

MONDADORI

Sector: Media

BUY

Price: Eu2.62 - Target: Eu3.30

Mix of Solid Organic Growth & Coming M&A Support our View

Andrea Randone +39-02-77115.364

andrea.randone@intermonte.it

Chiara Pampurini +39-02-77115.633

chiara.pampurini@intermonte.it

Stock Rating

Rating: Unchanged

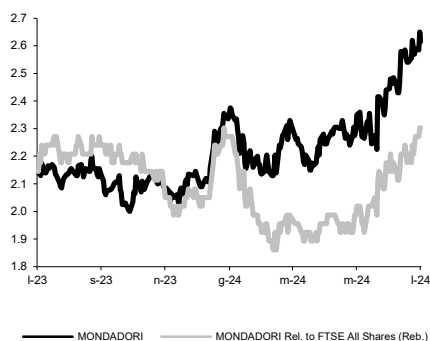
Target Price (Eu): Unchanged

	2024E	2025E	2026E
Chg in Adj EPS	-3.2%	1.2%	1.6%

Next Event

3Q24 Results Out 13 November

MONDADORI - 12M Performance



Stock Data

Reuters code: MOED.MI

Bloomberg code: MN IM

Performance	1M	3M	12M
Absolute	7.2%	16.5%	21.9%
Relative	5.4%	16.4%	8.4%
12M (H/L)	2.65/2.00		
3M Average Volume (th):	314.27		

Shareholder Data

No. of Ord shares (mn): 261

Total no. of shares (mn): 261

Mkt Cap Ord (Eu mn): 683

Total Mkt Cap (Eu mn): 683

Mkt Float - Ord (Eu mn): 269

Mkt Float (in %): 39.5%

Main Shareholder:

Fininvest 53.3%

Balance Sheet Data

Book Value (Eu mn): 324

BVPS (Eu): 1.24

P/BV: 2.1

Net Financial Position (Eu mn): -150

Enterprise Value (Eu mn): 833

■ **2Q24 sales and EBITDA higher YoY.** The Group reported a positive set of 2Q24 results. Sales were +4% above our estimates and up +9% YoY (+5.6% organic), with positive contributions from all divisions. In particular, Media was up +10% YoY on strong growth in digital. Trade book sell-out was up +7.6% YoY in 2Q (nearly double the performance of the market at +4.1%), offsetting the negative performance in 1Q (1H24 was up +1%). 2Q adj. EBITDA was up +7% YoY sustained by Retail, Trade and Media as well as the lower cost of paper; profitability was slightly above consensus forecasts (even though -3.6% compared to our estimate). Net profit was down -18% YoY due to the comparison on associates and tax which saw positive one-offs in 2Q23, although +1.8% vs our estimates. Net debt ex IFRS16 was ~5mn higher than our expectation but better YoY despite the dividend cash-out and the acquisition of Star Shop and CGP. The strong ordinary CF generation at €67mn, in line with our estimates, showed that the delta between our estimate on net debt and actual data was driven by extraordinary items.

■ **FY2024 guidance reiterated.** Management confirmed 2024 guidance in light of positive 1H results and despite higher CapEx (~€4mn) allocated to digital printing facilities. We note that 2024 outlook points to: (i) low single-digit revenue growth, (ii) adjusted EBITDA up mid-single digit, sustained by cost savings and synergies; (iii) adj. EBITDA margin ~17%; ordinary CF ~€70mn.

■ **Positive messages from the call.** Management was positive on the Group's performance. The anticipation of data of July of trade book sell-out shows an acceleration compared to 2Q24, up +7.6% YoY (outperforming the market at +4.1%). As for Education, there were reassuring insights on the adoption campaign: sales in the most profitable area (secondary schools) should grow faster than the previous year, while logistics problems that hit the 2023 performance are not expected to repeat this year. Scouting M&A opportunities is ongoing, with a number of small but attractive targets in Italy. The recent acquisition of Waimea reinforces the Group leadership in media food & cooking. Last but not least, management was very confident on guidance (which does not include the acquisitions), with revenues currently slightly ahead of expectations.

■ **Change in estimates.** We slightly revise our estimates to include: 1) better performance of Media following positive newsflow and strong 1H24 results; 2) €10.1mn cash-out for the Waimea acquisition in FY24, while we consolidate its contribution on P&L as of January 2025 (we estimate €5mn/€3.0mn sales/EBITDA in FY25); 3) D&A a touch higher (now €57mn) in light of 1H24 results and growing PPA.

■ **BUY confirmed; target €3.3 unchanged.** The release confirms the strength of Mondadori's business and is fully consistent with guidance. The encouraging tone of management's comments suggests 3Q results, seasonally the most important of the year, will be good. We therefore confirm our positive view on the stock and our target price (DCF based). The valuation is attractive, especially considering the FCF yield (11%-12%). With an EV/EBITDA multiple of 5.2x/4.8x for 2024/2025, the stock is trading at a discount to the book publishing sector average of 9.2x/9.5x.

Key Figures & Ratios	2022A	2023A	2024E	2025E	2026E
Sales (Eu mn)	903	905	944	995	1,012
EBITDA Adj (Eu mn)	136	152	160	168	174
Net Profit Adj (Eu mn)	64	71	68	75	78
EPS New Adj (Eu)	0.245	0.271	0.261	0.286	0.300
EPS Old Adj (Eu)	0.245	0.271	0.270	0.283	0.296
DPS (Eu)	0.110	0.120	0.132	0.145	0.160
EV/EBITDA Adj	4.8	4.5	5.2	4.8	4.4
EV/EBIT Adj	7.2	7.8	8.1	7.1	6.6
P/E Adj	10.7	9.6	10.0	9.1	8.7
Div. Yield	4.2%	4.6%	5.0%	5.5%	6.1%
Net Debt/EBITDA Adj	1.3	1.0	0.9	0.7	0.5

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- 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
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Frequency of research: quarterly.

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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;

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OUTPERFORM:	49.59 %
NEUTRAL:	25.61 %
UNDERPERFORM	00.83 %
SELL:	00.00 %

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NEUTRAL:	10.20 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

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Emittente	%	Long/Short

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