Intermonte

Milan, 18 July 2025

Italian Equity Research – 2Q25 Preview

MONDADORI

BUY

Sector: Media

Price: Eu2.13 - **Target: Eu3.10**

Holding Ground Amid Market Softness. Trends Consistent with Guidance

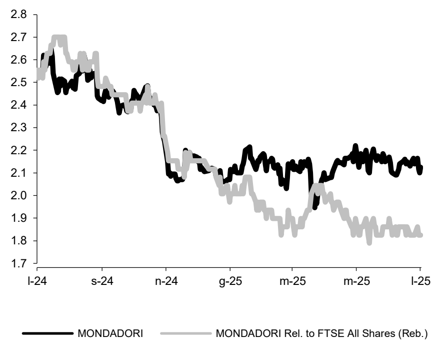
Andrea Randone +39-02-77115.364
andrea.randone@intermonte.it
Chiara Pampurini: +39-02-77115.633
chiara.pampurini@intermonte.it

Stock Rating			
Rating:			Unchanged
Target Price (Eu):			from 3.20 to 3.10
	2025E	**2026E**	**2027E**
Chg in Adj EPS	-2.7%	-3.2%	-3.2%

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	-2.1%	2.7%	-16.8%
Relative	-4.1%	-9.2%	-33.3%
12M (H/L)			2.65/1.95
3M Average Volume (th):			249.06

Shareholder Data	
No. of Ord shares (mn):	261
Total no. of shares (mn):	261
Mkt Cap Ord (Eu mn):	555
Total Mkt Cap (Eu mn):	555
Mkt Float - Ord (Eu mn):	219
Mkt Float (in %):	39.5%
Main Shareholder:	
Fininvest	53.3%

Balance Sheet Data	
Book Value (Eu mn):	344
BVPS (Eu):	1.32
P/BV:	1.6
Net Financial Position (Eu mn):	-151
Enterprise Value (Eu mn):	706

- **2Q book market data still shows relatively unsupportive trends...** Official trade book market data show that the sector is still facing unsupportive trends: 2Q was down 6%, bringing 1H25 to -5%. In this context, Mondadori sell-out slightly outperformed the market, supported by its leadership and a publishing plan featuring renowned authors. The Retail division also fared better, with book sales down ~2% offset by strong non-book results and supported by new store openings.
- **… but we expect Mondadori to hold its ground despite the soft market.** We expect 2Q25 sales to have fallen 1% YoY to €218mn. The decline is fully attributable to the weak trade book market. As noted above, we estimate Mondadori will have partially offset this trend, with the Trade division down 4% and Retail broadly flat. Media is expected to have closed in line YoY, as ongoing growth in the Martech division and the integration of *Fatto in casa da Benedetta* continue to offset the gradual decline in print media. Education is not seasonally significant in the quarter, but preliminary data suggest a gain in market share for schoolbook adoptions. Looking at profitability, we expect the same trends to have affected results, with adj. EBITDA at €3.6mn, down 2% YoY, implying a 16.3% margin in line with 2Q24. Net debt ex-IFRS 16 should have come to €220mn as at 30 June, following the €36mn dividend payment. We continue to expect solid cash generation, with operating cash flow at €65mn.
- **1H expectations consistent with guidance.** Our 1H estimates are consistent with FY25 guidance, which we expect to be confirmed. Management had anticipated a soft start to the year, with growth expected in 2H supported by a stronger publishing lineup and an easier comparison base. Guidance points to low single-digit growth in both revenues and EBITDA in 2025, with an EBITDA margin of ~17%.
- **Change in estimates.** In this report we are fine-tuning our estimates to reflect a more cautious stance on the Trade book market. We now assume a 1% 2024–27 CAGR for the Trade division (vs. 2% previously), while we foresee slightly higher figures in the Media and Retail divisions, growing at CAGRs of 3% and 4% respectively. As a result we expect FY25 group sales to be 1% lower at €960mn, up 2.7% YoY (or 2.1% organic). As for profitability, we forecast FY25 EBITDA at €160mn, 2% below our previous estimate but still up 1% YoY. These growth rates are aligned with company guidance, which points to low single-digit growth.
- **BUY confirmed, TP €3.1 (from €3.2).** Thanks to its strong management team and undisputed leadership position, we expect Mondadori to once again demonstrate resilience amid market weakness. Healthy cash flow generation (12% FCF yield in 2025E) represents a strong catalyst, enabling management to propose a clear, sustainable, and generous dividend policy, while supporting further accretive acquisitions. Our DCF-based model points to a €3.1 target price after updating estimates. We confirm our BUY recommendation. At current prices, Mondadori is trading at 4.4/4.2x EV/EBITDA 25/26E, a discount of ~50% to other book publishers.

Key Figures & Ratios	**2023A**	**2024A**	**2025E**	**2026E**	**2027E**
Sales (Eu mn)	905	935	960	981	993
EBITDA Adj (Eu mn)	152	158	160	162	164
Net Profit Adj (Eu mn)	71	69	73	77	79
EPS New Adj (Eu)	0.271	0.264	0.280	0.296	0.301
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	4.2	4.0
EV/EBIT Adj	7.8	8.2	7.3	6.7	6.3
P/E Adj	7.8	8.1	7.6	7.2	7.1
Div. Yield	5.6%	6.6%	7.2%	8.0%	8.7%
Net Debt/EBITDA Adj	1.0	1.1	0.9	0.8	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 between 5.5% - 6.0% are being used.
Frequency of research: quarterly.
Reports on all companies listed on the FTSEMIB40 Index, most of those on the MIDEX 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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BUY:	32.33%
OUTPERFORM:	38.35%
NEUTRAL:	29.32%
UNDERPERFORM:	00.00%
SELL:	00.00%

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OUTPERFORM:	29.11%
NEUTRAL:	18.99%
UNDERPERFORM:	00.00%
SELL:	00.00%

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