



Inter Media and Communication S.p.A

6 Months Ended December 31st 2018 Results Presentation

28th February 2019



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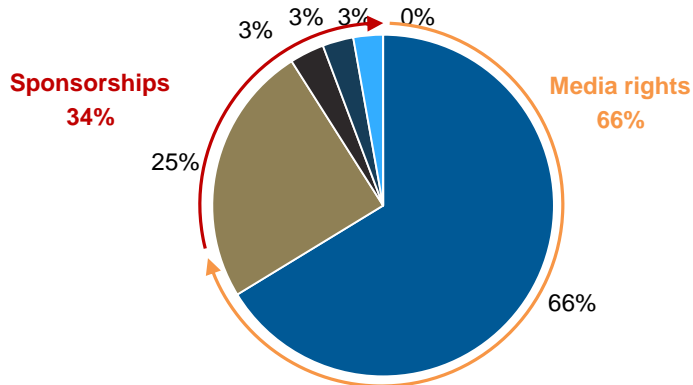


Overview of Inter MediaCo

Inter MediaCo at a Glance

- **Sole manager and operator** of the **media, broadcast and sponsorship** businesses of **Inter**
- Formed in 2014 in connection with the contribution by Inter of its media, broadcast and sponsorship rights business, its historical media archives and the material IP rights relating to the Inter brand
- MediaCo main revenues lines are divided into **Media rights** and **Sponsorships**
 - Media rights for Serie A (centrally managed by Lega Serie A on three-year cycle contracts) and for European competitions (centrally managed by UEFA on three-year cycle contracts)
 - Long term sponsors include Pirelli (jersey sponsor since 1995-96 season) and Nike (technical sponsor since 1998/99 season)
 - Naming Rights, European, Global and Asian Regional sponsorship packages

Adjusted Revenues¹ Breakdown (Dec-18 YTD)



YTD Dec18 Adj. Revenues: €180.1m

- Serie A & UEFA
- Media rights
- Sponsorships
- Regional and Naming Sponsor
- Other Sponsors
- Shirt
- Technical

¹ Adjusted revenue is the aggregate revenue that MediaCo reports on its income statement (the "Revenue"²) and the receivables associated with Inter's broadcasting rights the "Indirect Media Revenue" MediaCo reports on its balance sheet. ² Revenue includes the revenue that MediaCo receives from Inter TV and from licensing Inter's archive content rights (the "Direct Media Revenue"), the revenue MediaCo receives from sponsorship agreements and other income

Inter TeamCo – An Iconic Franchise

- One of the **leading European football clubs**, with a history dating back to 1908
- Only club to have **played every season in Serie A** since the league's inception in 1929 and the only **never been relegated**
 - **Won 30 domestic trophies** (including 18 Serie A championships, 7 TIM Cup titles and 5 Supercoppa TIM titles), 3 UEFA Champions League titles, 3 UEFA Cup titles, 2 Intercontinental Cups and 1 FIFA Club World Cup
 - First Italian team to complete the **"Continental Treble"** by winning the titles in Serie A, TIM Cup and UCL all in the same season in 2010
- During the sporting season 2017/18, Inter was the **1st club in Italy and 10th placed club in Europe** in terms of average attendance. Positive trend confirmed in the first part of current sporting season 2018-19
- Returned to **UEFA Champions League ("UCL") for the 2018-19 season**

Honours



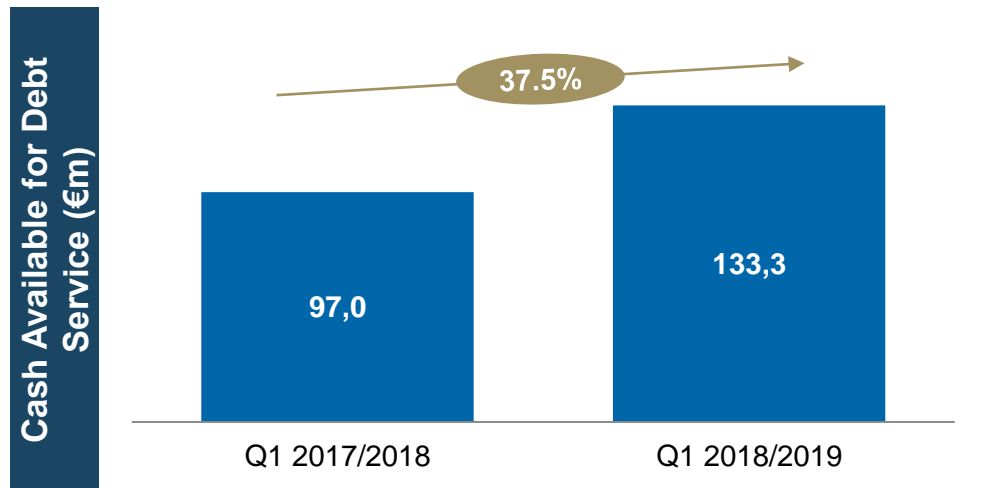
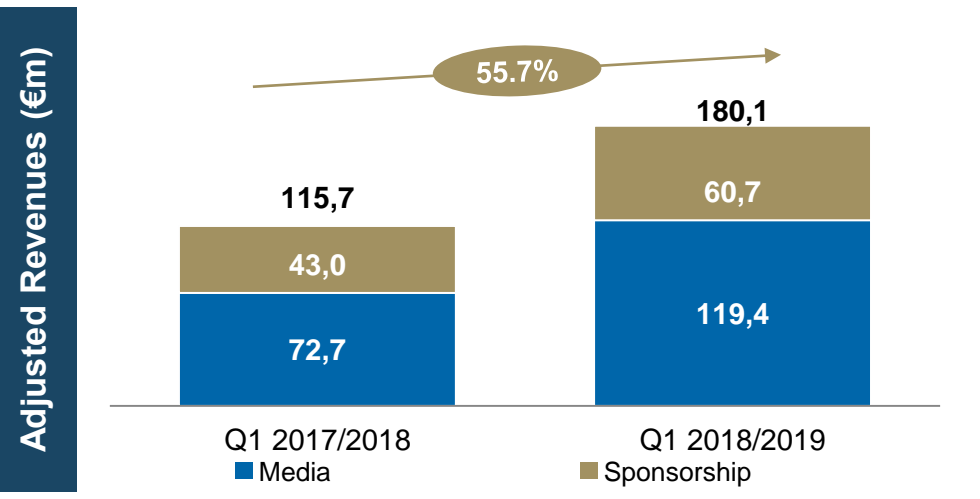


Key Financial Highlights

Key Highlights

- ⊕ **Adjusted Revenue increased by €64.4 million or 55.7%** to €180.1 million for the six months ended December 31, 2018 from €115.7 million for the six months ended December 31, 2017, mainly due to:
 - Participation in the UEFA Champions League for which we booked €42.5m Indirect Media Revenue in H1
 - An increase in Sponsorship Revenue driven by Asia regional agreements signed in the last quarter of prior fiscal year
 - Growth in Serie A Indirect Media Revenue favorably affected by the new 3-year cycle effective in the current season and the improved final position of the team in Serie A 2017-18 (4th) compared to prior sporting season
- ⊕ **Cash Available for Debt Service increased by €36.4 million or 37.5%** to €133.3 million for the six months ended December 31, 2018 from €97.0 million for the six months ended December 31, 2017 driven by:
 - Growth in Adjusted Revenue which was partially offset by collection timing of Asian sponsorship contracts and other Indirect Media Revenue

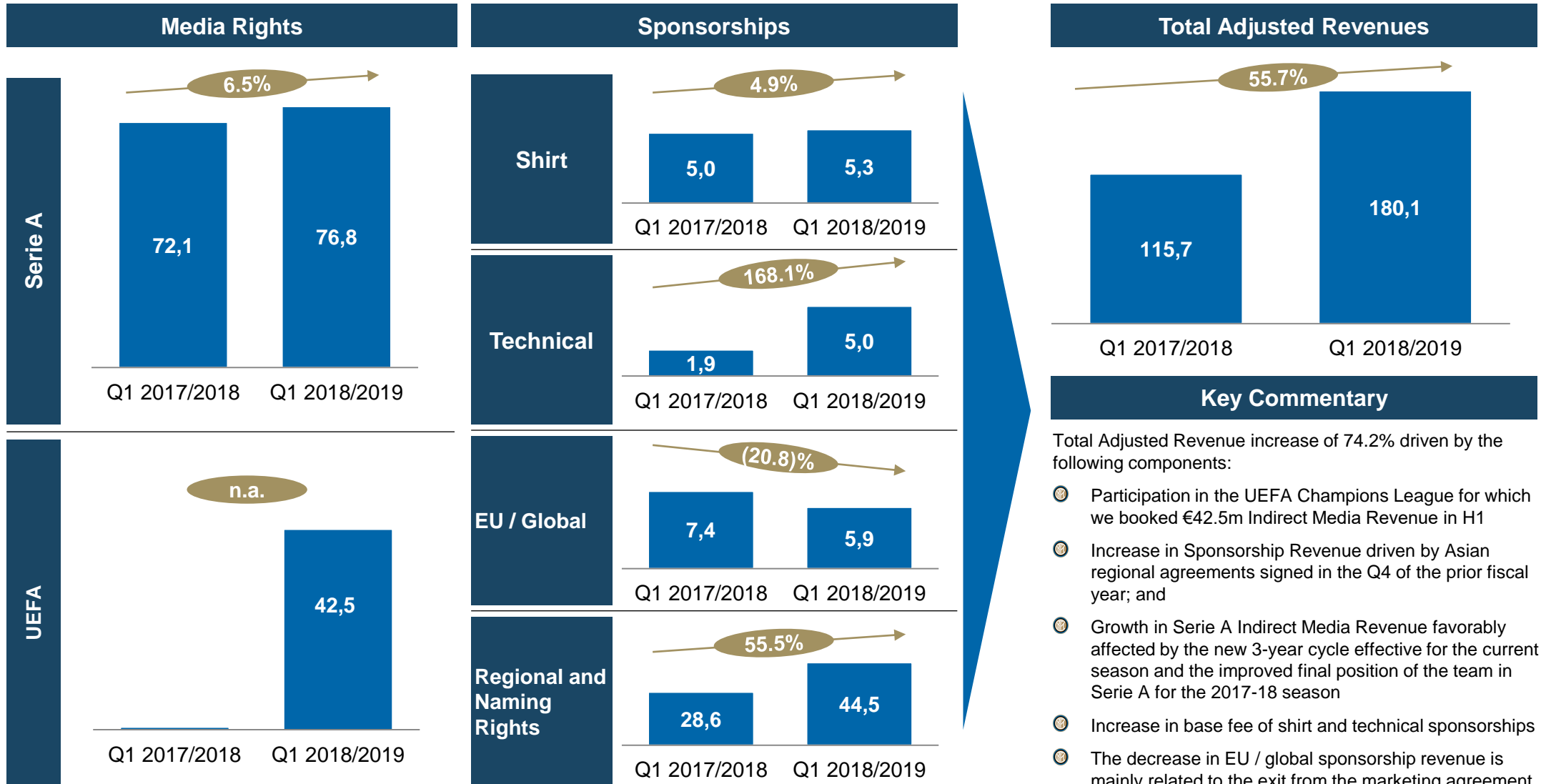
Key Financials





Revenue Breakdown Evolution

(€m)





Key Operating Performance Highlights

Already Impacting YTD Dec 18 Results

Potential Impact on Future Performance

Media Revenues

- **Higher UEFA Media Rights** due to participation to **Group Stages of UCL 2018-19**
- **Higher Serie A Media Rights** due to **new 2018-21 deal and improved sporting performance** in prior season
- Launch of the **Media House** in the first months of prior year, which is a strategic project to improve media revenues and increase fan engagement through compelling content creation. This also includes **Rebranding of Inter TV**

- **Participation to Group Stage UCL 2018-19** and **access to UEL Ro16** has **already secured €47m** for the financial year ending 30 June 2019 even in the event of elimination from the UEL in the next round
- **Performance in Serie A 2018-19** for which the new 2018-21 deal has **already secured €87m** for the financial year ending 30 June 2019 even in the event of last position at the end of the season (currently ranked 3rd)

Sponsorship Revenues

- **Dedicated in-house team** for the marketing and negotiation of **sponsorship** replaced Infront on 1 July 2018. **Eleven (11) new deals** already signed and effective 1 July 2018 (plus **8 renewed**)
- **Qualification to UCL 2018/2019** has **increased payments** under many **existing contracts**, including Nike and Pirelli
- **Growth of Asian regional sponsorship agreements** highlighting synergies with parent company Suning

- **Strengthening of Chinese team** for the marketing and negotiation of local regional **sponsorship agreements**
- **Progression in Serie A and UEL 2018-19** can **further increase payments** under **our existing contracts**, including Nike and Pirelli

TeamCo Update

- **Match attendance** numbers in current sporting season 2018-19 is confirming the positive trend of last season, with average per match attendance above **60,000 both in Serie A and UCL**



Appendix





Current Trading vs. Contracted Revenues

(€m)

		YTD Dec18	Contracted FY2018/19	Highlights	Contract Expiration
TV / Media Rights	Serie A + Direct Media Revenues	76.8	86.8 ²	Ⓢ Serie A audio-visual rights managed centrally by Lega Nazionale Professionisti Serie A	June 2021
			10.4 ³	Ⓢ Exclusive commercialization of Inter Milan archive rights in Italy managed by Infront	2021
			4.2 ⁴	Ⓢ Inter TV: distribution of the Club Channel in Italy (Sky platform) and abroad (since 1 July 2018 new contract with IMG for China and other foreign countries) and a number of technical services / sales to broadcasters	Sky: June 2019 IMG: June 2021
	UEFA Competitions (UCL and UEL)	42.5	47.0 ⁵	Ⓢ Rights managed centrally by UEFA	June 2021
Sponsorships	Pirelli	5.3	10.5	Ⓢ Shirt sponsor for last 22 years renewed through 2021	June 2021
	Nike	5.0	10.0	Ⓢ Technical sponsor partner for last 19 years	June 2024
	Training Kit and Training Center	9.0 ¹	13.3 ¹	Ⓢ Multi-year contract with Suning with an annual base fee of €16.5m of which 53% belongs to MediaCo (plus performance bonuses)	June 2020
	Other Sponsors	41.5	83.3 ⁶	Ⓢ Other sponsorship packages including global deals managed in-house and regional deals with corporate brands and marketing agencies	2019 – 2024
Other	Miscellaneous	-	-	Ⓢ €20 thousand as at 31 December 2018	n/a
Total Revenues		180.1	265.5		

¹ Annual fixed fee of €16.5m of which 53% belongs to MediaCO and 47% to TeamCo (the latter representing the portion of the contract relating to the naming rights of the training center, which will then be assigned to New Youth Training Center ("NewCo") upon its incorporation. €4.6m performance bonus triggered as at 31 December 2018. ² Even if Inter finishes at the bottom of the Serie A league table in season 2018/2019, its revenue received from Serie A broadcasting rights would be approx. €74m, grossed up to €86.8m adjusted revenue in line with the effective average VAT rate of the past three seasons. ³ €10m in accordance with Infront Archive minimum guarantee and €0.4m for RAI Archive Rights to be recognized in FY 2019. ⁴ Only reflects contracted revenue to date from Sky for Italian Distribution, from IMG for distribution in China and other foreign countries and from LNP for a number of technical services and sales to broadcasters. ⁵ Minimum Guaranteed amount recognized by UEFA for participation to UCL Group Stage (including performance bonuses) and UEL until Ro16. ⁶ This mainly includes €12.7m contracted to date with various Global sponsors, €10.0m each contracted with two Asian brands (FullShare and Lvmama) and €25.0m each contracted with two agencies for marketing and negotiating sponsorship agreements in Asia (Beijing Yixinshijie and Imedia)



Summary Cash Flow

For the six Months ended Dec., 31

	2018	2019
(In Millions of €)		
Adjusted Revenue	<i>(Unaudited)</i>	
Sponsorship Revenue		
Shirt	5.0	5.3
Technical	1.9	5.0
EU/Global	7.4	5.9
Regional and Naming Rights	28.6	44.5
Direct Media Revenue	7.3	7.4
Other Income	0.0	0.0
Revenue	50.3	68.1
Indirect Media Revenue		
Serie A Indirect Media Revenue	64.9	69.5
UEFA Indirect Media Revenue	0.5	42.5
Adjusted Revenue	115.7	180.1
Cash Inflow		
Change in Current operating assets	(18.5)	(35.0)
Change in Non current operating assets	0.2	0.2
Cash Inflow	97.4	145.4
Cash Outflow		
Personnel Costs	(1.4)	(1.6)
Cost of Services	(3.3)	(5.1)
Other Costs	(0.6)	(0.4)
Income Taxes	(7.4)	(12.4)
Change in Current operating liabilities	12.9	8.3
Change in Non current operating liabilities	(0.6)	(0.9)
Cash Outflow	(0.5)	(12.0)
Cash Avail. for Debt Service	97.0	133.3

	€m	Cash available for Debt Service
Net Total MediaCo Debt	236.8	1.2x
LTM Dec-18 Cash Available for Debt Service		197.6
LTM Dec-18 Debt Service Coverage Ratio		10,9

Key Comments

- Adjusted Revenue refers to both revenue that Inter MediaCo reports on its income statement (includes Direct Media Revenue and Sponsorship Revenue) as well Indirect Media Revenue that the Issuer reports on its balance sheet (Serie A Indirect Media Revenue and UEFA Indirect Media Revenue). The €46.7m increase (+64.3%) has been driven by:
 - Participation in the UEFA Champions League (“UCL”) for which in H1 we booked €42.5m Indirect Media Revenue
 - An increase in Sponsorship Revenue driven by Asia regional agreements signed in the last quarter of prior fiscal year; and
 - Growth in Serie A Indirect Media Revenue favorably affected by the new 3-year cycle effective from the current season and the improved final position of the team in Serie A 2017-18 (4th) compared to prior sporting season
 - The Increase in base fee of shirt and technical sponsorships (the latter due to the return to UCL)
- Cash Available for Debt Service increased by €36.4m or 37.5% to €133.3m for the six months ended December 31, 2018 from €97.0m for the six months ended December 31, 2017 was driven by growth in Adjusted Revenue which was partially offset by:
 - Collection timing of Asian sponsorship contracts (as described on last slide), Serie A Indirect Media Revenues (relating to the installment invoiced in December and partially collected in January) and UEFA Indirect Media Revenue (with regard to a UCL performance bonus invoiced in December collected in January), all generating a negative impact under the line Change in Current Operating Assets
 - Repayment of 47% of the fee of the 2017-18 naming rights contract (starting from 21 December 2017) to TeamCo (in prior year MediaCo collected the full €16.5 million annual fee), generating a decrease in positive balance of Change in Current Operating liabilities



Income Statement

For the six Months Ended Dec., 31

	2018	2019
<i>(Unaudited)</i>		
(In Millions of €)		
Adjusted Revenue		
Revenue		
Revenue	50.2	68.1
Other Income	0.0	0.0
Total Revenue	50.3	68.1
Operating Costs		
Personnel Costs	1.4	1.6
Cost of Services	3.3	5.1
Other operating costs	0.6	0.4
Accruals for Risks	0.2	-
Write-downs of trade receivables	-	1.6
Depreciation and Amortization	9.2	9.2
Total Operating Costs	14.7	17.8
Operating Profit	35.6	50.3
Net Financial Expenses	(11.4)	(4.6)
Profit Before Tax	24.2	45.7
Income Taxes	(7.4)	(12.4)
Profit for the Period	16.8	33.3



Cash Flow Statement

For the Six Months Ended Dec., 31

	2018	2019
(In Millions of €)		
Adjusted Revenue		<i>(Unaudited)</i>
Profit for the period	16.8	33.3
Current taxes	8.5	13.5
Net financial expenses	11.4	4.6
Profit for the period before taxes and interest	36.6	51.4
Depreciation and Amortization	9.2	9.2
Employee severance indemnities	0.0	0.0
Accrual for risks	0.2	-
Deferred tax assets and liabilities	(1.0)	(1.2)
Cash flow from operating activities before changes in working capital	45.0	59.5
Increase in trade and other receivables	(15.6)	(35.1)
Increase / (Decrease) in trade and other payables	43.7	23.6
Other variations in net working capital	(3.4)	(3.2)
Cash flow from operating activities after changes in Net Working Capital	69.6	44.8
Taxes paid	-	(0.5)
Interest and other financial expenses paid	(8.8)	(7.3)
A. Cash flow from operating activities	60.8	37.0
Investments in Intangible Assets	(0.0)	(0.0)
Investments in Property, Plant and Equipment	(0.1)	-
B. Cash flow from investing activities	(0.1)	(0.0)
New Finance (Senior Secured Notes 2022)	300.0	-
Transaction fees paid for new finance	(8.7)	-
Repayment of bank loans	(208.0)	(3.1)
Intercompany loans	(125.9)	-
Debt service account	3.7	0.0
Capital/dividend distributions	-	-
C. Cash flow from financing activities	(38.8)	(3.1)
Increase / (Decrease) cash and cash equivalents (A+B+C)	21.9	33.9
Cash at bank and on hand at the beginning of the period	9.0	8.5
Cash at bank and on hand at the end of the period	30.9	42.4



Update on Inflows from Asia

Update On Inflows From Asia

(In Millions of €) Adjusted Revenue	Fiscal Year ended 30 June 2017 and 2018		H1 2018/2019	
	Accum. Value	Collected to date	Pro- rata Value	Collected to date
Naming rights and sponsorship agreement	42.6	31.5	9.0	-
Naming rights and sponsorship agreement – co-branding	25.0	25.0	-	-
Other sponsorship agreements	94.8	69.9	35.5	-
Total	162.4	126.4	44.5	-

Key Commentary

- Total collections to the date of this document amount to €126.4m out of a total value of €162.4m of which €44.5m relating to the current H1
- Since the date of the release of our report as at 30 September 2018, we collected €49.8 million of which €25.3 million by 31 December 2018 and €24.5 million after 1 January 2019
- All revenues relating fiscal year ended 30 June 2017 have been collected
- With regard to fiscal year ended 30 June 2018 we have already collected all the €12.5m fee relating to the naming rights contract (plus €4m collected by TeamCo) plus an amount of €39.1m relating to the contracts with Beijing Yixinshijie, iMedia, Full Share, Lvmama, SWM and Konami.
 - With regards to amounts remaining overdue, we are in regular contact with the counterparties and we anticipate further cash collections during the Quarter to 31 March 2019.