**(86.7)**	**(28.3%)**
SOURCES	**364.5**	**476.8**	**(112.3)**	**(23.6%)**

1H20 Net Financial Position (IFRS 16)

GRUPPO MONDADORI

€ mn

	LTM
ADJUSTED EBITDA (NO IFRS 16)	83.7
NWC AND PROVISIONS	(9.4)
CAPEX NO IFRS 16	(19.2)
CASH FLOW FROM OPERATIONS	**55.1**
FINANCIAL INCOME (EXPENSE) NO IFRS 16	(4.0)
TAX	(14.5)
CF FROM ORDINARY OPERATIONS DISCONTINUED OR DISCONTINUING OPERATIONS	(1.4)
CASH FLOW FROM ORDINARY OPERATIONS	**35.3**
RESTRUCTURING COSTS	(5.8)
EXTRAORDINARY TAX	0.3
SHARE CAPITAL INCREASE/DIVIDENDS NON CONTROLLING INTERESTS AND ASSOCIATES	(4.6)
PURCHASE OF ASSETS	(0.4)
DISPOSAL OF ASSETS	58.5
OTHER INCOME AND EXPENDITURE	(9.2)
CF EXTRAORDINARY OPERATIONS DISCONTINUED OR DISCONTINUING OPERATIONS	(0.1)
CASH FLOW FROM EXTRAORDINARY OPERATIONS	**38.8**
TOTAL CASH FLOW	**74.0**
NET FINANCIAL POSITION NO IFRS 16	**(130.1)**
IFRS 16 EFFECTS IN THE PERIOD	**12.5**
FINAL NET FINANCIAL POSITION	**(219.5)**

Glossary

GRUPPO MONDADORI

- **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 non recurring 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.

- **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.

Forward-looking Statements

GRUPPO MONDADORI

Mondadori Group IR (available on Google Play and App Store)

twitter.com/mondadori

it.linkedin.com/company/mondadori

facebook.com/GruppoMondadori

instagram.com/gruppomondadori

youtube.com/c/mondadori