

MONDADORI

Sector: Media

BUY

Price: Eu2.12 - Target: Eu3.10

Solid Performance in Core Book Segments, FY Guidance Reiterated

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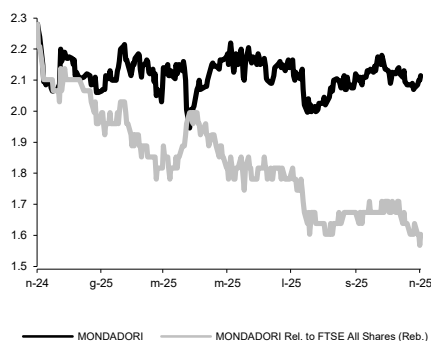
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Stock Rating

Rating:	Unchanged		
Target Price (Eu):	Unchanged		
	2025E	2026E	2027E
Chg in Adj EPS	-1.3%	-0.6%	-0.6%

MONDADORI - 12M Performance



Stock Data

Reuters code:	MOED.MI		
Bloomberg code:	MN IM		
Performance	1M	3M	12M
Absolute	-0.7%	3.4%	-7.2%
Relative	-6.5%	-2.5%	-39.5%
12M (H/L)	2.26/1.95		
3M Average Volume (th):	268.08		

Shareholder Data

No. of Ord shares (mn):	261
Total no. of shares (mn):	261
Mkt Cap Ord (Eu mn):	552
Total Mkt Cap (Eu mn):	552
Mkt Float - Ord (Eu mn):	218
Mkt Float (in %):	39.5%
Main Shareholder:	
Fininvest	53.3%

Balance Sheet Data

Book Value (Eu mn):	343
BVPS (Eu):	1.31
P/BV:	1.6
Net Financial Position (Eu mn):	-160
Enterprise Value (Eu mn):	712

3Q showed solid performance in core book segments, with record market share in both Trade and Education. Early 4Q trends and reiterated guidance confirm Mondadori's ability to outperform the market and deliver on its targets. Strong cash generation (12% FCF yield) supports a sustainable, attractive dividend policy and further accretive M&A. We confirm our €3.1 TP after updating estimates and lowering the risk-free rate as per Intermonte assumption. We reiterate our BUY recommendation. At the current price, the stock is trading at 4.5x/4.3x EV/EBITDA 2025/2026, a ~50% discount to peer.

■ **Solid 3Q results in core book market; strong cash generation confirmed.** 3Q25 revenues were broadly stable YoY (-1%) at €315mn. The quarter was driven by a solid performance by the Trade division (+6% YoY), supported by a strong editorial plan, and by Retail (+4%). Education sales declined 6% in the quarter, though analysis by quarters is not significant due to the timing of revenues; more importantly, 9M results were stable YoY in line with the expected FY trend. The Media division was down 6% YoY and below our estimates amid a softer adv environment. These trends were reflected in adj. EBITDA, which was 2% below our estimate at €88mn (-5% YoY), while adj. net profit was €48mn after slightly higher financial charges and taxes. Ordinary cash flow remained robust at €62mn, and net debt pre-IFRS 16 was €155mn as at end-September, €4mn higher YoY.

■ **FY25 guidance confirmed.** Management confirmed FY outlook, with guidance pointing to: i) low single-digit increases in revenue and adj. EBITDA; ii) an adj. EBITDA margin of ~17%; iii) ordinary cash flow €65/70mn; iv) net debt/adj. EBITDA 0.5x.

■ **Conf. call highlights: 4Q off to a strong start; advanced talks on M&A.** A Trade book rebound is underway. Mondadori 3Q sell-out rose 8% YoY with 3 titles in the top 5. 4Q began strongly: October market share hit a record 28.2% (+0.5pp YoY) and sell-out grew 8% (vs market +6%). The most recent data shows that last week sell-out jumped 15% (vs market +6%). Consequently, YTD Mondadori has nearly offset the weak 1H (now at -0.4%) and is outperforming the market (-2%). Given the strong 4Q start, the company now expects positive FY sell-out growth, up from a prior flat outlook and vs the market expected slightly negative. The positive trend in the book market is also reflected at the Retail division, which is up 3% YTD. Education market share remains strong at 32.5% (+0.7pp YoY), supported by a very successful adoption campaign; maintaining this share may drive higher revenues in the coming years as the new book adoption cycle begins. The Media segment has been impacted by a weak adv environment, but MN has outperformed the market. On the M&A front, the Group is in advanced talks for a deal in the digital segment.

■ **Change in estimates.** We are making a slight adjustment to revenue forecasts to reflect lower Media sales following a softer-than-expected 3Q performance. This reduction is partly offset at the EBITDA level by a larger share of Digital revenues, which are higher margin. As a result, there is a modest revision of FY results, although still aligned to company guidance, with 2025 revenues now projected at €940mn (+1% YoY) and adj. EBITDA at €159mn (+1% YoY, -0.7% vs prior estimate).

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Sales (Eu mn)	905	935	940	956	965
EBITDA Adj (Eu mn)	152	158	159	162	163
Net Profit Adj (Eu mn)	71	69	72	77	78
EPS New Adj (Eu)	0.271	0.264	0.276	0.294	0.300
EPS Old Adj (Eu)	0.271	0.264	0.280	0.296	0.301
DPS (Eu)	0.120	0.140	0.154	0.169	0.186
EV/EBITDA Adj	4.5	4.9	4.5	4.3	4.1
EV/EBIT Adj	7.8	8.2	7.4	6.8	6.5
P/E Adj	7.8	8.0	7.7	7.2	7.1
Div. Yield	5.7%	6.6%	7.3%	8.0%	8.8%
Net Debt/EBITDA Adj	1.0	1.1	1.0	0.9	0.7

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- 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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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:	38.93%
NEUTRAL:	28.25%
UNDERPERFORM:	00.76%
SELL:	00.00%

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OUTPERFORM:	29.87%
NEUTRAL:	18.18%
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