

MONDADORI

Sector: Media

BUY

Price: Eu2.08 - Target: Eu3.00

Solid Profitability and Cash Generation in a Softer Environment

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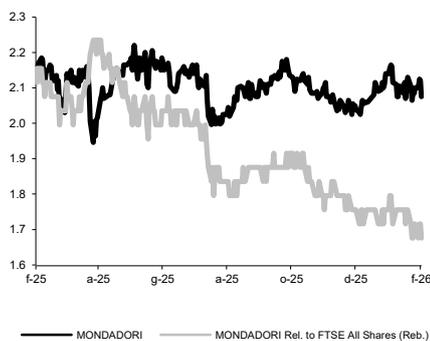
Stock Rating

Rating:	Unchanged		
Target Price (Eu):	from 3.10 to 3.00		
	2025E	2026E	2027E
Chg in Adj EPS	-0.4%	-3.1%	-2.3%

Next Event

 FY25 Results Out 19th March

MONDADORI - 12M Performance



Stock Data

Reuters code:	MOED.MI		
Bloomberg code:	MN IM		
Performance	1M	3M	12M
Absolute	-3.0%	-1.2%	-3.7%
Relative	-4.0%	-4.5%	-26.8%
12M (H/L)	2.22/1.95		
3M Average Volume (th):	406.34		

Shareholder Data

No. of Ord shares (mn):	261
Total no. of shares (mn):	261
Mkt Cap Ord (Eu mn):	542
Total Mkt Cap (Eu mn):	542
Mkt Float - Ord (Eu mn):	214
Mkt Float (in %):	39.5%
Main Shareholder:	
Fininvest	53.3%

Balance Sheet Data

Book Value (Eu mn):	367
BVPS (Eu):	1.41
P/BV:	1.5
Net Financial Position (Eu mn):	-176
Enterprise Value (Eu mn):	718

We are updating our model following the Edilportale acquisition (consolidated from 1-Jan-26) and the update on FY25/FY26. Softer trends in Trade Books (after delayed incentives) and advertising have led to lower revenues in FY25, with impact carrying over 2026. In FY26, CF will be partly affected by CapEx related to the refresh of the Educational catalogue under new ministerial guidelines; however, this can support market share through a rapidly-renewed product offering. In a weaker-than-expected market, MN has been able to maintain leadership and outperform peers, as well as keeping margins high. CF generation remains healthy (11% FCF yield), supporting a sustainable and attractive dividend policy (8% div. yield confirmed) and further accretive M&A, potentially facilitated by the recently-established Mondadori Digital S.p.A. Our DCF model points to a €3.0 TP (from €3.1) following the estimate revision and DCF roll-over. We confirm our BUY recommendation.

■ **4Q25 preliminary results.** Yesterday, MN reported preliminary FY25 results, with revenues at €931.5mn (-0% YoY), adj. EBITDA at €158.2mn (flat YoY), and ordinary cash flow of €65.1mn. Results are broadly in line with previous guidance, except revenues, now expected flat versus the previous “low single-digit growth” outlook. 4Q revenues (€227mn) were 4% below our estimate, while EBITDA and CF were broadly in line. The revision reflects the December contraction in the book market, mainly due to the postponement of government grants to public libraries (~€20mn at market level, now expected in 2026), and the EUR/USD trend affecting Rizzoli International Publishing (~5% of group revenues, ~€3mn impact).

■ **2026 outlook.** 2026 guidance points to low single-digit revenue and adj. EBITDA growth, including the Edilportale acquisition (~€25mn revenues, €6mn EBITDA). The outlook implies flat organic growth vs. our previous estimate of +2%. Ordinary CF is now expected at €65–70mn (previous guidance ~€70mn; our estimate €69mn), reflecting a €3mn contribution from Edilportale partly offset by a €3mn one-off cash outlay to refresh the Education catalogue according to new ministerial guidelines. We calculate a 3.5% organic downward revision to CF at the mid-point. This one-off investment (€3mn per year expected in 2026–27) could support market share, as the group is well positioned to implement changes efficiently. Dividend confirmed.

■ **Edilportale acquisition.** On 29 December, MN announced the acquisition of Edilportale, an international provider of content, services, and platforms for the architecture, design, and construction markets. The deal, completed at an attractive multiple (~8x EV/EBITDA adj.), reinforces Mondadori Digital’s position as a leading consolidator in the Italian digital market. We expect the acquisition to be accretive from year one, contributing c.2% to 2026 group EPS, excluding potential synergies.

■ **Change in estimates.** We are updating our estimates to include the Edilportale acquisition, with c.2% EPS accretion, as well as the preliminary results and 2026 guidance, with a softer Trade books trend and media advertising. We now see net debt pre-IFRS16 at €91mn vs. €55mn previously after higher CapEx (€3mn) and the cash-out for acquisitions (€31.2mn).

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Sales (Eu mn)	905	935	932	956	961
EBITDA Adj (Eu mn)	152	158	158	163	165
Net Profit Adj (Eu mn)	71	69	72	74	76
EPS New Adj (Eu)	0.271	0.264	0.275	0.285	0.293
EPS Old Adj (Eu)	0.271	0.264	0.276	0.294	0.300
DPS (Eu)	0.120	0.140	0.154	0.169	0.186
EV/EBITDA Adj	4.5	4.9	4.5	4.4	4.2
EV/EBIT Adj	7.8	8.2	7.5	7.1	6.8
P/E Adj	7.6	7.9	7.5	7.3	7.1
Div. Yield	5.8%	6.7%	7.4%	8.1%	9.0%
Net Debt/EBITDA Adj	1.0	1.1	1.0	1.1	1.0

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The main methods used to evaluate financial instruments and set a target price for 12 months after the investment recommendation are as follows:

- Discounted cash flow (DCF) model or similar methods such as a dividend discount model (DDM)
- Comparison with market peers, using the most appropriate methods for the individual company analysed: among the main ratios used for industrial sectors are price/ earnings (P/E), EV/EBITDA, EV/EBIT, price /sales
- Return on capital and multiples of adjusted net book value are the main methods used for banking sector stocks, while for insurance sector stocks return on allocated capital and multiples on net book value and embedded portfolio value are used
- For the utilities sector comparisons are made between expected returns and the return on the regulatory asset base (RAB)

Some of the parameters used in evaluations, such as the risk-free rate and risk premium, are the same for all companies covered, and are updated to reflect market conditions. Currently a risk-free rate of 4.0% and a risk premium between 5.5% - 6.0% are being used.

Frequency of research: quarterly.

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A draft copy of each report may be sent to the subject company for its information (without target price and/or recommendations), but unless expressly stated in the text of the report, no changes are made before it is published.

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BUY: stock expected to outperform the market by over 25% over a 12 month period;

OUTPERFORM: stock expected to outperform the market by between 10% and 25% over a 12 month period;

NEUTRAL: stock performance expected at between +10% and -10% compared to the market over a 12 month period;

UNDERPERFORM: stock expected to underperform the market by between -10% and -25% over a 12 month period;

SELL: stock expected to underperform the market by over 25% over a 12 month period.

Prices: the prices reported in the research refer to the price at the close of the previous day of trading

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OUTPERFORM:	37.59%
NEUTRAL:	29.33%
UNDERPERFORM:	00.75%
SELL:	00.00%

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OUTPERFORM:	31.94%
NEUTRAL:	12.50%
UNDERPERFORM:	01.39%
SELL:	00.00%

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