



Inter Media and Communication S.p.A

9 Months Ended March 31st 2019 Results Presentation

30th May 2019

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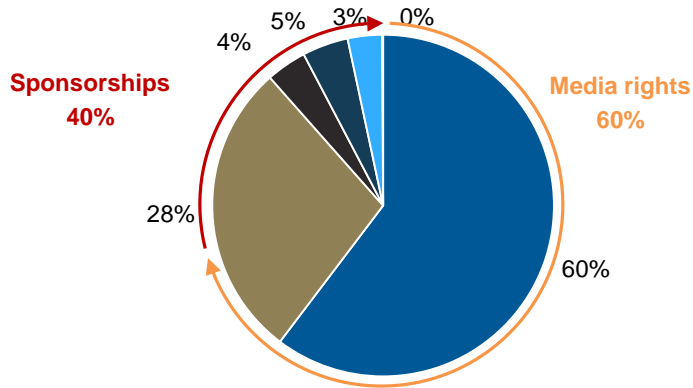


Overview of Inter MediaCo

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 (Mar-19 YTD)



YTD Mar19 Adj. Revenues: €230.0m

- Serie A & UEFA
- 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 seasons 2017/18 and 2018/2019, Inter was the **1st club in Italy and 10th placed club in Europe** in terms of average attendance.
- Returned to **UEFA Champions League ("UCL") for the 2018-2019 season confirmed for the season 2019-2020**

Honours





Key Financial Highlights

Key Highlights

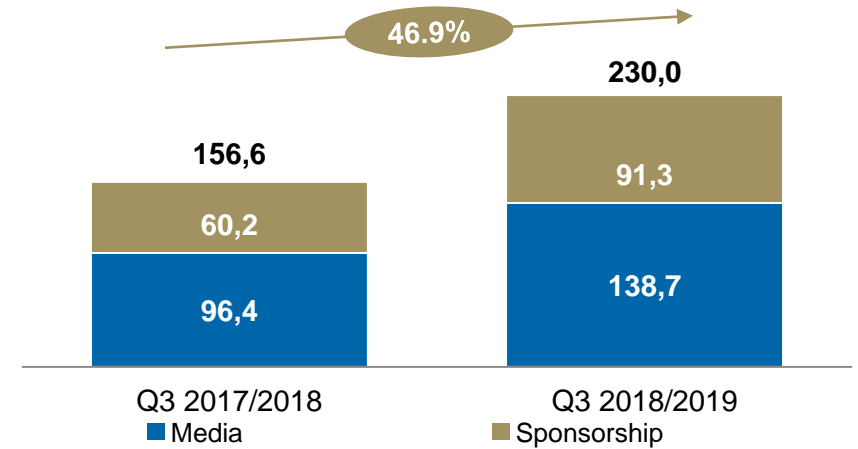
- Adjusted Revenue increased by **€73.4 million or 46.9%** to €230.0 million for the nine months ended March 31, 2019 from €156.6 million for the nine months ended March 31, 2018, mainly due to:
 - Participation in the UEFA Champions League for which we booked €42.5m Indirect Media Revenue in the period
 - An increase in Sponsorship Revenue driven by Asian sponsorship agreements signed in the last quarter of prior fiscal year and contractual bonuses included in Sponsorship contracts relating to progression in UEFA competitions (until Ro16 of Europa League).

The positive impact on Serie A Indirect Media Revenue of the new 3-year cycle effective from the current season and of the improved final position of the team in Serie A 2017-2018 (4th) compared to prior sporting season (7th) is not reflected in the comparison vs. same period of prior fiscal year as in Q3 of prior year there was an advance payment on 18/19 audiovisual rights amounting €4.2 million

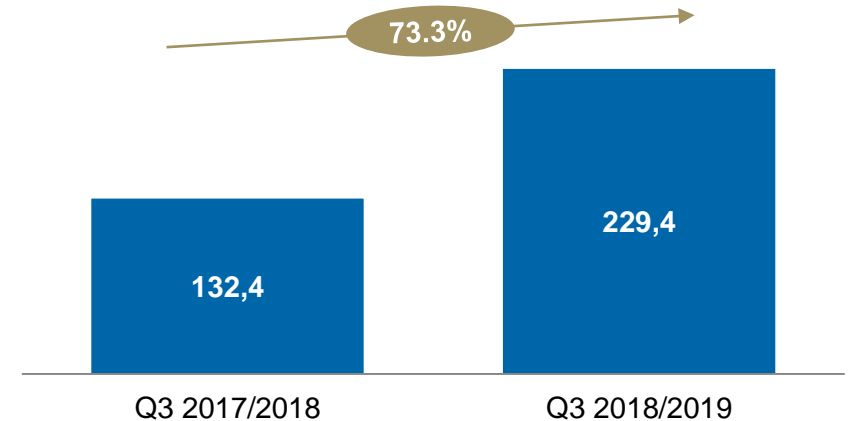
- Cash Available for Debt Service increased by **€97.1 million or 73.3%** to €229.4 million for the nine months ended March 31, 2019 from €132.4 million for the nine months ended March 31, 2018 driven by:
 - Growth in Adjusted Revenue
 - the positive impact from collection of a significant amount of outstanding fees of Asian Sponsorship contracts (€84.3 million, of which €49.5 million in the third quarter 1 January 2019 – 31 March 2019)

Key Financials

Adjusted Revenues (€m)



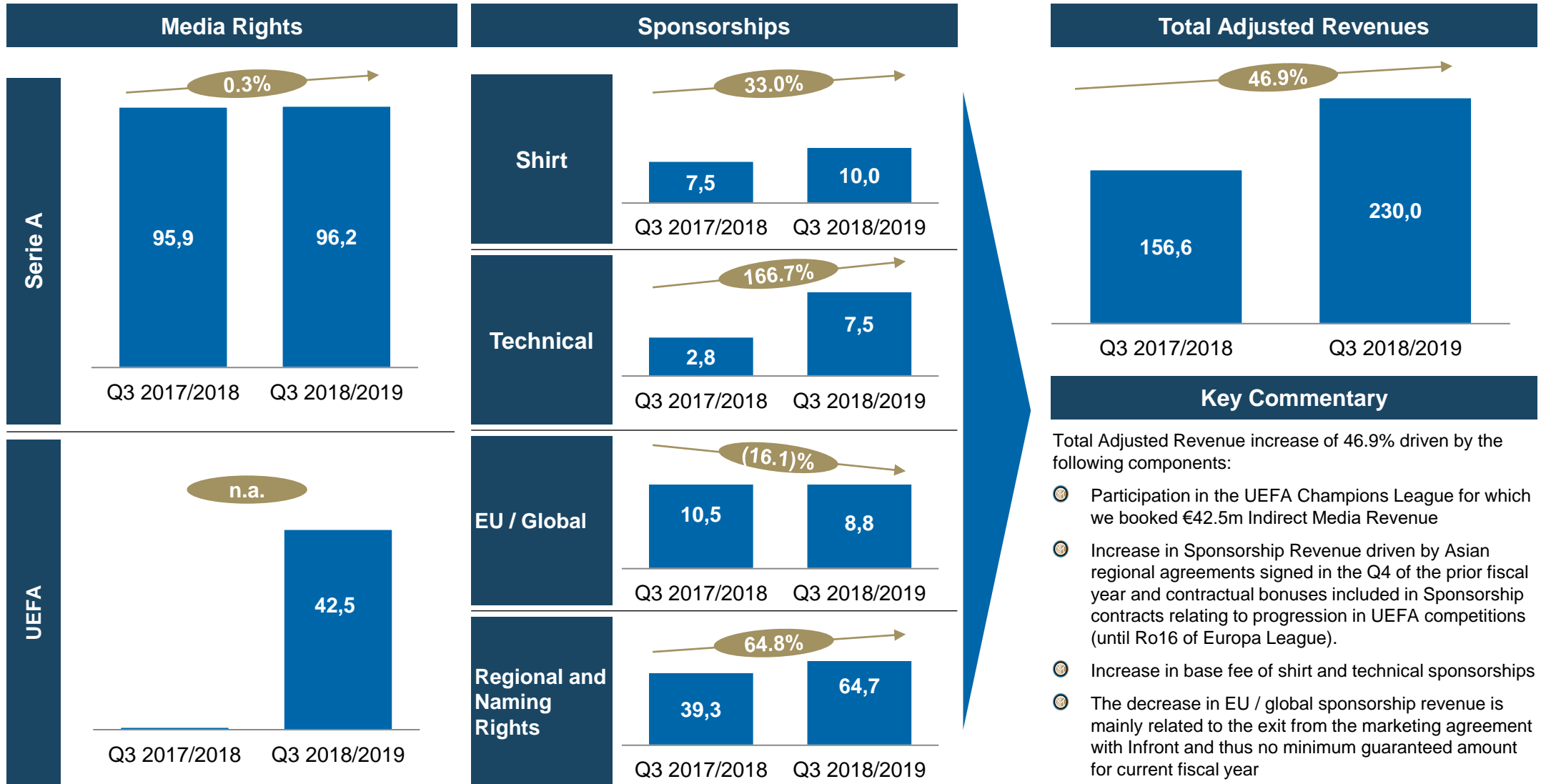
Cash Available for Debt Service (€m)





Revenue Breakdown Evolution

(€m)





Key Operating Performance Highlights

Already Impacting YTD Mar 19 Results

Potential Impact on Future Performance

Media Revenues

- **Higher UEFA Media Rights** due to participation to **Group Stages of UCL 2018-19** and to **Ro32 and Ro16 of UEL**
- **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**

- **Qualification to Group Stage of UCL** also for the **season 2019-20** ensures further **minimum guaranteed revenues** in the range of **€45 million**
- **Performance in Serie A 2019-20** for which the new 2018-21 deal **secures revenues in the range of €85m** even in the event of last position at the end of the season

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 and 2019/2020** 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**
- **Synergies between local and Chinese team** to develop the business at **global level**
- **Progression in Serie A and UCL 2019-20** can further **increase payments** under our **existing contracts**

TeamCo Update

- **Match attendance** numbers in sporting season 2019-20 confirmed the positive trend of prior season, with average per match attendance above **60,000 both in Serie A and UCL** (putting again Inter as the 1st club in Italy and among the top ten clubs in Europe).



Appendix





Current Trading vs. Contracted Revenues

(€m)

		YTD Mar19	Contracted FY2018/19	Highlights	Contract Expiration
TV / Media Rights	Serie A + Direct Media Revenues	96.2	94.0 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	49.0 ⁵	⦿ Rights managed centrally by UEFA	June 2021
Sponsorships	Pirelli	10.0	19.1	⦿ Shirt sponsor for last 22 years renewed through 2021	June 2021
	Nike	7.5	10.0	⦿ Technical sponsor partner for last 19 years	June 2024
	Training Kit and Training Center	11.7 ¹	13.9 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	61.9	84.0 ⁶	⦿ Other sponsorship packages including global deals managed in-house and regional deals with corporate brands and marketing agencies	2019 – 2024
Other	Miscellaneous	0.2	0.2	⦿ €20 thousand as at 31 December 2018	n/a
Total Revenues		230.0	284.8		

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. €5.2m performance bonus triggered as at 31 March 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 €13.4m 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 nine Months ended Mar., 31

	2018	2019
(In Millions of €) <i>(Unaudited)</i>		
Adjusted Revenue		
Sponsorship Revenue		
Shirt	7.5	10.0
Technical	2.8	7.5
EU/Global	10.5	8.8
Regional and Naming Rights	39.3	64.7
Direct Media Revenue	10.7	10.9
Other Income	0.0	0.2
Revenue	70.9	102.2
Indirect Media Revenue		
Serie A Indirect Media Revenue	85.2	85.3
UEFA Indirect Media Revenue	0.5	42.5
Adjusted Revenue	156.6	230.0
Cash Inflow		
Change in Current operating assets	(19.4)	11.0
Change in Non current operating assets	0.1	0.1
Cash Inflow	137.3	241.1
Cash Outflow		
Personnel Costs	(2.1)	(2.5)
Cost of Services	(6.2)	(7.8)
Other Costs	(0.8)	(0.6)
Income Taxes	(10.4)	(18.5)
Change in Current operating liabilities	15.7	19.1
Change in Non current operating liabilities	(1.1)	(1.4)
Cash Outflow	(4.9)	(11.6)
Cash Avail. for Debt Service	132.4	229.4

	€m	Cash available for Debt Service
Net Total MediaCo Debt	205.8	0.8x
LTM Mar-19 Cash Available for Debt Service		258.3

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 €73.4m increase (+46.9%) has been driven by:
 - Participation in the UEFA Champions League for which we booked €42.5m Indirect Media Revenue
 - Increase in Sponsorship Revenue driven by Asian regional agreements signed in the Q4 of the prior fiscal year and contractual bonuses included in Sponsorship contracts relating to progression in UEFA competitions (until Ro16 of Europa League).
 - Increase in base fee of shirt and technical sponsorships
- Cash Available for Debt Service increased by €97.1 million or 73.3% to €229.4 million for the nine months ended March 31, 2019 from €132.4 million for the nine months ended March 31, 2018 driven by:
 - Growth in Adjusted Revenue
 - the positive impact from collection of a significant amount of outstanding fees of Asian Sponsorship contracts (€84.3 million, of which €49.5 million in the third quarter 1 January 2019 – 31 March 2019) generating a positive impact under the line Change in Current Operating Assets; this was partially offset by:
 - an increase in cash outflows mainly due to the repayment of 47% fee of 2017/2018 Naming Rights contract (starting from 21 December 2017) to TeamCo (in prior year MediaCo collected the full €16.5 million annual fee) which decreased the positive balance of Change in Current Operating liabilities

We notice that the payment of Income Taxes in the nine months ended 31 March 2019 amounted to €1.8 million (€3.3 million in the nine months ended 31 March 2018), with the value of related lines in the table above offset by an increase in the line “Change in Current Operating liabilities”



Income Statement

For the nine Months Ended Mar., 31

	2018	2019
(In Millions of €)		
Adjusted Revenue		<i>(Unaudited)</i>
Revenue		
Revenue	70.8	102.0
Other Income	0.0	0.2
Total Revenue	70.9	102.2
Operating Costs		
Personnel Costs	2.1	2.5
Cost of Services	6.2	7.8
Other operating costs	0.8	0.6
Accruals for Risks	0.2	-
Write-downs of trade receivables	-	2.1
Depreciation and Amortization	13.6	13.6
Total Operating Costs	23.0	26.6
Operating Profit	47.9	75.6
Net Financial Expenses	(13.6)	(7.1)
Profit Before Tax	34.3	68.5
Income Taxes	(10.4)	(18.5)
Profit for the Period	23.9	50.0



Cash Flow Statement

For the nine Months Ended Mar, 31

	2018	2019
(In Millions of €)		
Adjusted Revenue		<i>(Unaudited)</i>
Profit for the period	23.9	50.0
Current taxes	11.9	20.3
Net financial expenses	13.6	7.1
Profit for the period before taxes and interest	49.4	77.4
Depreciation and Amortization	13.6	13.6
Employee severance indemnities	0.0	0.1
Accrual for risks	0.2	-
Deferred tax assets and liabilities	(1.5)	(1.8)
Cash flow from operating activities before changes in working capital	61.8	89.3
Increase in trade and other receivables	(17.7)	8.7
Increase / (Decrease) in trade and other payables	44.3	(16.6)
Other variations in net working capital	(1.6)	(2.7)
Cash flow from operating activities after changes in Net Working Capital	86.7	78.7
Taxes paid	(3.3)	(1.8)
Interest and other financial expenses paid	(9.0)	(7.3)
A. Cash flow from operating activities	74.4	69.6
Investments in Intangible Assets	(0.1)	(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	(140.8)	36.5
Debt service account	3.7	(10.4)
Capital/dividend distributions	-	(36.0)
C. Cash flow from financing activities	(53.8)	(13.0)
Increase / (Decrease) cash and cash equivalents (A+B+C)	20.5	56.5
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	29.5	67.1



Update on Inflows from Asia

Update On Inflows From Asia

(In Millions of €) Adjusted Revenue	Fiscal Year ended 30 June 2017 and 2018		Nine months period ended 31 Mar 2019	
	Accum. Value	Collected to date	Pro- rata Value	Collected to date
Naming rights and sponsorship agreement	42.6	31.5	11.7	-
Naming rights and sponsorship agreement – co- branding	25.0	25.0	-	-
Other sponsorship agreements	94.8	94.8	53.0	-
Total	162.4	151.3	64.7	-

Key Commentary

- ① Total collections to the date of this document amount to €151.3m out of a total value of €227.1m:
 - Collections for €84.3 million have been made in the current fiscal year until March 31, 2019 (of which €49.5 million in the third quarter 1 January 2019 – 31 March 2019)
 - With regard to outstanding fees, only an amount of €11.1m relates to prior fiscal years and is related to performance bonuses accrued on Naming Rights and sponsorship agreement
- ① We are in regular contact with the counterparties to recover remaining outstanding amounts and we anticipate further cash collections in the coming months..