GRUPPO MONDADORI

DeAgostini Scuola Acquisition

Investor Presentation

DeA SCUOLA

Milan - July 12, 2021

AGENDA

1. Key Highlights
2. DeAgostini Scuola
3. Mondadori post-deal
4. Closing remarks

Key Highlights - The Strategic Rationale

MONDADORI LIBRI + DeA SCUOLA

A transformational deal for Mondadori that sees the Group increasingly focused on the Books area

- **Stronger foothold** in the ***Education*** segment **(K-12 segment)**, the Group's most profitable area
- Potential **value creation** through:
  - the achievement of **synergies from integration**
  - the combination of **premium positions** companies with a portfolio of **strongly complementary brands** and **subjects**

Key Highlights - The transaction

Deal Structure	Acquisition of 100% of the share capital of **De Agostini Scuola S.p.A.** The **price** will be fully settled in **cash** at Closing Date
Price	**Enterprise Value € 157.5** million **Multiple of 7.4x EBITDA in 2020** The **final price** will be based on the Enterprise Value net of the average normalized net financial position for the 12 months prior to the Closing Date
Financing	The transaction will be financed by the **Acquisition line** that is part of the recently renegotiated credit lines (Loan Agreement) Line spread: **70 bps** (before any hedging)
Value Creation	Expected **run-rate synergies** of approximately € **4/5 million** (within 24 months from acquisition) **EPS** and **FCF accretive deal** from first year (starting 2022) Improved financial structure after acquisition: on a pro-forma 2020 basis, the **NFP/Adj. EBITDA** ratio **(no IFRS16) is expected below 1.5 (1.1x in 2021)**
Timing	**Closing** subject to approval by Antitrust authority **Finalization** of the transaction estimated **by the end of 2021**

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DeAgostini Scuola

Brands

Market Shares

K-12 Segment

Primary & Secondary School	University	Dictionaries

	2020	2019
DeA Scuola	10.6%	10.7%
Primary	3.3%	3.5%
Secondary	12.1%	12.1%

Source: AIE 2020 (n. of adopted sections)

DeAgostini Scuola – Key Figures

€ mn

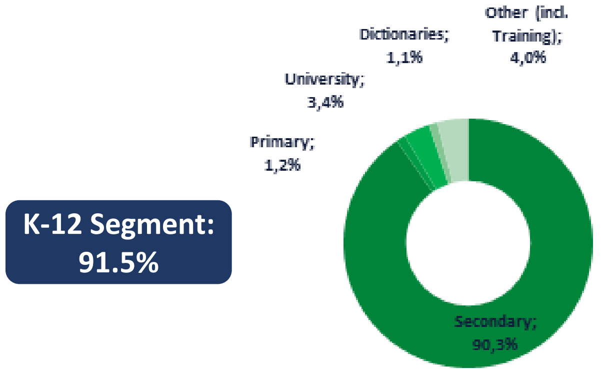
FY 2020

REVENUES	€ 70.8 mn
EBITDA	€ 21.4 mn
NET PROFIT	€ 12.2 mn
OPERATING CF*	€ 16.2 mn
NFP at 31/12	Cash € 20.8 mn
HEADCOUNT**	128

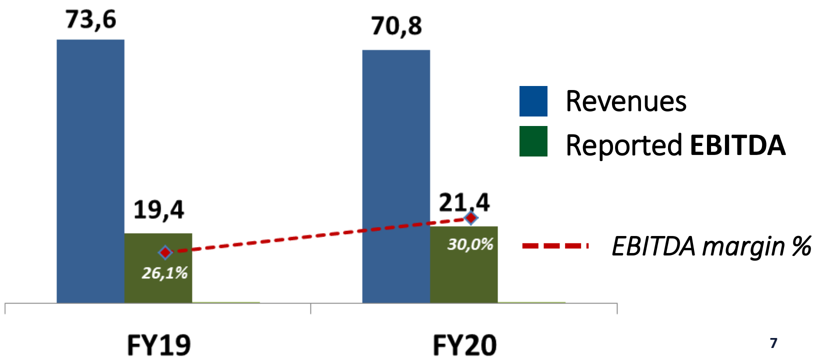
* Cash Flow before interests and taxes
** Average data FY 2020

Revenue Breakdown FY 2020

ITA GAAP



FY19-20 Trend



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Mondadori Post Deal – Key Financials FY20

€ mn

After DeA Scuola Acquisition (before synergies)

	MONDADORI LIBRI / MONDADORI RETAIL		GRUPPO MONDADORI	
	Books (incl. Retail)	Mondadori + DeA Pro-forma	Group	Mondadori + DeA Pro-forma
NET REVENUES	577	~ 647	744	~ 815
Adjusted EBITDA	89	~ 111	98	~ 120
EBITDA margin %	*15%*	*17%*	*13%*	*15%*
NFP IFRS16			98	~ 234
NFP				~ 152

NFP/Adj. EBITDA (no IFRS16) < 1.5x (1.1x FY2021)

Pro-forma based on 12-months consolidation, incl. IFRS16

Mondadori Post Deal

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€ mn

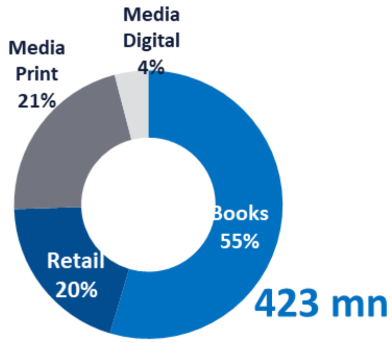
Increasing contribution from Books

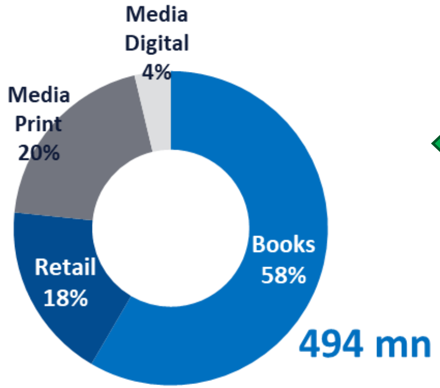
Pro-forma FY2020 Mondadori Group

Before …

…. After acquisition

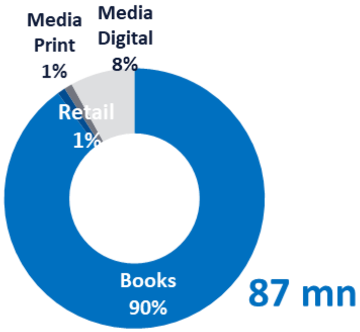
REVENUES
(gross of interc.)

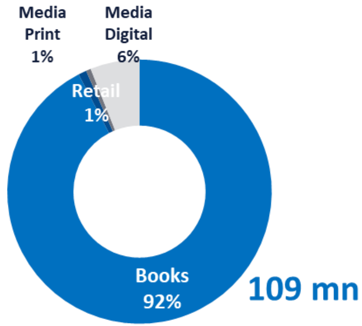




Books + Retail = 77%

ADJ. EBITDA
(gross of interc.)

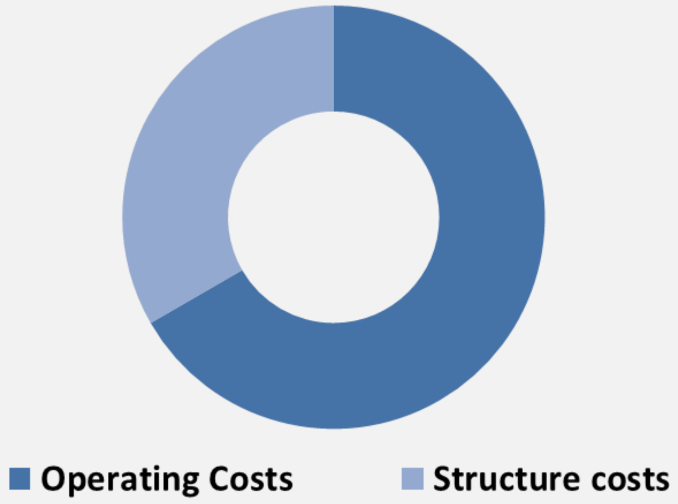




Books + Retail = 93%

Mondadori Post Deal - Expected synergies

Cost Synergies Breakdown



Highlights

- **€4/5 million in run-rate synergies** (within 24 months from acquisition)
- Expected **synergies** refer to **efficiencies/economies of scale and scope**:
  - in structure costs;
  - in production costs (purchase of raw materials...);
  - in investments in the development of digital content.
- **Transaction costs** < € 1 million in FY2021

Expected **annual synergies** of approximately **€ 4/5 million**
(run-rate by 2023)

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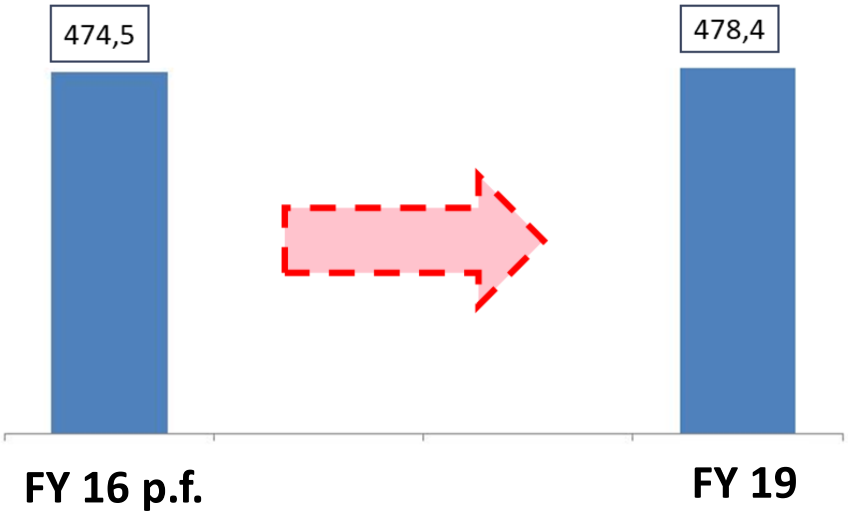
Post M&A successful track-record

€ mn

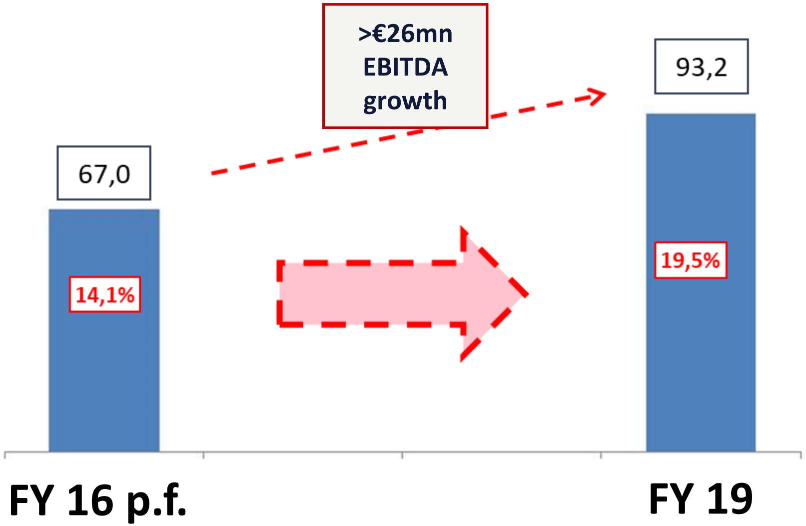
Books Area post Rizzoli Libri acquisition

(before Covid-19)

REVENUE TREND



EBITDA Adj. TREND



N.B.Comparable data, incl. IFRS15 but excl. IFRS16. P.f. based on 12-months consolidation

Conclusions

Stronger foothold in school textbook publishing

Shareholder Value Creation

SHORT TERM…

- Enhancement **of the catalogue breadth and quality from a complementary perspective**
- Group's **profitability** and **cash generation strengthening**

…MEDIUM/LONG TERM

- **Efficiencies** and **operating and structure cost synergies**
- **Acceleration** in the development of innovative tools and **ways to use interactive content**

Ongoing transformation of the Group into a **book player**

EPS and Free Cash Flow increase

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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Social media & IR APP

Mondadori Group IR (disponibile su Google Play e App Store)

twitter.com/mondadori

it.linkedin.com/company/mondadori

facebook.com/GruppoMondadori

instagram.com/gruppomondadori

youtube.com/c/mondadori

DeAgostini Scuola - The business model

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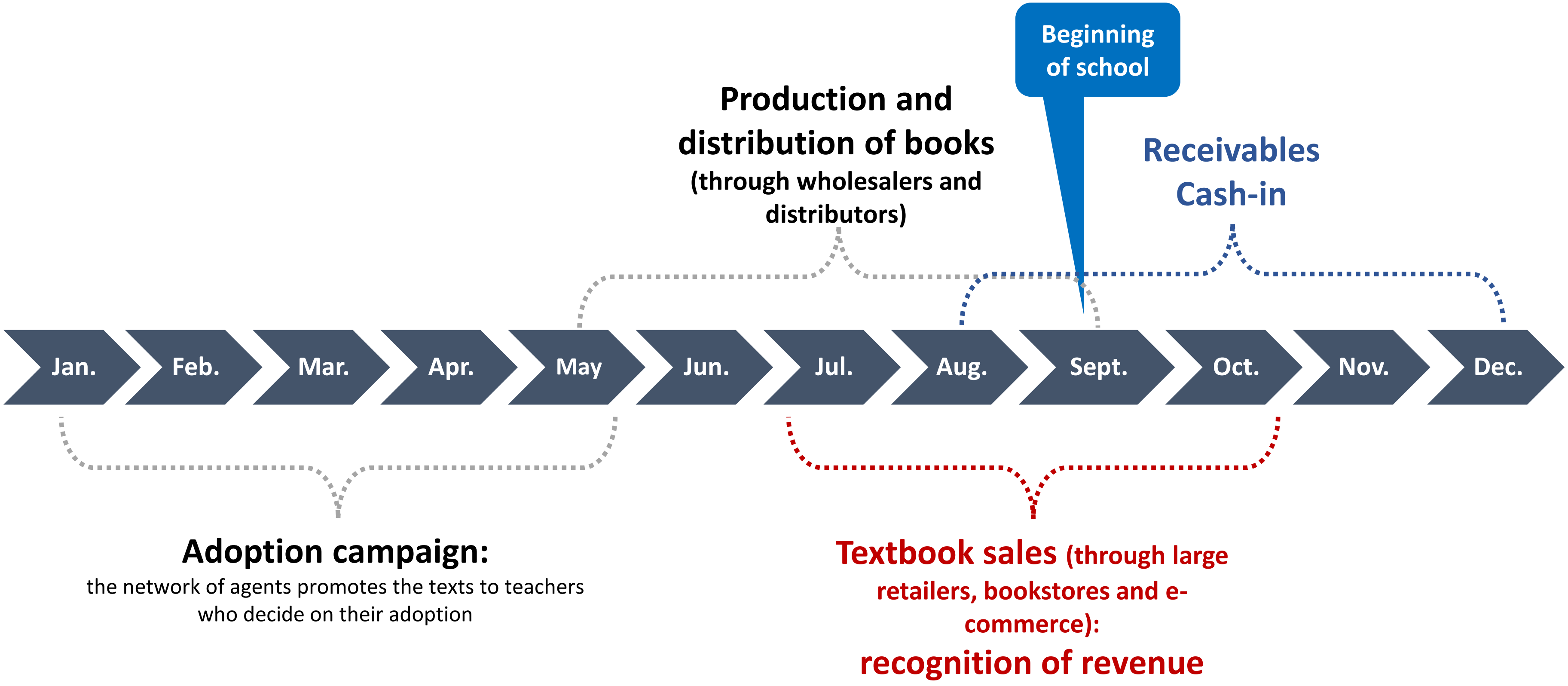
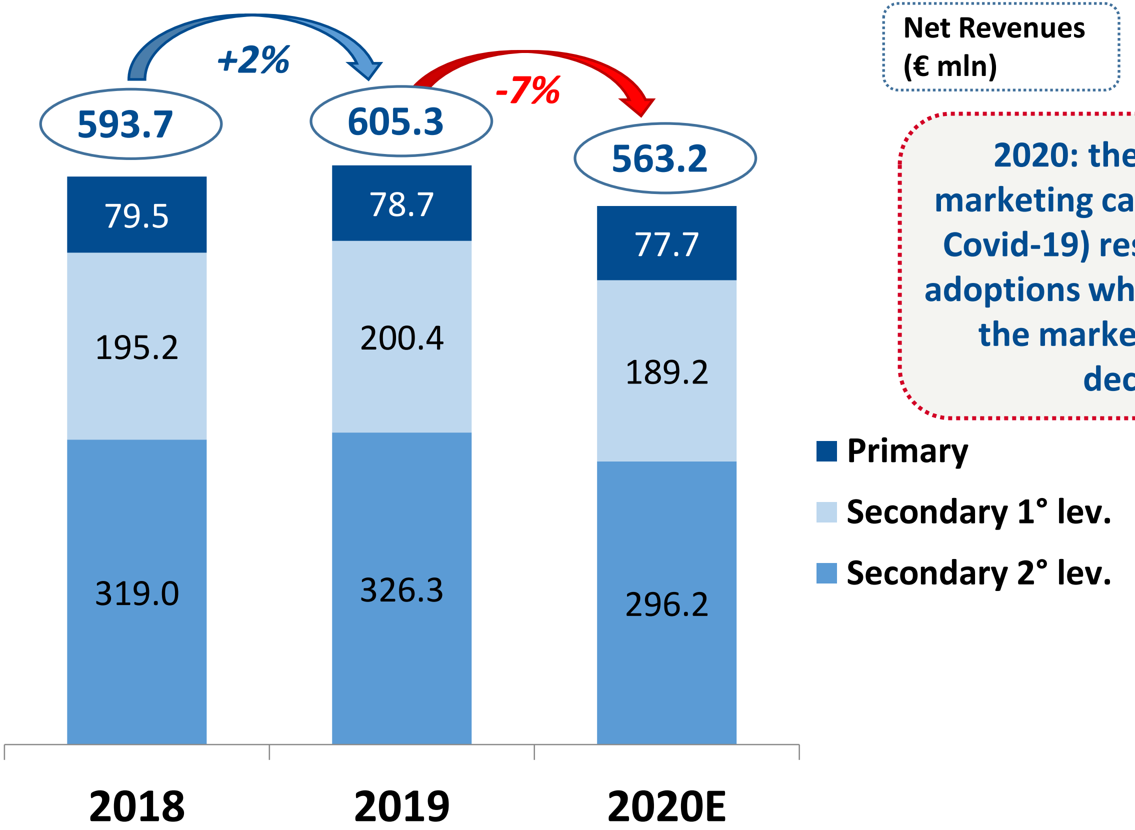
Promotion, production and distribution cycle of the product



Markets – FY 2020 Education Books



2020: the «unusual» marketing campaign (due to Covid-19) resulted in lower adoptions which have caused the market revenue to decrease

*Source: Databank 2020 & ESAIE 2020

Funding Overview

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€ 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*

Funding Overview

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Covenant

		OLD	NEW
NFP/EBITDA before IFRS16		3.25x	**3.25x**
NFP before IFRS16 at 06/30	2021	385.0	**385.0**
	2022	350.0	**350.0**
	2023		**315.0**
	2024		**280.0**
	2025		**245.0**
	2026		**210.0**

Spread

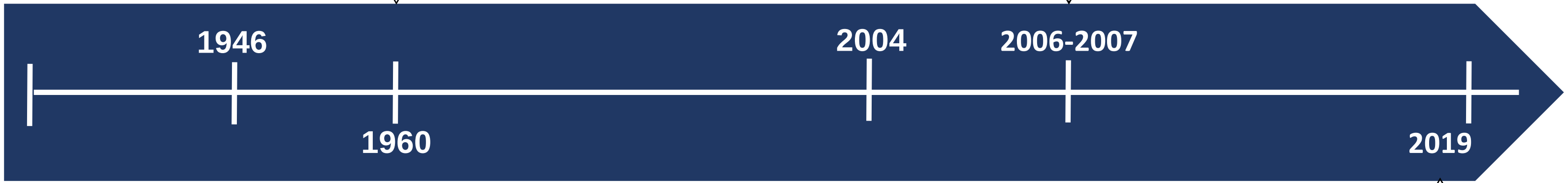
Margin Grid

NFP / EBITDA before IFRS16 year-end	≤1.0	1.0–1.5	1.5–2.0	2.0–2.5	2.5–3.0	3.0–3.5	>3.5
OLD	*95 bps*	*95 bps*	*95 bps*	*120 bps*	*130 bps*	*165 bps*	*200 bps*
NEW	*70 bps* (Initial spread)	*80 bps*	*95 bps*	*120 bps*	*135 bps*	*150 bps*	*150 bps*

DeAgostini Scuola - Key Milestones

60's
DeA Group lands in the **second-level secondary school market**

November 2006 - July 2007
DeA Scuola acquires **Cideb / Black Cat, CEDAM and Ghisetti & Corvi**



1946
The DeA Group produces the **first primary school textbooks**

July 2004
Establishment of
DeA Scuola S.p.A.

September 2019
DeA Editore S.p.A. becomes sole shareholder of DeA Scuola S.p.A.