

1Q2022 Results

Investors Presentation

Antonio Porro – CEO

Alessandro Franzosi – CFO

May 12th 2022

AGENDA

- 1. 1Q 2022 Highlights**
2. 1Q 2022 Results
3. FY 2022 Outlook
4. Annexes/1Q 2022 Business Areas

- ▶ *In the first quarter 2022, for the purposes of greater comparability with the first quarter 2021, in column "1Q 2022 LFL", the reclassified Income Statement and Balance Sheet report the **income and financial figures at 31 March 2022 on a like-for-like basis, thus excluding D Scuola** (fully consolidated economically as from 1 January 2022 and financially as from 31 December 2021 following the deal completed on 16 December 2021).*
- ▶ *The contribution of D Scuola in the first quarter can be considered not material due to the seasonality of the Education business which, in the first half of the year, records only the costs of creating editorial content as well as the expense from the promotional activities to support the adoption campaign, postponing the recognition of revenue from the sale of school textbooks to the second half of the year.*
- ▶ *Under IFRS 5, at 31 March 2022 and for the sake of correct comparison also at 31 March 2021, the balance sheet amounts referring to Press-Di Distribuzione Stampa Multimedia S.r.l., the sale of which is currently under review by the Antitrust Authority, and to the publishing activities of the titles "DonnaModerna" and "CasaFacile", which sale is effective from 1 January 2022, are reported under "**Assets (Liabilities) disposed of or being disposed of**".*

Highlights 1Q22 - Executive Summary



Group results improvement

Revenue and EBITDA grow across all business areas

- Revenue increases (+2.9%) vs 1Q21
- Adj. EBITDA +1.3 mn vs 1Q21

LFL



Group financial structure continues to strengthen

Solid cash generation of the business

- Ordinary Cash Flow LTM € 68.9 mn (+14% vs LTM Mar. 21)
- Free Cash Flow LTM € 57.5 mn

NFP before IFRS16 € -135.8 mn or net cash of € 9.6 mn excl. D Scuola acquisition (vs. € -47.9 mn at March 2021)



Growing focus on the Books area

Deals recently concluded:

- acquisition of 50% of DeAgostini Libri;
- strategic partnership in publishing distribution through acquisition of 50% of the A.L.I. Group (first step)

Transaction structure

- Acquisition of **50% of the share capital**
- Acquisition of an **additional 25% of the share capital** on 28 February 2023
- Put&call agreements:** Mondadori has the option to acquire the remaining 25% from approval of the 2024 financial statements (by 30 July 2025)

Strategic Rationale

- Client portfolio of **over 80 distributed publishers**
- A major step towards vertical integration in the books market:** market share tripled* in the **book distribution segment for third parties**, with a view to continuing improvement in the level of service

Price - Financials Target

- Price (50%) € 10.8 million;** the additional 25% based on average EBITDA 2021-2022
- FY 2021 (€ mn, ITA GAAP):**

Revenue	65.0 (+77% yoy driven by the Comics segment)
EBITDA	8.8 (+85% yoy)
Net profit	5.9
NFP	positive € 13.5 (cash) up by over € 7 million



Impact on the Group	FY 22	FY 23
Consolidation impact	At equity as from 1 May	Full as from 1 March
Cash-out	€ 10.8 mn	

Consolidation phase after 2021 strong growth

1Q

Value
data
(€ mn)

350

355

1Q22

1Q21

Volume
data
(‘000)

24.355

24.513

1Q Trend

-1.6%
(-2.5%
net of Profess. &
Comics)



-0.6%
(-3.5%
net of Profess. &
Comics)

April 2022 Ranking

4 titles in Top10

9 titles in Top20

#	Publisher	Editorial Group
1	MONDADORI	ARNOLDO MONDADORI EDITORE
2	EINAUDI	ARNOLDO MONDADORI EDITORE
3	FELTRINELLI	FELTRINELLI EDITORE
4	RIZZOLI	ARNOLDO MONDADORI EDITORE
5	GIUNTI EDITORE	GIUNTI EDITORE
6	ADELPHI	INDEPENDENT
7	STAR COMICS	INDEPENDENT
8	PANINI COMICS	INDEPENDENT
9	SPERLING & KUPFER	ARNOLDO MONDADORI EDITORE
10	PIEMME	ARNOLDO MONDADORI EDITORE

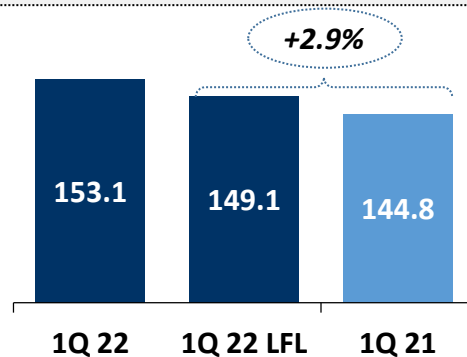
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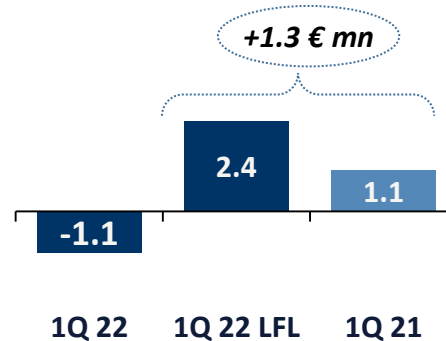
Highlights – 1Q22

€ mn

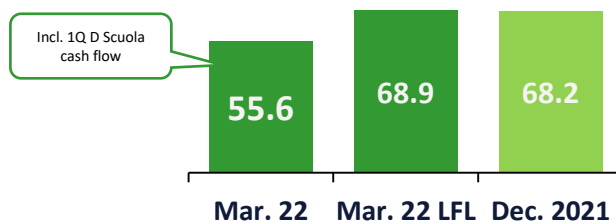
Revenues



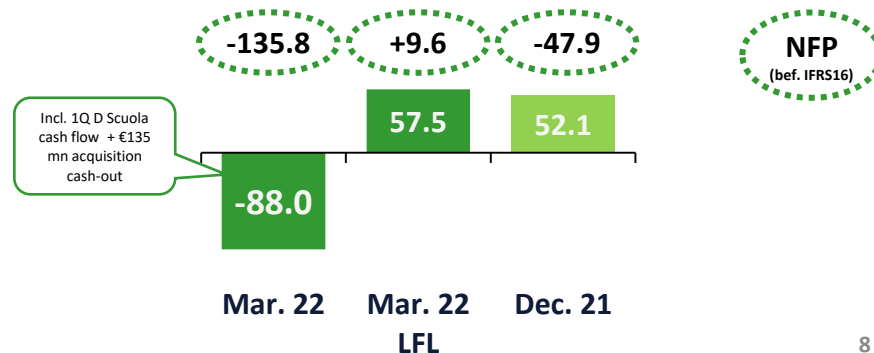
Adj. EBITDA



LTM Ordinary Cash Flow



LTM Free Cash Flow



Revenues and Adj. EBITDA by Business Area - 1Q 22

€ mn

Revenues

	1Q 22	1Q 22 LFL	1Q 21	Var. %	Var. % LFL
Books	76.2	72.0	71.6	+6.5%	+0.7%
Retail	37.2		33.4	+11.4%	
Media	47.1		46.8	+0.7%	
Corporate & Shared Services	9.5		9.8	(2.3%)	
<i>Intercompany</i>	(16.9)	(16.7)	(16.6)	+1.5%	+0.6%
Total	153.1	149.1	144.8	+5.7%	+2.9%

+14% yoy Book

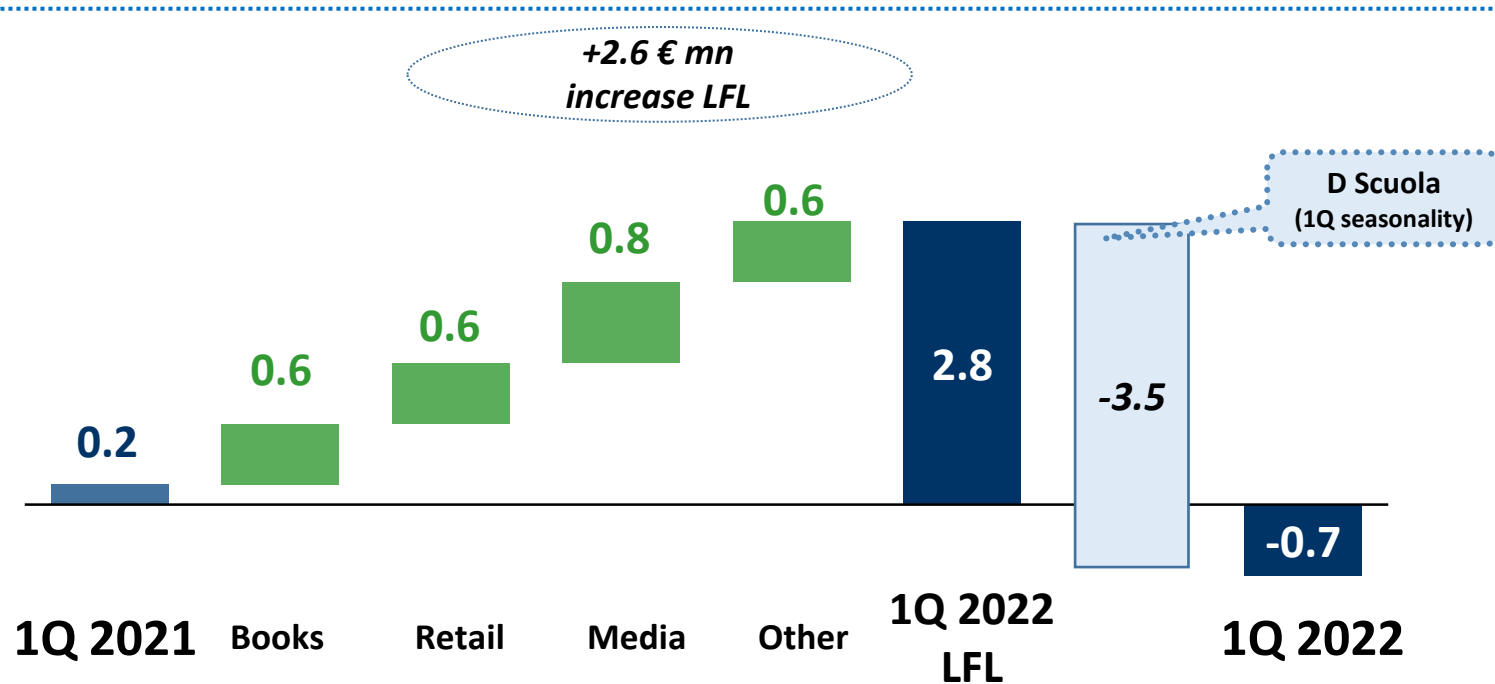
+9.2%
same titles

Adj. EBITDA

	1Q 22	1Q 22 LFL	1Q 21	Var.	Var. LFL
Books	(2.1)	1.5	0.6	(2.7)	0.8
Retail	0.3		(0.4)	0.8	
Media	2.0		2.0	(0.0)	
Corporate & Shared Services	(1.2)		(1.0)	(0.2)	
<i>Intercompany</i>	(0.2)	(0.2)	(0.1)	(0.1)	(0.1)
Total	(1.1)	2.4	1.1	(2.2)	1.3

Reported EBITDA by Business Area – 1Q22

€ mn



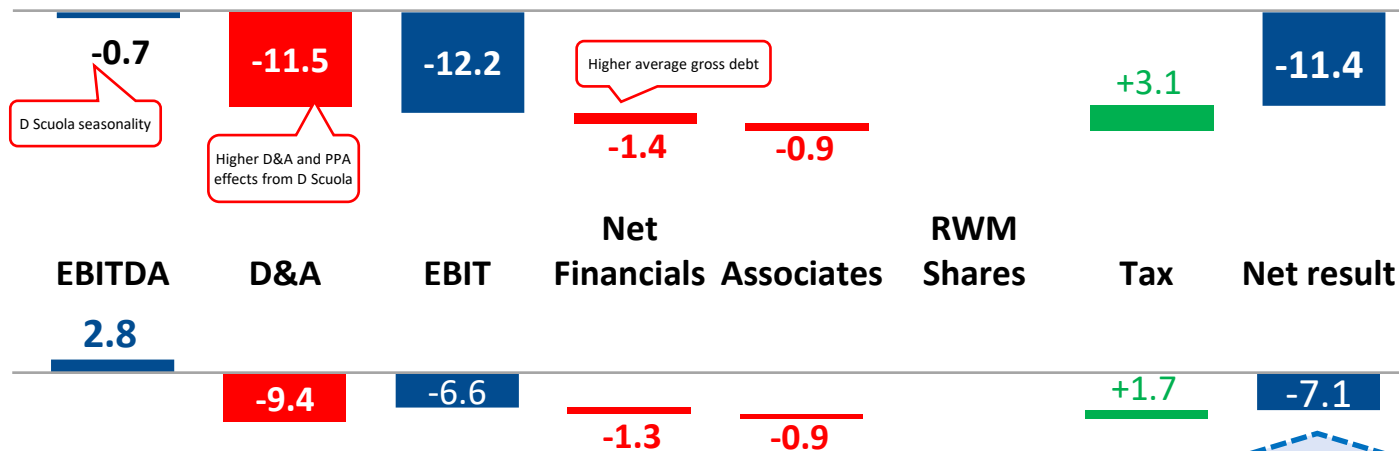
From EBITDA to Net Result - 1Q22

€ mn

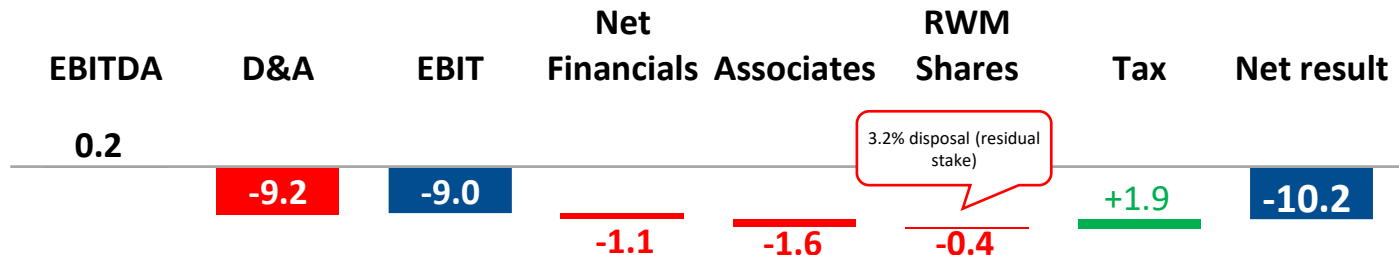
1Q 2022

Incl. D Scuola

Excl. D Scuola



1Q 2021

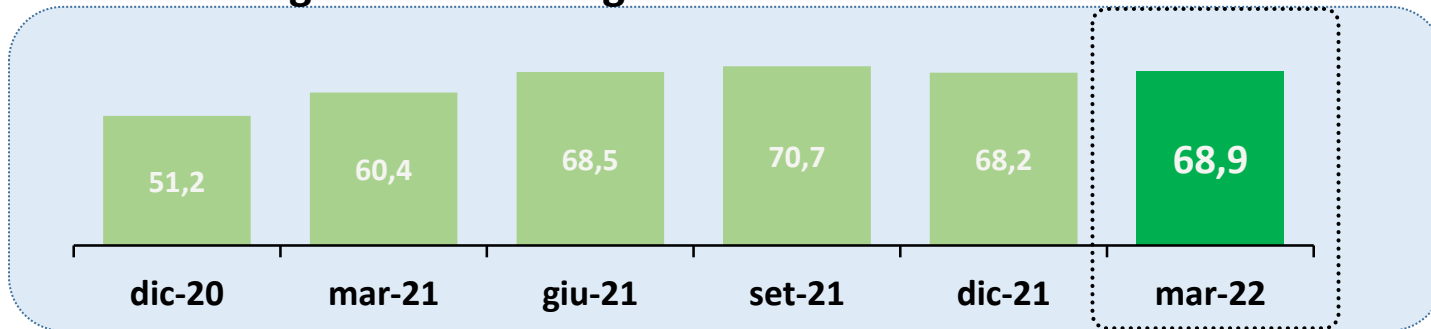


LTM Cash Flow & NFP - Mar 22

€ mn

Strong business cash generation confirmed

**Ordinary
Cash Flow
(LFL)**



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

**Net Debt 1Q
Seasonality**

+41.0

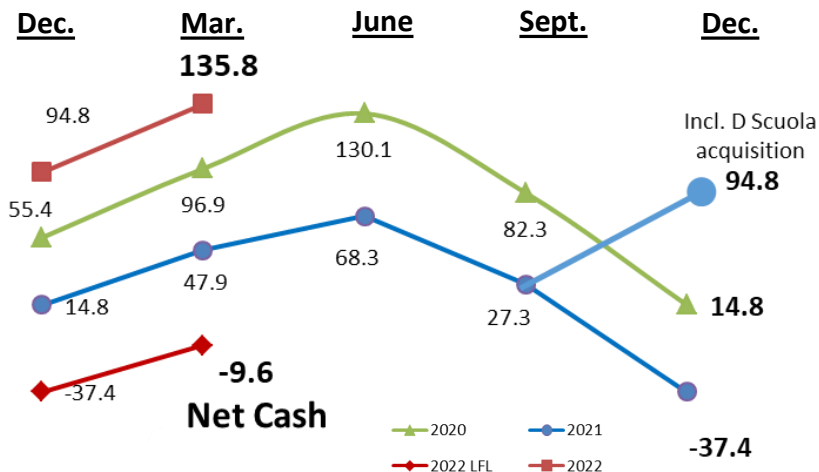
+41.5

+33.1

+27.8

LFL

**NFP
Evolution
(no IFRS16)**



Mar 2022

**NFP decrease by
57.5 € mn YoY
(LFL, bef. IFRS16)**

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1Q in line with 2022 Target*

REVENUE

**Mid-single
digit growth**

Adj. EBITDA

Growth > 20%

NET RESULT

Double-digit increase

ORDINARY CASH FLOW

Flat
(due to higher one-off capex)

FREE CASH FLOW

(incl. M&A deals announced, before
dividends)

€40-45 million



NFP/Adj. EBITDA IFRS16

<1.1x (from 1.4x PF 2021)
<0.6x bef. IFRS16 (from 0.9x PF 2021)



BACK-UP

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4. **Annexes/1Q 2022 Business Areas**

Books

Retail

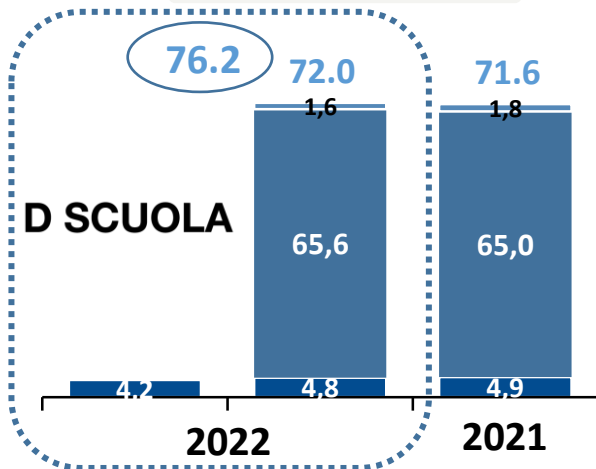
Media

1Q22 Business Area - Books

€ mn

Revenue +6.5%

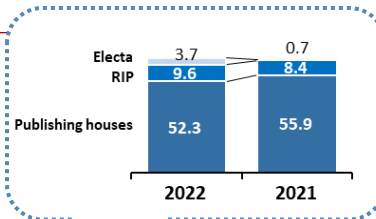
+0.7% lfl



Distribution and services

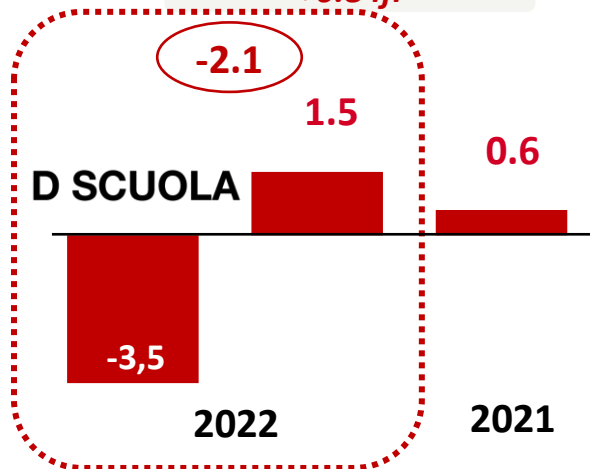
Trade +0.6 mn

Education -0.1 mn



Adj. EBITDA € -2.7 mn

+0.8 lfl



REVENUE

- **Trade: +0.9% yoy**, driven by the strong increase of **RIP (+14.8%)** and by the upswing in museum activities, despite a more significant publishing plan in the second half of the year versus 2021
 - **E-books/Audiobooks: 7.2% of total** (-11% yoy)
- **Education: revenue steady on a like-for-like basis** (1Q irrelevant due to high seasonality)

**Adj.
EBITDA**

- **Adjusted EBITDA** - on a like-for-like basis - **up by € 0.8 million** thanks to the growth in RIP revenue and the upswing in revenue relating to the management of museums and cultural assets; the school business, therefore D Scuola, recorded a loss in the first part of the year owing to strong seasonality

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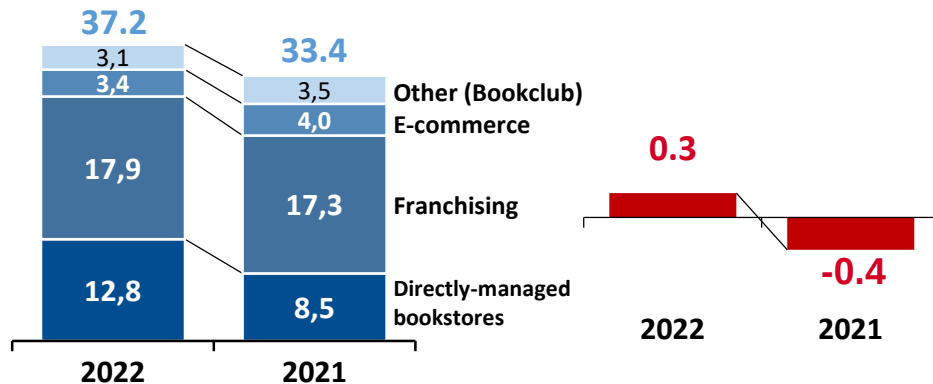
Books
Retail
Media

1Q22 Business Area - Retail

€ mn

Revenue +11.4%

Adj. EBITDA +0.8 €
mn



MONDADORI
RETAIL

Books Market 1Q 2022

Market

-1.6%

MONDADORI
RETAIL

+11.6%

-8.4%

-16.0%

ONLINE
WEIGHT
45.6%

ONLINE
WEIGHT
7.5%

PHYSICAL
WEIGHT
54.4%

PHYSICAL
WEIGHT
92.5%

+5.0%

+14.7%

Δ
+9.7 pt

Source: internal estimate on GfK figures in terms of market value, March 2022

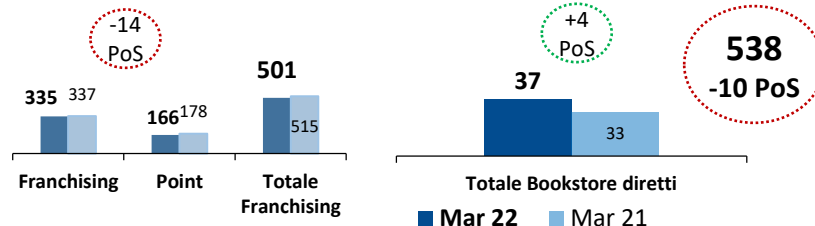
REVENUE

- **Books (85% of total):** revenue up by approximately 14%
- **Directly-managed PoS (+50%)** reported a sharp recovery in revenue following the lifting of restrictions and the development of the network
- **Franchised PoS (+3%)** continued their upward trend
- **Online** dropped, in line with the market

Adj.
EBITDA

Adjusted EBITDA improved significantly thanks to the growth in revenue and continued cost containment, renovation and development of the physical store network

PoS network: ongoing rationalization



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Books
Retail
Media

1Q22 Business Areas – Media Markets

€ mn

2022 Magaz. Circulations Trend

-9.8%



2022

21.8%

2021

20.2%

P.F. (titles sold year-end 2021)



21.8%

22.6%

HEARST magazines

5.5%

5.0%

2022

2021



5.2%

5.5%

File Italia Edizioni

7.2%

7.8%



13.4%

13.8%

CONDÉ NAST

2.5%

2.7%

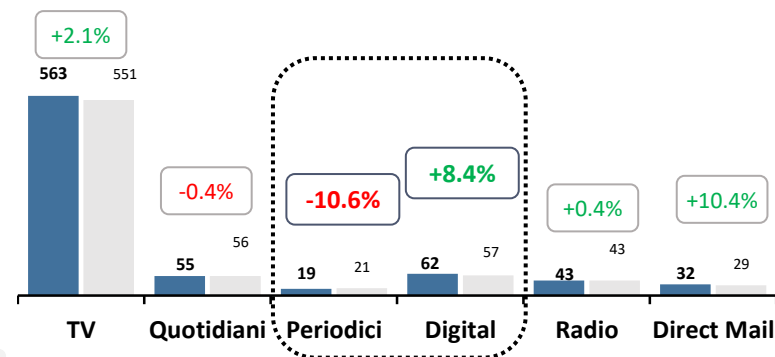
Others

22.7%

22.4%

2022 ADV Market

+3.8%



Source: Adv. – Nielsen (Feb. 2022), value data, excl. Search. social. classified & OTT

1Q22 Business Areas – Media

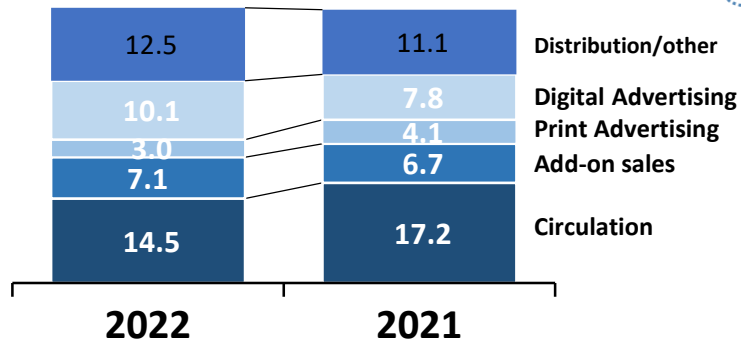
€ mn

Revenue +0.7%

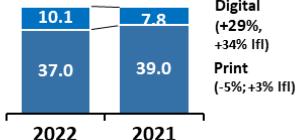
(+9.2% lfl of brands)

47.1

46.8 (43.1 lfl of brands)



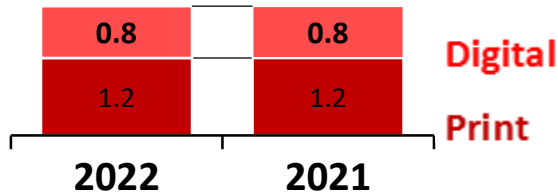
21%
digital



Adj. EBITDA flat

2.0

2.0



REVENUE

- **Advertising revenue up by 10%** (23% on a like-for-like basis of portfolio); weight of **digital advertising** revenue: ≈77% (vs. 66% in 1Q21), which **grew by 34% (lfl)** thanks to Adkaora
- **Circulation revenue:** -2.8% yoy on a like-for-like basis, thanks to the performance of television titles
- **Revenue from add-on sales:** +7.6%, due mainly to a successful initiative in gifts
- **Distribution and others:** approx. +13%

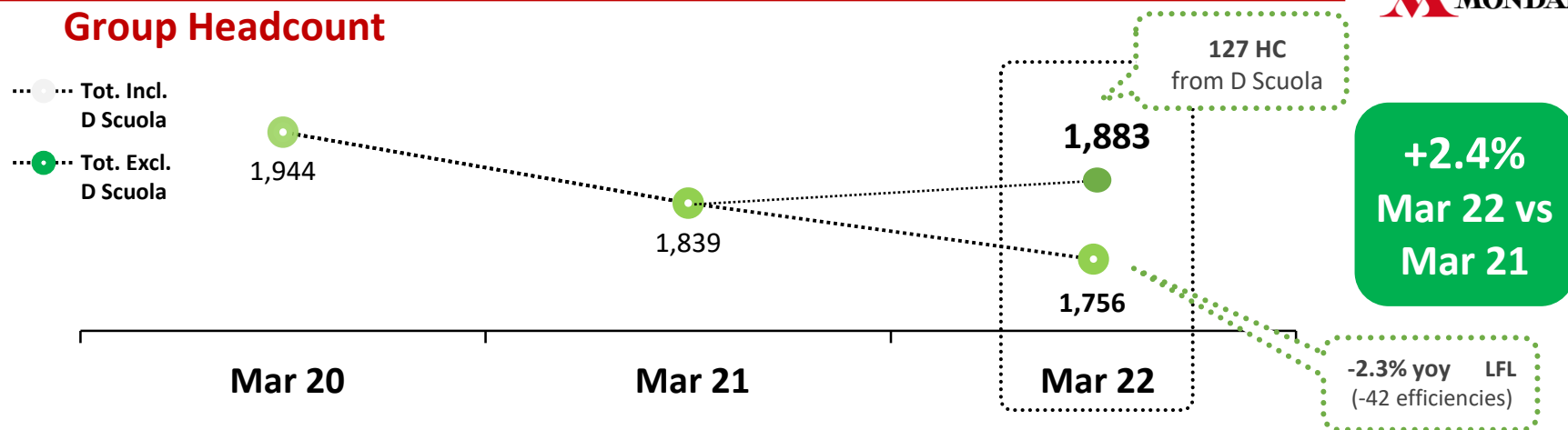
**Adj.
EBITDA**

Adj. EBITDA steady at € 2 mn, as a result of:

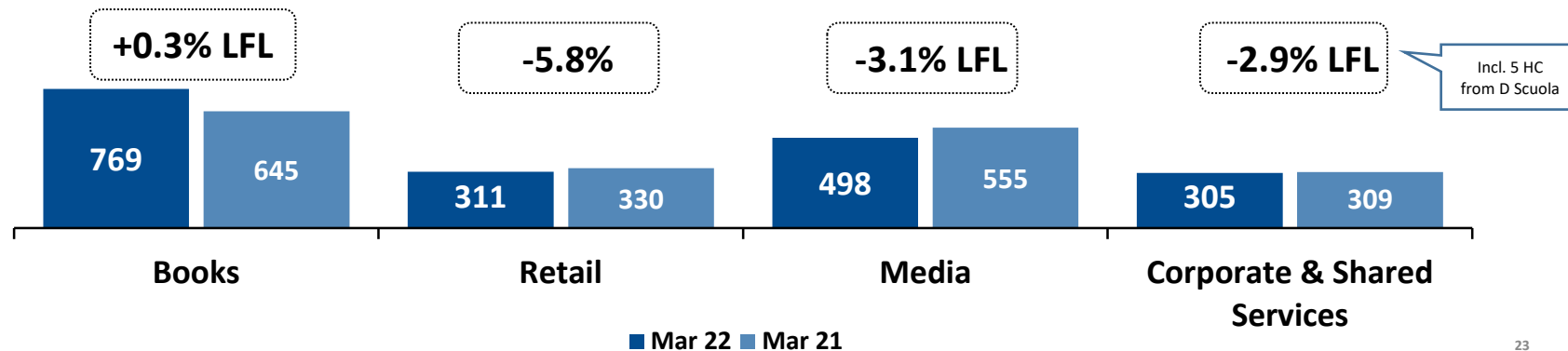
- **digital activities:** growth in the MarTech segment but higher editorial and development costs for the launch of *The Wom*
- **print activities:** the continued **measures to contain** operating **costs** offset the increase in industrial costs

1Q22 Headcount Evolution

Group Headcount



Headcount by BU



€ millions	1Q 2022		1Q 2022 LFL		1Q 2021		Var. %	Var. % lfl
REVENUE	153.1		149.1		144.8		5.7%	2.9%
INDUSTRIAL PRODUCT COST	49.7	32.4%	48.4	32.4%	43.2	29.9%	14.8%	11.9%
VARIABLE PRODUCT COSTS	21.4	14.0%	21.2	14.2%	24.7	17.0%	(13.2%)	(14.2%)
OTHER VARIABLE COSTS	34.2	22.3%	31.2	20.9%	28.6	19.8%	19.5%	8.9%
STRUCTURAL COSTS	12.6	8.2%	11.9	8.0%	12.5	8.6%	0.6%	(4.9%)
EXTENDED LABOUR COST	36.8	24.0%	34.5	23.1%	35.1	24.2%	4.7%	(1.9%)
OTHER EXPENSE (INCOME)	(0.5)	(0.3%)	(0.4)	(0.3%)	(0.4)	(0.3%)	n.s.	(2.3%)
ADJUSTED EBITDA	(1.1)	(0.7%)	2.4	1.6%	1.1	0.7%	n.s.	125.3%
RESTRUCTURING COSTS	0.2	0.1%	0.2	0.1%	0.9	0.6%	(80.8%)	(80.8%)
EXTRAORDINARY EXPENSE (INCOME)	(0.6)	(0.4%)	(0.6)	(0.4%)	(0.1)	(0.1%)	n.s.	n.s.
EBITDA	(0.7)	(0.4%)	2.8	1.9%	0.2	0.2%	n.s.	1178.9%
AMORTIZATION AND DEPRECIATION	8.1	5.3%	6.0	4.0%	5.9	4.1%	35.8%	1.4%
IMPAIRMENT AND WRITE-DOWNS	0.0	0.0%	0.0	0.0%	0.0	0.0%		
AMORTIZATION AND DEPRECIATION IFRS 16	3.5	2.3%	3.4	2.3%	3.3	2.3%	6.6%	2.7%
EBIT	(12.2)	(8.0%)	(6.6)	(4.4%)	(9.0)	(6.2%)	n.s.	n.s.
FINANCIAL EXPENSE (INCOME)	0.8	0.5%	0.8	0.5%	0.6	0.4%	35.8%	35.8%
FINANCIAL EXPENSE IFRS 16	0.6	0.4%	0.6	0.4%	0.5	0.4%	10.5%	8.2%
FINANCIAL EXPENSE (INCOME) FROM SECURITIES VALUATION	0.0	0.0%	0.0	0.0%	0.4	0.3%	n.s.	n.s.
EXPENSE (INCOME) FROM INVESTMENTS	0.9	0.6%	0.9	0.6%	1.6	1.1%	n.s.	(45.2%)
EBT	(14.4)	(9.4%)	(8.8)	(5.9%)	(12.1)	(8.4%)	n.s.	n.s.
TAX EXPENSE (INCOME)	(3.1)	(2.0%)	(1.7)	(1.1%)	(1.9)	(1.3%)	n.s.	(14.1%)
GROUP NET RESULT	(11.4)	(7.5%)	(7.1)	(4.8%)	(10.2)	(7.0%)	n.s.	n.s.

The item *Extended Labour Cost* includes costs for collaborations and temporary employment

1Q2022 Balance Sheet

€ millions	1Q 2022	1Q 2022 LFL	1Q 2021	Var. %	Var. % LFL
TRADE RECEIVABLES	116.8	115.6	132.7	(12.0%)	(12.9%)
INVENTORY	131.7	123.6	121.4	8.4%	1.8%
TRADE PAYABLES	190.7	170.0	175.5	8.6%	(3.2%)
OTHER ASSETS (LIABILITIES)	(10.4)	(5.7)	(17.6)	n.s.	(67.6%)
NET WORKING CAPITAL CONTINUING OPERATIONS	47.4	63.5	61.0	(22.3%)	4.2%
DISCONTINUED OR DISCONTINUING ASSETS (LIABILITIES)	(2.0)	(2.0)	(5.0)	(60.7%)	(60.7%)
NET WORKING CAPITAL	45.4	61.6	56.0	(18.9%)	9.9%
INTANGIBLE ASSETS	353.0	189.1	194.1	81.9%	(2.6%)
PROPERTY, PLANT AND EQUIPMENT	15.0	15.0	16.2	(7.0%)	(7.4%)
INVESTMENTS	17.0	17.0	18.7	(9.0%)	(9.1%)
NET FIXED ASSETS WITH NO RIGHTS OF USE IFRS 16	385.1	221.1	228.9	68.2%	(3.4%)
ASSETS FROM RIGHTS OF USE IFRS 16	78.0	76.0	81.2	(3.9%)	(6.4%)
NET FIXED ASSETS WITH RIGHTS OF USE IFRS 16	463.1	297.0	310.1	49.3%	(4.2%)
PROVISIONS FOR RISKS	47.2	45.3	40.2	17.6%	12.8%
POST-EMPLOYMENT BENEFITS	32.3	27.5	30.0	7.5%	(8.3%)
PROVISIONS	79.5	72.8	70.2	13.3%	3.8%
NET INVESTED CAPITAL	429.0	285.8	295.9	45.0%	(3.4%)
SHARE CAPITAL	68.0	68.0	68.0	0.0%	0.0%
RESERVES	155.0	155.0	106.2	45.9%	45.9%
PROFIT (LOSS) FOR THE PERIOD	(11.4)	(7.1)	(10.2)	n.s.	n.s.
GROUP EQUITY	211.6	215.9	164.0	29.0%	31.6%
NON-CONTROLLING INTERESTS' EQUITY	0.0	0.0	0.0	n.s.	n.s.
EQUITY	211.6	215.9	164.0	29.0%	31.6%
NET FINANCIAL POSITION NO IFRS 16	135.8	(9.6)	47.9	n.s.	n.s.
NET FINANCIAL POSITION IFRS 16	81.5	79.5	83.9	(2.8%)	(5.3%)
NET FINANCIAL POSITION	217.4	69.9	131.8	64.9%	(47.0%)
SOURCES	429.0	285.8	295.9	45.0%	(3.4%)

March 2022 - Group LTM Cash Flow

	LTM		
€ milioni	1Q 2022	1Q 2022 LFL	FY 2021
PFN INIZIALE INCLUSO IFRS16	(131,8)	(131,8)	(97,6)
PASSIVITA' FINANZIARIE APPLICAZIONE IFRS16	(83,9)	(83,9)	(82,8)
PFN INIZIALE ESCLUSO IFRS16	(47,9)	(47,9)	(14,8)
EBITDA ADJUSTED (ESCLUSO IFRS16)	88,5	92,2	91,0
CCN E FONDI	14,2	18,1	10,3
CAPEX ESCLUSO IFRS16	(26,0)	(24,5)	(22,0)
CASH FLOW OPERATIVO	76,7	85,8	79,3
PROVENTI E (ONERI) FINANZIARI ESCLUSO IFRS16	(2,6)	(2,6)	(2,4)
IMPOSTE	(18,1)	(13,9)	(13,9)
CASH FLOW ORDINARIO ATTIVITA' IN CONTINUITA'	56,0	69,3	62,9
CF ORDINARIO ATTIVITA' DISMESSE O IN DISMISSIONE	(0,4)	(0,4)	5,3
CASH FLOW ORDINARIO	55,6	68,9	68,2
RISTRUTTURAZIONI	(8,1)	(8,1)	(6,9)
IMPOSTE STRAORDINARIE	3,6	3,6	3,4
AUMENTO CAPITALE/DIVIDENDI TERZI E COLLEGATE	(0,4)	(0,4)	(0,1)
ACQUISIZIONI/DISSIONI	(135,3)	(3,1)	(8,7)
ALTRE ENTRATE E USCITE	(3,4)	(3,4)	(3,8)
CF STRAORDINARIO ATTIVITA' DISMESSE O IN DISMISSIONE	(0,3)	(0,3)	(0,3)
CASH FLOW STRAORDINARIO	(143,6)	(11,5)	(16,2)
FREE CASH FLOW	(88,0)	57,5	52,1
POSIZIONE FINANZIARIA NETTA ESCLUSO IFRS16	(135,8)	9,6	37,3
EFFETTI IFRS16 DEL PERIODO	2,5	4,5	0,7
POSIZIONE FINANZIARIA NETTA FINALE	(217,2)	(69,7)	(44,7)

- ▶ **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.
- ▶ **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

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