GRUPPO MONDADORI

1H21 Results

Investors Presentation

Antonio Porro – CEO
Alessandro Franzosi – CFO

Segrate, July 29 2021

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AGENDA

1. **1H 2021 Highlights**
2. 1H 2021 Results
3. 1H 2021 Business Areas
4. FY 2021 Outlook

Highlights 1H 21

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Growth of EBITDA and revenue in all the business areas and strong increase in profitability

Extraordinary performance of the Books market in first-half

+36.8% vs 1H 2020

+23% vs 1H 2019

Further increase in cash generation....

- LTM Ordinary Cash Flow at € 68.5 mn (vs € 51.2 mn at December 2020)

...resulting in a stronger capital/financial position

- NFP before IFRS 16 € -68.3 mn (vs -130.1 mn at June 2020)

Group results improved:

- **Revenue on the rise** (+10.9%) vs 1H20
- **Adj. EBITDA +10.6 mn** versus 1H20 (+96.3%)

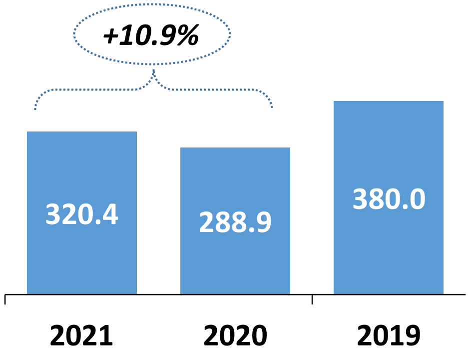
Acquisition of DeAgostini Scuola:

- The **greatest deal in the last 15 years for Mondadori**, increasingly focused on the Book area
- **Increasing profitability and cash generation** for the Group
- Efficiencies and operating and structure **cost synergies**

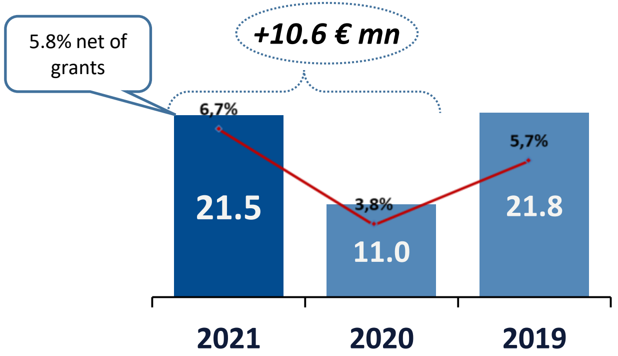
Highlights – 1H21 vs 1H20-1H19

€ mn

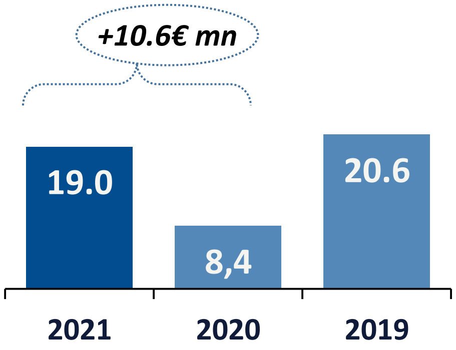
Revenue



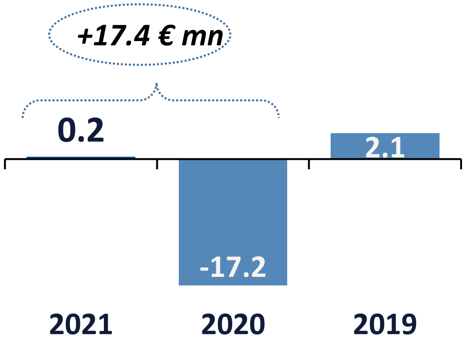
Adj. EBITDA



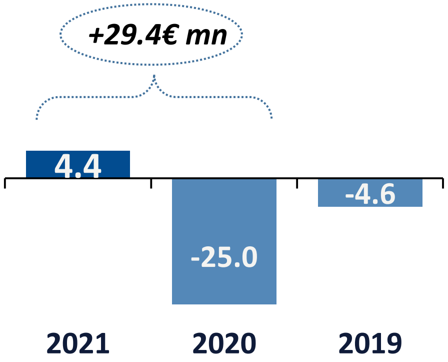
Rep. EBITDA



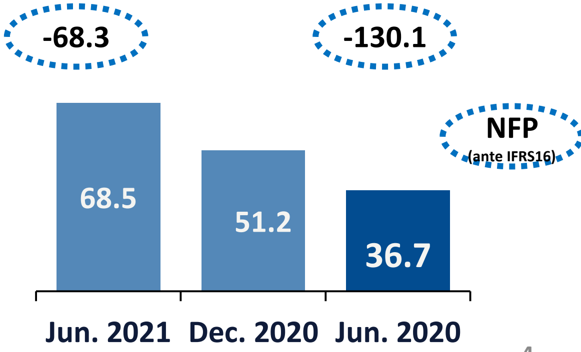
EBIT



Consolidated Net Result



LTM Ordinary Cash flow



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1H21 Revenue and Adjusted EBITDA by Business Area

€ mn

Revenue

	1H 21	1H 20	Var. %	2Q 21	2Q 20	Var. %
Books	168.9	145.9	***15.8***	97.3	87.7	***11.0***
Retail	69.8	59.0	***18.3***	36.4	27.9	***30.4***
Media	97.4	95.8	***1.7***	50.6	45.2	***12.0***
Corporate & Shared Services	19.7	22.1	***(11.0)***	9.9	11.0	***(9.7)***
Intercompany	*(35.3)*	*(33.8)*	***4.3***	*(18.7)*	*(18.2)*	***n.s.***
Total	**320.4**	**288.9**	***10.9***	**175.6**	**153.6**	***14.3***

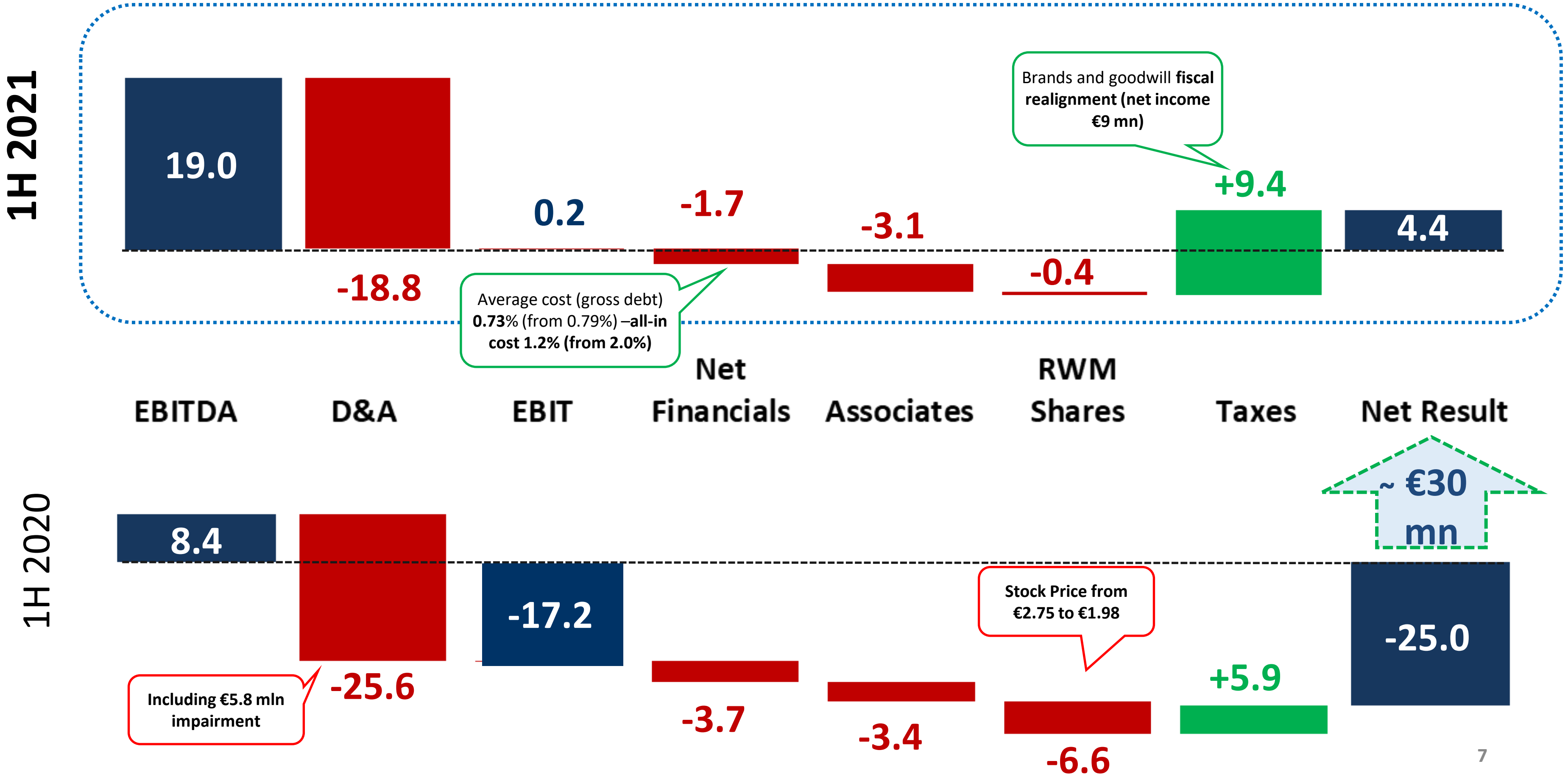
Adj. EBITDA

	1H 21	1H 20	Var.	2Q 21	2Q20	Var.
Books	19.8	10.9	***8.9***	19.2	15.5	***3.7***
Retail	0.4	(2.8)	***3.2***	0.8	(1.6)	***2.4***
Media	4.5	2.0	***2.6***	2.5	(0.1)	***2.6***
Corporate & Shared Services	(2.6)	(0.2)	***-2.4***	(1.6)	(0.2)	***-1.4***
Intercompany	*(0.6)*	*1.0*	***-1.7***	*(0.5)*	*0.3*	***-0.9***
Total	**21.5**	**11.0**	***10.6***	**20.4**	**14.0**	***6.4***
EBITDA Margin %	***6.7%***	***3.8%***		***11.6%***	***9.1%***	

Different corporate charges allocation criteria

From EBITDA to Net Result 1H21

€ mn



Revenue and Adjusted EBITDA 1H 21 vs 1H 19

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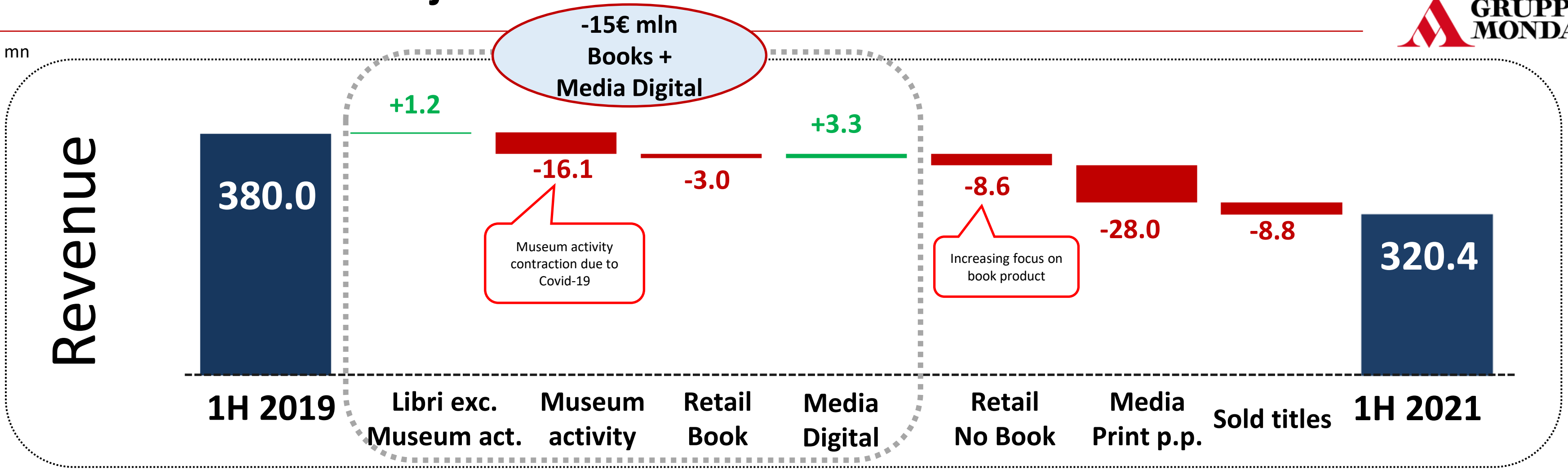
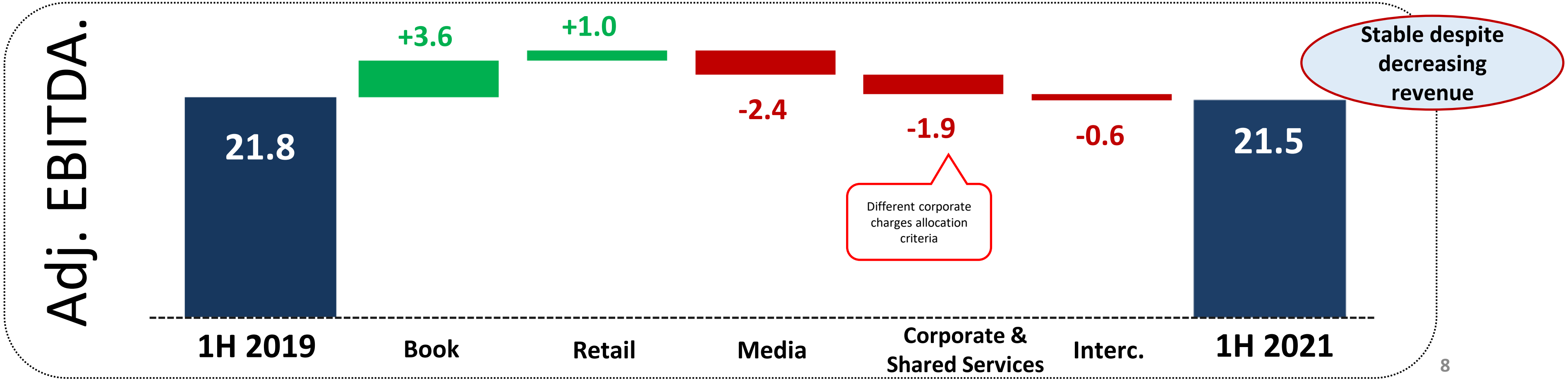
€ mn



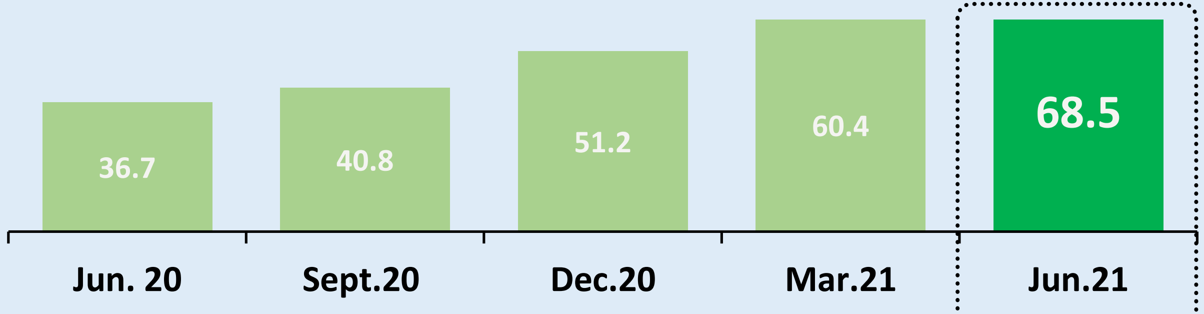


Cash Flow & NFP June 21

€ mn

Strong business cash generation confirmed

Ordinary Cash Flow



Ordinary Cash Flow = Operating CF net of taxes and net financials; LTM in the quarterly results

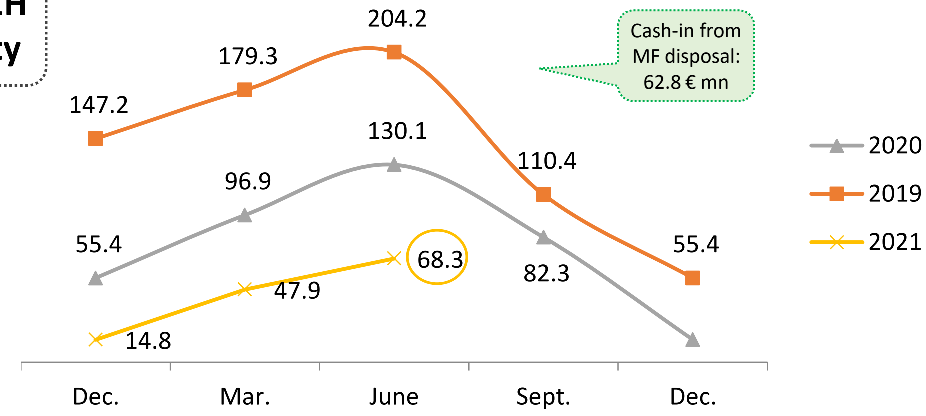
Net Debt Evolution (no IFRS16)

Net Debt 1H Seasonality

+57.0

+74.7

+53.5
incl. 6,6 mln cash-out M&A

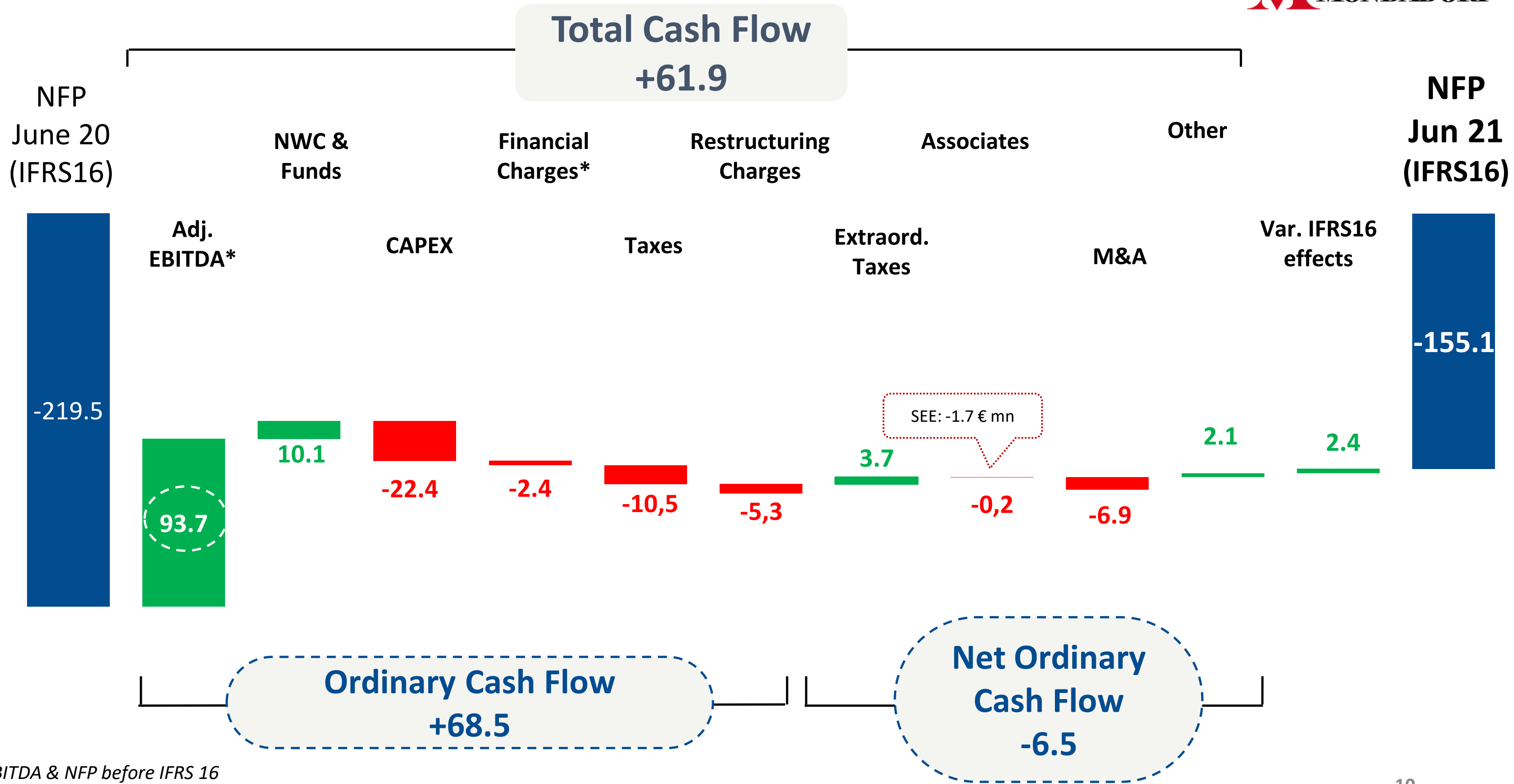


Jun 2021

Decrease by +61.9€ mn (before IFRS16)

Consolidated Cash Flow LTM 1H21

€ mn



* Adj. EBITDA & NFP before IFRS 16

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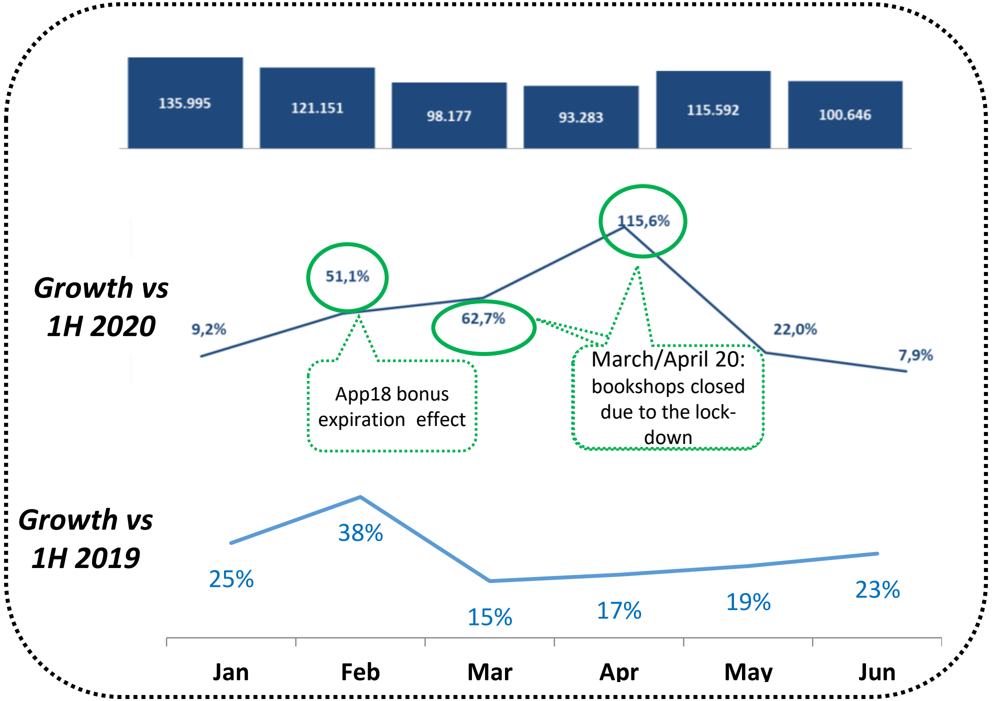
3. **1H 2021 Business Areas**
   - **Books**
   - Retail
   - Media
4. FY 2021 Outlook

Markets – Trade Books 1H 2021

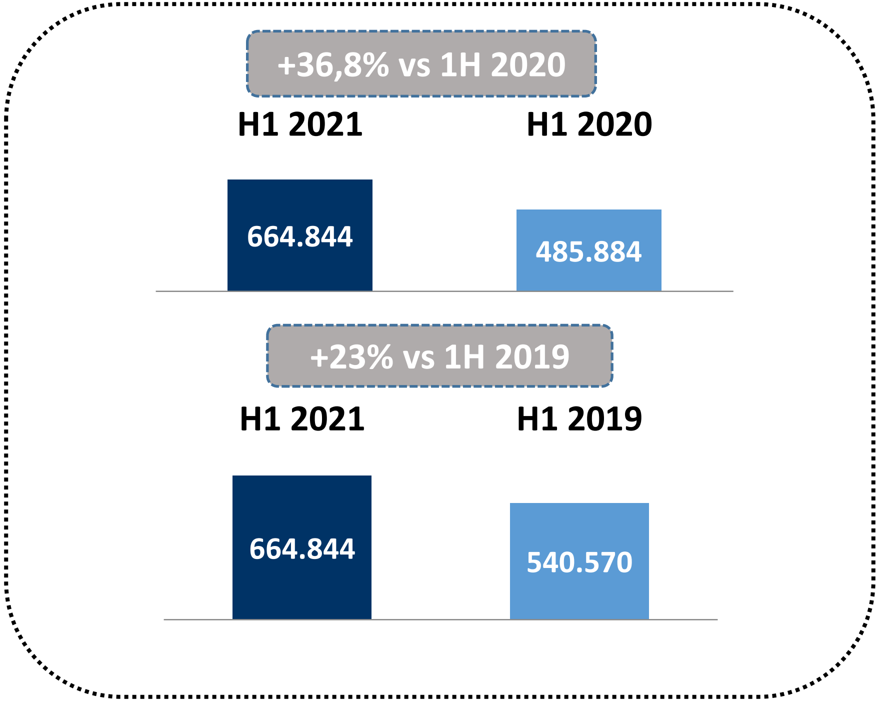
MONDADORI LIBRI

Continuation of the extraordinary performance of the Trade Books market

2021 Monthly Trend vs 2020/2021



1H 2021 Trend vs 2020/2019

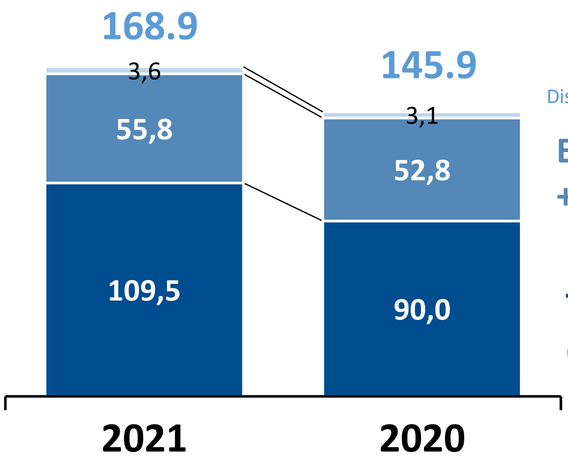


Source: GfK, June 2021 (sell-out market value data)

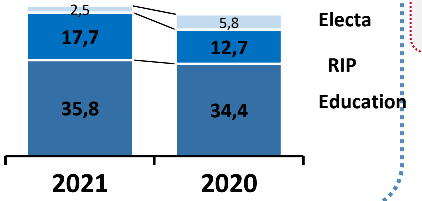
Business 1H21 - Books

€ mn

Revenue +15.8%



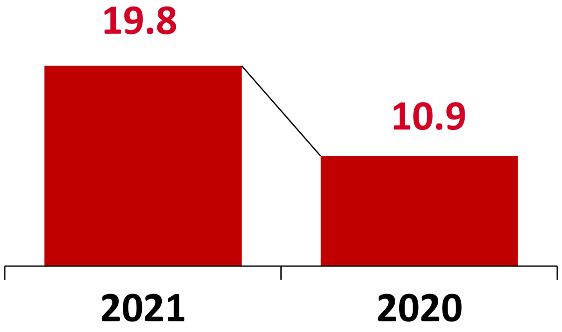
Distribution and services



Educational +5.7%

Trade +21.7% (+2.5% vs 1H 2019)

Adj. EBITDA +8.9 € mn



REVENUE

- **Trade:** +21.7% YoY, as a result of the extraordinary growth of the Book market and the quality of the publishing houses' editorial plans in 2021
  - **E-books/Audiobooks =7.3 % of the total** (-4.4% yoy and +31.7% vs 2019)
- **Educational:** +5.7% YoY, as a results of a significant increase in RIP revenue, which has greatly recovered from the contraction of the museum segment
  - Preliminary **positive results of the adoption campaign** in the 2021 Education market

Adj. EBITDA

- **Adjusted EBITDA** of € 19.8 mn, **improving by approximately € 9 mn** as a result of the Trade segment's performance, RIP as well as to the relief received by Electa in the museum segment

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   - Books
   - **Retail**
   - Media

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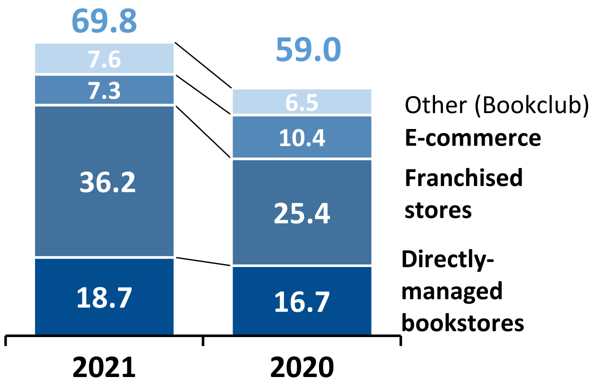
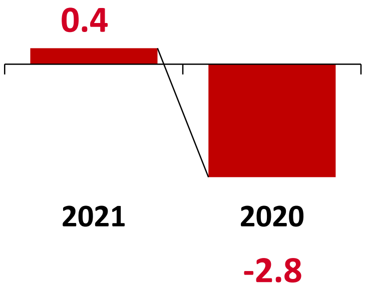
Business 1Q 21 - Retail

€ mn

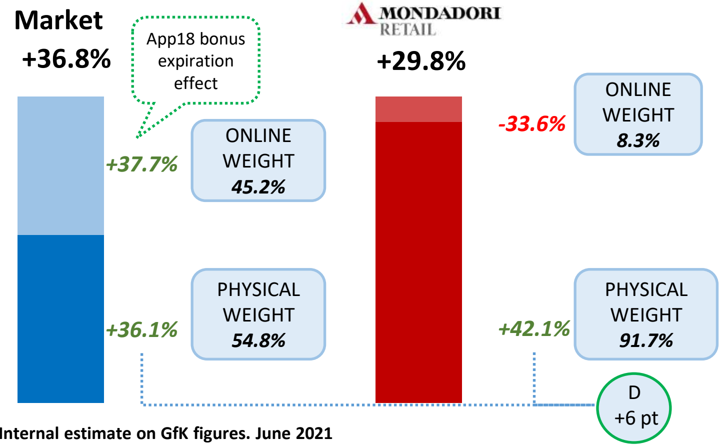
Revenue +18.3%

Adj. EBITDA +3.2€ mn





Books Market 1H 2021



Source: Internal estimate on GfK figures. June 2021

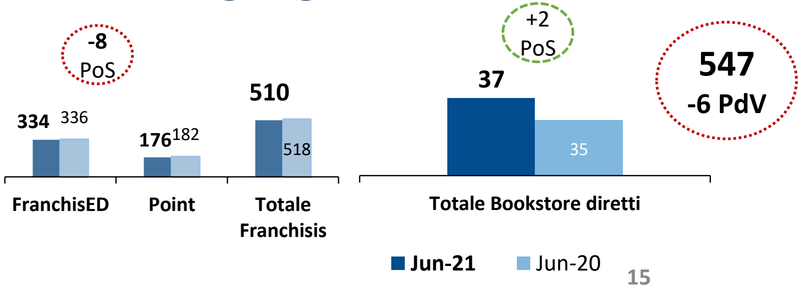
REVENUE

- **Book (84% of the total):** revenue increasing by 22%
- **June**: +3% vs June 19, Book +11%, despite a decreasing network of 42 points of sales
- Greater performance of **Franchised (+42.3%)** versus Direct stores (12%), which in any case registered a net revenue increase in the second quarter as a result of the restrictions slackening

Adj. EBITDA

Adjusted EBITDA improves significantly thanks to revenue recovery, effective cost containment actions, renewal and development of the physical store network

PoS network: ongoing rationalization



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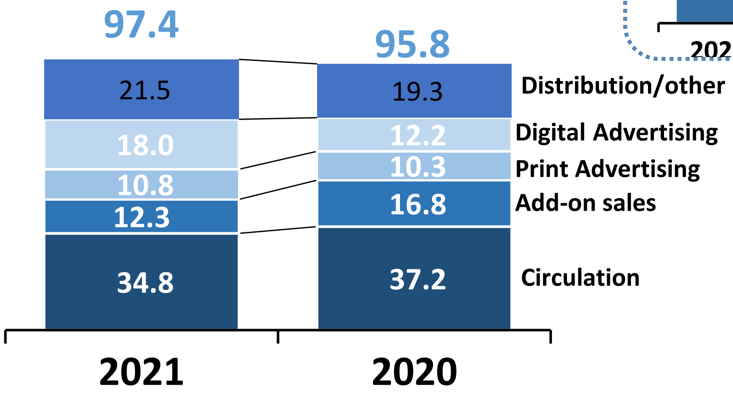
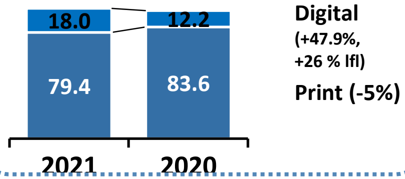
Business 1H 21 - Media

MONDADORI MEDIA

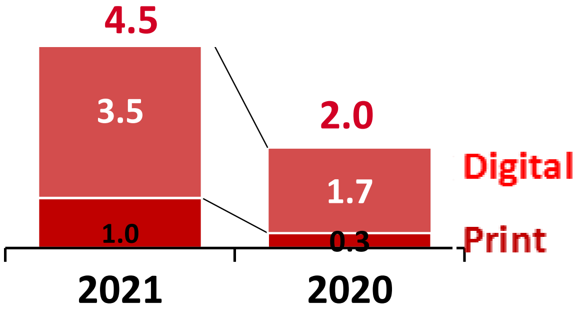
€ mn

Revenue +1.7%





Adj. EBITDA +2.6 mn



Margin % *4.7%* *2.1%*

REVENUE

- **Advertising revenue:** strong progress during the quarter (+55%) which brings the first-half's growth to +28% (+16% like-for-like); weight of digital advertising revenue **≈63%** (vs 54% in 1H20). Consolidation of tech-advertising following acquisition of **Hej!**
- **Circulation revenue:** -6.4% YoY, with an improving trend (-3%) for the television segment
- **Revenue from add-on sales**: -27% (-16,6% during Q2),also due to reduced availability of DVD
- **Distribution and others:** +11.1%

Adj. EBITDA

Adj. EBITDA significantly increasing to 4.5mn – with profitability from 2% to 5%, as a result of:

- **stronger contribution from digital (19% of the total** versus 13% in June 2020), which doubled its EBITDA
- continued **effective measures to contain** operating **costs**, which curbed the negative impact of the decline in **print activities**

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FY21 Outlook confirmed

2021 GUIDANCE (current scope)

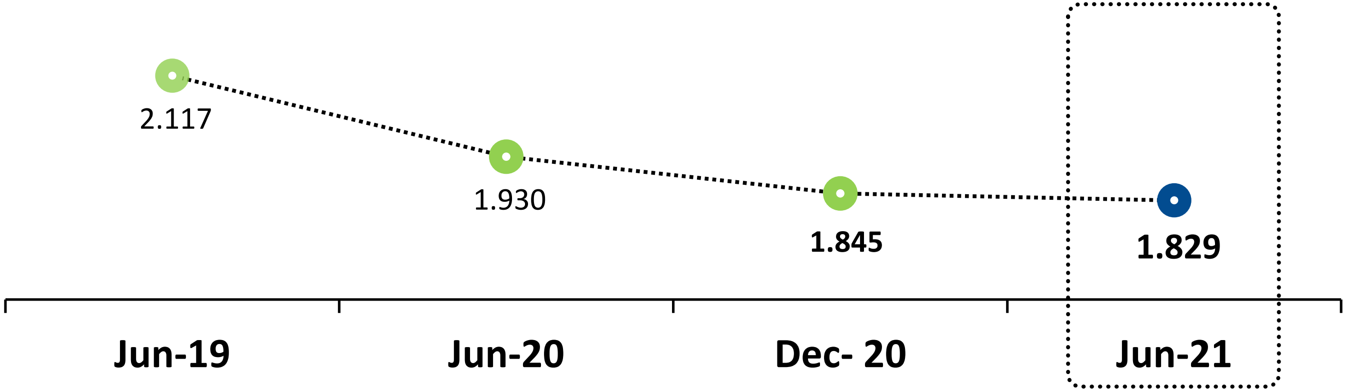
REVENUE	**Low single digit growth vs FY20**
Adj. EBITDA	**~ 12% Margin**
Net Result	**Strong growth** (also thanks to «one-off» effects)
Ordinary Cash Flow	**€50-55 million**
NFP*	**Positive (net cash) excl. IFRS16**

Possible return to a **Shareholders Remuneration policy**

BACK-UP

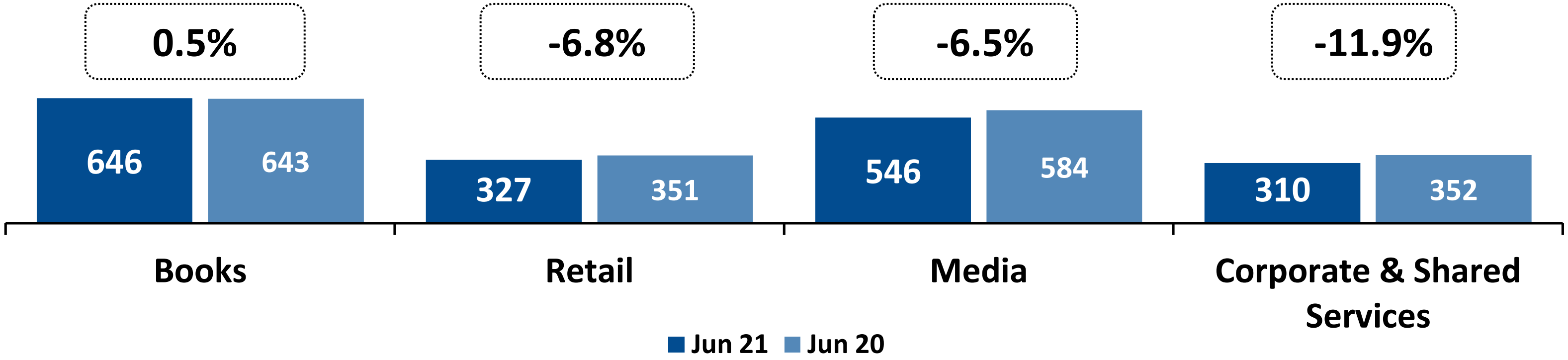
Headcount evolution 1H21

Group Headcount



-5.2%
Jun. 21 vs Jun. 20

Headcount by BU



Markets – Trade Books 1H 2021

June 2021 Best Sellers Ranking

4 titles in the Top10

7 titles in the Top20

1 — Rizzoli

3 — MONDADORI

7

10 — MONDADORI

12

18

19

Finalist in the Premio Strega LXXV Edition

2

June 2021 Market Shares

	2021	2020
GRUPPO MONDADORI	23.7%	24.8%
GeMS	11.3%	10.9%
GIUNTI	7.2%	7.7%
Feltrinelli	6.0%	6.0%
Sellerio	1.1%	1.4%
DeAGOSTINI LIBRI	1.3%	1.5%
Altri editori	49.3%	47.7%

Source: GfK, June 2021 (sell-out market value data)

Markets – Media

€ mn

2021 Circulations Trend

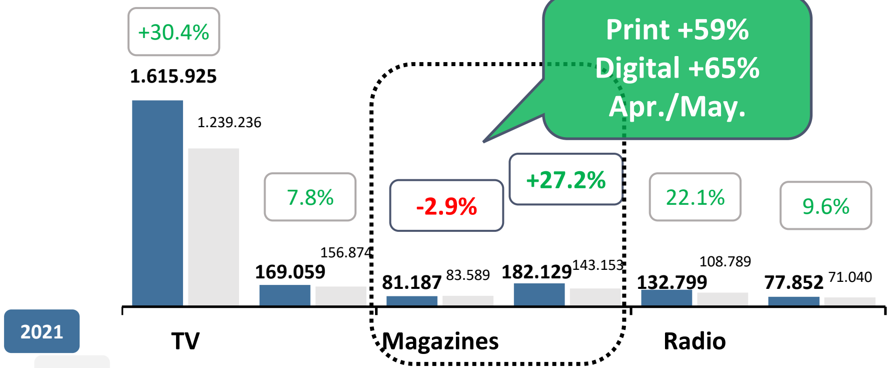
-8.1%

	2021	2020
MONDADORI MEDIA	23.7%	23.3%
CAIRO EDITORE	22.3%	22.2%
RCS	5.6%	5.9%
Casa Editrice Universo	13.2%	12.5%
HEARST magazines	5.1%	5.6%
Stile Italia Edizioni	4.1%	4.3%
CONDÉ NAST	2.6%	2.7%
Altri	23.4%	23.5%

Source: Circulation – Press-di (May. 2021), newstands + subs. in value

2021 ADV Market

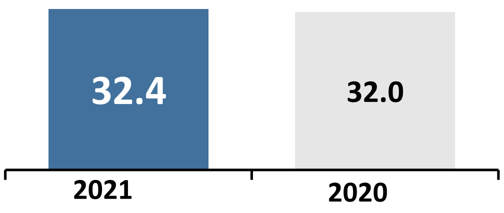
+23.7%



Source: Adv. – Nielsen (May. 2021), value data, excl. Search, social, classified & OTT

Mondadori – Web Unique Audience (mn/month)

+1.4% YoY



Source: comScore (May. 2021, average data)

1H2021 P&L

€ millions	June 2021		June 2020		% chg.
REVENUE	**320.4**		**288.9**		**10.9%**
INDUSTRIAL PRODUCT COST	94.6	29.5%	84.8	29.4%	11.5%
VARIABLE PRODUCT COSTS	50.7	15.8%	42.9	14.9%	18.1%
OTHER VARIABLE COSTS	66.2	20.6%	60.7	21.0%	8.9%
STRUCTURAL COSTS	24.6	7.7%	24.2	8.4%	1.7%
EXTENDED LABOUR COST	67.8	21.2%	65.5	22.7%	3.4%
OTHER EXPENSE (INCOME)	(4.9)	(1.5%)	(0.2)	(0.1%)	n.s.
ADJUSTED EBITDA	**21.5**	**6.7%**	**11.0**	**3.8%**	**96.3%**
RESTRUCTURING COSTS	1.7	0.5%	1.6	0.6%	2.6%
EXTRAORDINARY EXPENSE (INCOME)	0.8	0.3%	0.9	0.3%	(11.3%)
EBITDA	**19.0**	**5.9%**	**8.4**	**2.9%**	**126.1%**
AMORTIZATION AND DEPRECIATION	11.9	3.7%	12.4	4.3%	(4.0%)
IMPAIRMENT AND WRITE-DOWNS	0.3	0.1%	5.8	2.0%	(94.8%)
AMORTIZATION AND DEPRECIATION IFRS 16	6.6	2.1%	7.4	2.5%	(9.9%)
EBIT	**0.2**	**0.1%**	**(17.2)**	**(6.0%)**	**n.s.**
FINANCIAL EXPENSE (INCOME)	0.6	0.2%	2.4	0.8%	(73.7%)
FINANCIAL EXPENSE IFRS 16	1.1	0.3%	1.3	0.5%	(17.9%)
FINANCIAL EXPENSE (INCOME) FROM SECURITIES VALUATIO	0.4	0.1%	6.6	2.3%	(93.2%)
EXPENSE (INCOME) FROM INVESTMENTS	3.1	1.0%	3.4	1.2%	(8.7%)
EBT	(5.1)	(1.6%)	(30.9)	(10.7%)	n.s.
TAX EXPENSE (INCOME)	(9.4)	(2.9%)	(5.9)	(2.0%)	n.s.
RESULT FROM CONTINUING OPERATIONS	4.4	1.4%	(25.0)	(8.7%)	n.s.
MINORITIES	0.0	0.0%	(0.0)	(0.0%)	n.s.
GROUP NET RESULT	**4.4**	**1.4%**	**(25.0)**	**(8.7%)**	**n.s.**

2Q2021 P&L

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€ millions	Q2 2021		Q2 2020		% chg.
REVENUE	**175.6**		**153.6**		***14.3%***
INDUSTRIAL PRODUCT COST	51.3	*29.2%*	40.3	*26.2%*	*27.4%*
VARIABLE PRODUCT COSTS	26.0	*14.8%*	23.7	*15.4%*	*9.6%*
OTHER VARIABLE COSTS	37.5	*21.4%*	33.8	*22.0%*	*11.1%*
STRUCTURAL COSTS	12.1	*6.9%*	12.2	*8.0%*	*(0.8%)*
EXTENDED LABOUR COST	32.7	*18.6%*	29.6	*19.3%*	*10.2%*
OTHER EXPENSE (INCOME)	(4.5)	*(2.5%)*	(0.1)	*(0.1%)*	*n.s.*
ADJUSTED EBITDA	**20.4**	***11.6%***	**14.0**	***9.1%***	***45.6%***
RESTRUCTURING COSTS	0.7	*0.4%*	1.1	*0.7%*	*(30.9%)*
EXTRAORDINARY EXPENSE (INCOME)	0.9	*0.5%*	0.3	*0.2%*	*184.8%*
EBITDA	**18.8**	***10.7%***	**12.7**	***8.2%***	***48.6%***
AMORTIZATION AND DEPRECIATION	6.0	*3.4%*	6.3	*4.1%*	*(5.9%)*
IMPAIRMENT AND WRITE-DOWNS	0.3	*0.2%*	5.8	*3.8%*	*(94.8%)*
AMORTIZATION AND DEPRECIATION IFRS 16	3.4	*1.9%*	3.7	*2.4%*	*(8.1%)*
EBIT	**9.2**	***5.2%***	**(3.2)**	***(2.1%)***	***n.s.***
FINANCIAL EXPENSE (INCOME)	0.0	*0.0%*	1.4	*0.9%*	*n.s.*
FINANCIAL EXPENSE IFRS 16	0.6	*0.3%*	0.6	*0.4%*	*(10.3%)*
FINANCIAL EXPENSE (INCOME) FROM SECURITIES VALUATIO	0.0	*0.0%*	(0.3)	*(0.2%)*	*n.s.*
EXPENSE (INCOME) FROM INVESTMENTS	1.5	*0.9%*	2.1	*1.4%*	*(28.1%)*
EBT	**7.1**	***4.0%***	**(7.1)**	***(4.6%)***	***n.s.***
TAX EXPENSE (INCOME)	(7.5)	*(4.3%)*	(1.2)	*(0.8%)*	*n.s.*
NET RESULT FOR THE PERIOD (GROUP AND NON-CONTROLL	**14.5**	***8.3%***	**(5.9)**	***(3.8%)***	***n.s.***
MINORITIES	0.0	*0.0%*	0.0	*0.0%*	*n.s.*
GROUP NET RESULT	**14.5**	***8.3%***	**(5.9)**	***(3.8%)***	***n.s.***

Highlights – 2Q21 vs 2Q20-2Q19

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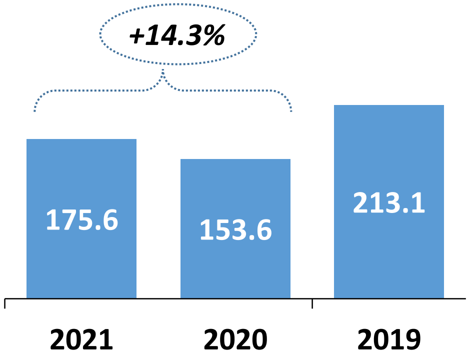
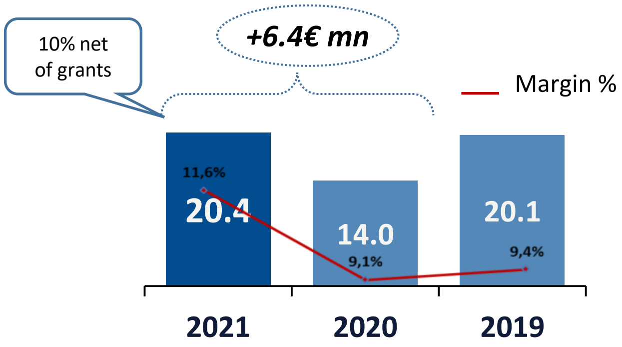
€ mln

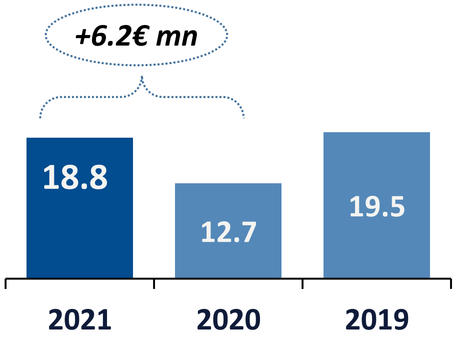
Revenue



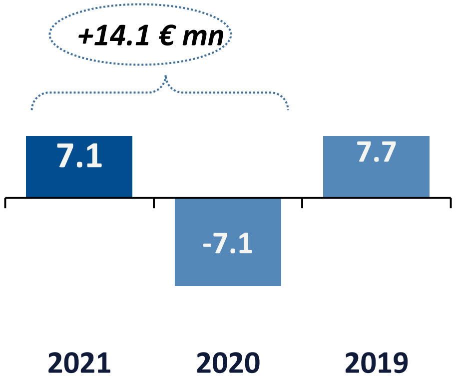
Adj. EBITDA



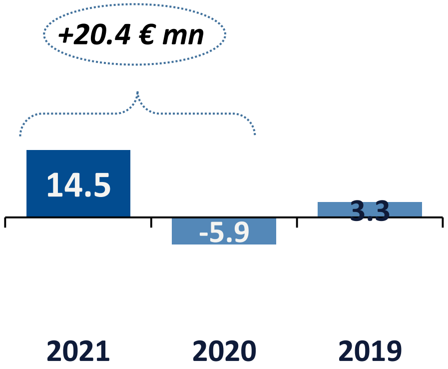
Rep. EBITDA



EBIT



Consolidated Net Result



1H2021 Balance Sheet

GRUPPO MONDADORI

€ millions	June 2021	June 2020	% chg.
TRADE RECEIVABLES	163.5	181.4	(9.9%)
INVENTORY	132.4	143.5	(7.8%)
TRADE PAYABLES	199.2	231.1	(13.8%)
OTHER ASSETS (LIABILITIES)	0.3	9.0	(96.8%)
NET WORKING CAPITAL	**96.9**	**102.8**	**(5.8%)**
INTANGIBLE ASSETS	192.5	211.6	(9.0%)
PROPERTY, PLANT AND EQUIPMENT	16.5	17.9	(7.6%)
INVESTMENTS	16.6	23.7	(29.8%)
NET FIXED ASSETS WITH NO RIGHTS OF USE IFRS 16	**225.7**	**253.2**	**(10.9%)**
ASSETS FROM RIGHTS OF USE IFRS 16	83.9	86.7	(3.3%)
NET FIXED ASSETS WITH RIGHTS OF USE IFRS 16	**309.5**	**339.9**	**(8.9%)**
PROVISIONS FOR RISKS	43.5	46.1	(5.7%)
POST-EMPLOYMENT BENEFITS	29.8	32.1	(7.2%)
PROVISIONS	**73.3**	**78.2**	**(6.3%)**
NET INVESTED CAPITAL	**333.1**	**364.5**	**(8.6%)**
SHARE CAPITAL	68.0	68.0	0.0%
RESERVES	105.7	102.0	3.6%
PROFIT (LOSS) FOR THE PERIOD	4.4	(25.0)	n.s.
GROUP EQUITY	**178.0**	**144.9**	**22.8%**
NON-CONTROLLING INTERESTS' EQUITY	0.0	0.1	n.s.
EQUITY	**178.0**	**145.0**	**22.8%**
NET FINANCIAL POSITION NO IFRS 16	68.3	130.1	(47.5%)
NET FINANCIAL POSITION IFRS 16	86.8	89.4	(2.9%)
NET FINANCIAL POSITION	**155.1**	**219.5**	**(29.3%)**
SOURCES	**333.1**	**364.5**	**(8.6%)**

1H2021 LTM Cash Flow

GRUPPO MONDADORI

€ millions	LTM Jun 21	2020
INITIAL NFP IFRS 16	**(219.5)**	**(151.3)**
FINANCIAL LIABILITIES APPLICATION OF IFRS 16	(89.4)	(95.9)
INITIAL NFP NO IFRS 16	**(130.1)**	**(55.4)**
ADJUSTED EBITDA (NO IFRS 16)	93.7	82.4
NWC AND PROVISIONS	10.1	1.2
CAPEX NO IFRS 16	(22.4)	(21.8)
CASH FLOW FROM OPERATIONS	**81.4**	**61.9**
FINANCIAL INCOME (EXPENSE) NO IFRS 16	(2.4)	(3.7)
TAX	(10.5)	(6.9)
CASH FLOW FROM ORDINARY OPERATIONS CONTINUING OPERATION	**68.5**	**51.2**
CF FROM ORDINARY OPERATIONS DISCONTINUED OR DISCONTINUING	0.0	0.0
CASH FLOW FROM ORDINARY OPERATIONS	**68.5**	**51.2**
RESTRUCTURING COSTS	(5.3)	(5.2)
EXTRAORDINARY TAX	3.7	0.1
SHARE CAPITAL INCREASE/DIVIDENDS NON CONTROLLING INTERESTS /	(0.2)	(1.1)
PURCHASE/DISPOSAL	(6.9)	(0.5)
OTHER INCOME AND EXPENDITURE	2.1	(3.8)
CASH FLOW FROM EXTRAORDINARY OPERATIONS	**(6.5)**	**(10.5)**
TOTAL CASH FLOW	**61.9**	**40.7**
NET FINANCIAL POSITION NO IFRS 16	**(68.3)**	**(14.8)**
IFRS 16 EFFECTS IN THE PERIOD	2.4	13.0
FINAL NET FINANCIAL POSITION	**(155.1)**	**(97.6)**

Glossary

- **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 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).

- **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.

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