

MONDADORI

Sector: Media

BUY

Price: Eu2.15 - Target: Eu3.20

Estimates Confirmed as Soft 1Q was Factored In

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Stock Rating

Rating: Unchanged

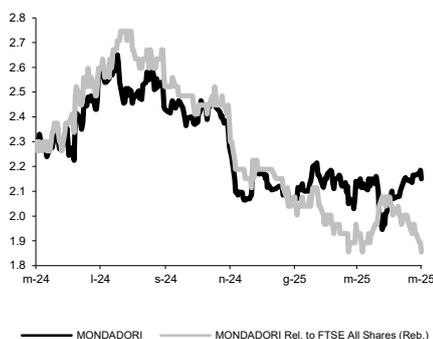
Target Price (Eu): Unchanged

	2025E	2026E	2027E
Chg in Adj EPS	0.0%	0.0%	0.0%

Next Event

 2Q25 Results Out 31st July

MONDADORI - 12M Performance



Stock Data

Reuters code: MOED.MI

Bloomberg code: MN IM

Performance	1M	3M	12M
Absolute	3.9%	-0.9%	-6.5%
Relative	-11.3%	-7.1%	-21.0%
12M (H/L)		2.65/1.95	
3M Average Volume (th):		285.35	

Shareholder Data

No. of Ord shares (mn):	261
Total no. of shares (mn):	261
Mkt Cap Ord (Eu mn):	561
Total Mkt Cap (Eu mn):	561
Mkt Float - Ord (Eu mn):	221
Mkt Float (in %):	39.5%
Main Shareholder:	
Fininvest	53.3%

Balance Sheet Data

Book Value (Eu mn):	346
BVPS (Eu):	1.33
P/BV:	1.6
Net Financial Position (Eu mn):	-149
Enterprise Value (Eu mn):	710

■ **Weak 1Q25 results, as expected. Another quarter of solid cash generation.** 1Q25 results showed a weak start to the year as widely anticipated by management. Revenues were down -1% YoY, in line with our expectations, while adj. EBITDA, at €1.8mn, was down €3mn YoY, €1.7mn below our estimate. The weak performance was almost entirely explained by the Trade books area, which was down €5.2mn YoY, of which €2.8mn from lower volumes following the poor market performance (market sell-through -3.4% vs. -7.2% for Mondadori, with underperformance vs. the market due to a publishing plan that is focused in 2H), and €2.4mn from non-recurring items, including the end of the Colosseum concession (April 2024). Retail was flat (with a €0.3mn negative impact from the temporary closure of Rizzoli for renovation), Education featured typically low seasonality, while Media was up 5%, with digital advertising up 19% or 14% LFL. Net debt was broadly in line YoY and vs. our estimates, while more importantly the group confirmed solid cash flow generation, with operating CF at €68.3mn.

■ **FY25 guidance confirmed.** Management confirmed the FY25 outlook, pointing to: i) low single-digit increases in revenue (our est. +3% YoY) and adj. EBITDA (our est. +3% YoY), ii) adj. EBITDA margin ~17% (our est. 16.8%), iii) ordinary cash flow ~€70mn, iv) net debt/adj. EBITDA 1.0x (our est. 0.9x). As for cash flow generation, management remarked that due to the different scheduling of the publishing plan for the Trade Books area, with the publication of bestselling titles concentrated in 1H24 and 2H25, FY25 could see a partial postponement of some receipts from YE25 to the start of 2026. We see ordinary CF at €68.7mn.

■ **Management confident on FY results, with 1Q perfectly in line with budget.** April showed a market sell-through trend in line with the first three months of the year, still dented by the unfavourable comparison with last year's 18App programme and the Colosseum concession (both of which terminated at the end of April 2024). Management reiterated that the YTD performance is perfectly in line with the forecasts made at the beginning of the year, with the book sell-in even exceeding initial expectations. 2H should be supported by a strong publishing plan, while EBITDA should be helped by ~€1mn of savings on logistics, as well as targeted pricing policies on book products. As a result, 2025 guidance has been confirmed.

■ **Change in estimates.** At this stage we are leaving our estimates unchanged, broadly aligned with 2025 guidance.

■ **BUY confirmed; TP unchanged at €3.2.** We are confident the soft start to the year does not jeopardise annual targets, considering the limited contribution of 1Q to FY EBITDA and the acceleration expected from the stronger publishing plan in 2H25. Healthy cash flow generation (12% FCF yield 2025E) represents a strong catalyst, enabling management to propose a clear, sustainable and generous dividend policy, and supporting further accretive acquisitions. Our DCF-based model yields a target price of €3.2 TP after rolling estimates over and lifting the equity risk premium by 50bp. We therefore confirm our BUY recommendation. At current prices, MN is trading at 4.4x/4.1x EV/EBITDA 25/26E, a ~50% discount to book publishers.

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Sales (Eu mn)	905	935	967	989	1,001
EBITDA Adj (Eu mn)	152	158	162	166	168
Net Profit Adj (Eu mn)	71	69	75	80	81
EPS New Adj (Eu)	0.271	0.264	0.288	0.305	0.311
EPS Old Adj (Eu)	0.271	0.264	0.288	0.305	0.311
DPS (Eu)	0.120	0.140	0.154	0.169	0.186
EV/EBITDA Adj	4.5	4.9	4.4	4.1	3.9
EV/EBIT Adj	7.8	8.2	7.1	6.5	6.1
P/E Adj	7.9	8.2	7.5	7.0	6.9
Div. Yield	5.6%	6.5%	7.2%	7.9%	8.6%
Net Debt/EBITDA Adj	1.0	1.1	0.9	0.7	0.6

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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 of 5.5% are being used.

Frequency of research: quarterly.

Reports on all companies listed on the S&P500 Index, most of those on the MIBEX Index and the main small caps (regular coverage) are published at least once per quarter to comment on results and important newsflow.

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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As at 31 March 2025 Intermonte's Research Department covered 131 companies.

As of today Intermonte's distribution of stock ratings is as follows:

BUY:	32.59 %
OUTPERFORM:	37.78 %
NEUTRAL:	29.63 %
UNDERPERFORM:	00.00 %
SELL:	00.00 %

As at 31 March 2025 the distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (74 in total) is as follows:

BUY:	52.70 %
OUTPERFORM:	29.73 %
NEUTRAL:	17.57 %
UNDERPERFORM:	00.00 %
SELL:	00.00 %

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Emittente	%	Long/Short
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