



**Inter Media and Communication S.p.A**

**3 Months Ended September 30<sup>th</sup> 2019 Results Presentation**

**28<sup>th</sup> November 2019**

This presentation (the “Presentation”) has been prepared by Inter Media and Communication S.p.A. (“Inter Media” or “the Company”) and is its sole responsibility. For purposes hereof, the Presentation shall mean and include the slides that follow, any oral presentation by Inter Media or any person on its behalf, any question-and-answer session that may follow the oral presentation, and any materials distributed at, or in connection with, any of the above.

The information contained in the Presentation has not been independently verified and some of the information is in summary form. No representation or warranty, express or implied, is or will be made by any person as to, and no reliance should be placed on, the accuracy, fairness or completeness of the information or opinions expressed in the Presentation. No responsibility or liability whatsoever is or will be accepted by Inter Media, its shareholders, subsidiaries or affiliates or by any of their respective officers, directors, employees or agents for any loss, howsoever arising, directly or indirectly, from any use of the Presentation or its contents or attendance at the Presentation.

Inter Media cautions that the Presentation may contain forward looking statements in relation to certain of Inter Media’s business, plans and current goals and expectations, including, but not limited to, its future financial condition, performance and results. These forward looking statements can be identified by the use of forward looking terminology, including the words “aims”, “believes”, “estimates”, “anticipates”, “expects”, “intends”, “may”, “will”, “plans”, “predicts”, “assumes”, “shall”, “continue” or “should” or, in each case, their negative or other variations or comparable terminology or by discussions of strategies, plans, objectives, targets, goals, future events or intentions. By their very nature, all forward looking statements involve risk and uncertainty because they relate to future events and circumstances which are beyond Inter Media’s control. Inter Media’s actual future financial condition, performance and results of operations may differ materially from the plans, goals and expectations set out in any forward looking statement made by Inter Media. All subsequent written or oral forward looking statements attributable to Inter Media or to persons acting on its behalf should be interpreted as being qualified by the cautionary statements included herein. As a result, undue reliance should not be placed on these forward looking statements.

The information and opinions contained in the Presentation have not been audited or necessarily prepared in accordance with international financial reporting standards and are subject to change without notice. The financial results in this document and the Presentation include certain financial measures and ratios, including Adjusted Media Revenue, Adjusted Revenue, Cash Available for Debt Service, Current / Non Current Operating Assets, Current / Non Current Operating Liabilities, Debt Service Coverage Ratio and certain other related measures that are not presented in accordance with IFRS or Italian GAAP and are unaudited. These measures may not be comparable to those of other companies. Reference to these non-IFRS and non-Italian GAAP measures should be considered in addition to IFRS or Italian GAAP financial measures, but should not be considered a substitute for results that are prepared in accordance with IFRS or Italian GAAP.

The information contained in the Presentation, including but not limited to any forward looking statements, is provided as of the date hereof and is not intended to give any assurance as to future results. No person is under the obligation to update, complete, revise or keep current the information contained in the Presentation, whether as a result of new information, future events or results or otherwise. The information contained in the Presentation may be subject to change without notice and will not be relied on for any purpose.

The Presentation is solely for informational purposes and does not constitute or form part of, and should not be construed as, an offer to sell or issue securities or otherwise constitute an invitation or inducement to any person to purchase, underwrite, subscribe to or otherwise acquire securities in Inter Media or any of its subsidiaries or affiliates. The Presentation does not constitute an invitation to effect any transaction with Inter Media.

The distribution of the Presentation in certain jurisdictions may be restricted by law. Recipients of the Presentation should inform themselves about and observe such restrictions. This document may not be reproduced, redistributed or passed on to any other person, nor may it be published, in whole or in part, for any purpose.

By accepting the Presentation, you agree and acknowledge (i) that the Presentation and its contents may contain proprietary information belonging to Inter Media and (ii) to be bound by the foregoing limitations, undertakings and restrictions.

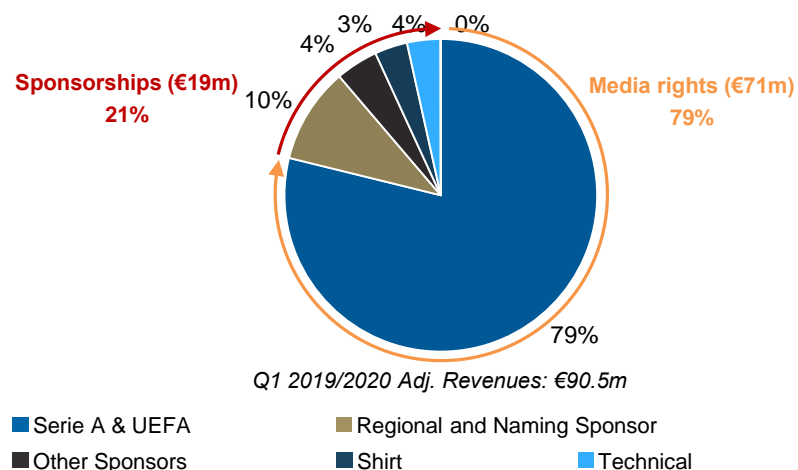


# Overview of Inter MediaCo

## 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 International/Regional sponsorship packages

## Q1 2019/2020\_ Adjusted Revenues<sup>1</sup> Breakdown



## 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 **1<sup>st</sup> club in Italy and in the top 10 clubs in Europe** in terms of average attendance.
- Return to **UEFA Champions League (“UCL”) for the 2018-2019 season confirmed for the season 2019-2020**
- **Exiting the Financial Fair Play Settlement Agreement** signed in May 2015 upon official communication of UEFA in May 2019 **about the fulfillment of the related cumulative break-even requirements**

## Honours



<sup>1</sup> Adjusted revenue is the aggregate revenue that MediaCo reports on its income statement (the “Revenue”<sup>2</sup>) and the receivables associated with Inter’s broadcasting rights the “Indirect Media Revenue” MediaCo reports on its balance sheet. <sup>2</sup> 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



# Key Financial Highlights

## Key Highlights

Our Adjusted Revenue **decreased by €8.1 million or 8.2%** to €90.5 million for the three months ended September 30, 2019 from €98.6 million for the three months ended September 30, 2018 driven by a reduction in regional Sponsorship Revenue impacted by termination, effective 30 June 2019, of three contracts. Part of the reduction has been offset by:

- increases in Shirt and Technical sponsorship fees
- signing of new EU / Global sponsorship partnerships since 1 July 2019

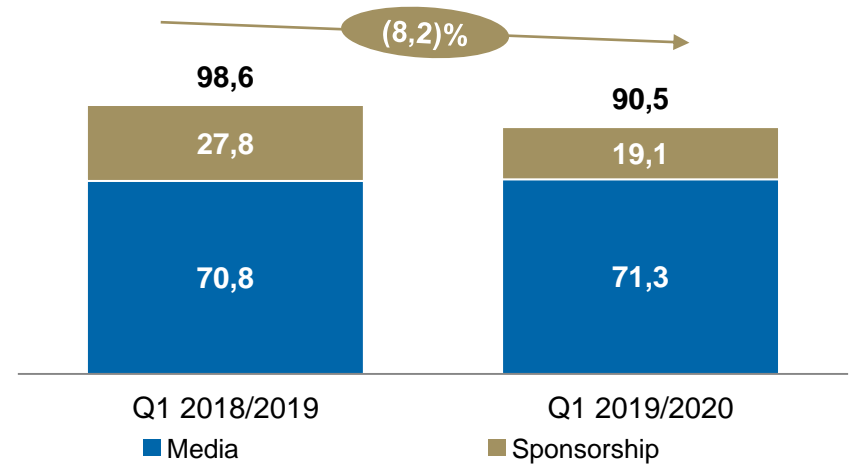
The return of the rights under the three terminated contracts along with the appointment of our new Chief Commercial Officer gives us a strong opportunity to further exploit these rights with further deals into the future.

**Cash Available for Debt Service increased by €21.3 million or 33.5%** to €85.0 million for the three months ended September 30, 2019 from €63.7 million for the three months ended September 30, 2018, as a main result of:

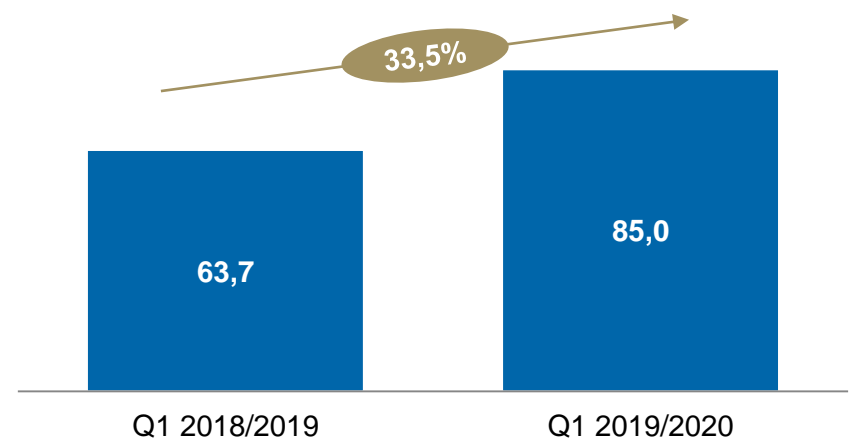
- collection timing of international/regional Sponsorship contracts
- reduction in cash outflows, which, in the three months ended 30 September 2018, were affected by repayment to TeamCo of 47% fee of 2017/2018 Naming Rights contract pertaining to TeamCo starting from 21 December 2017

## Key Financials

Adjusted Revenues (€m)



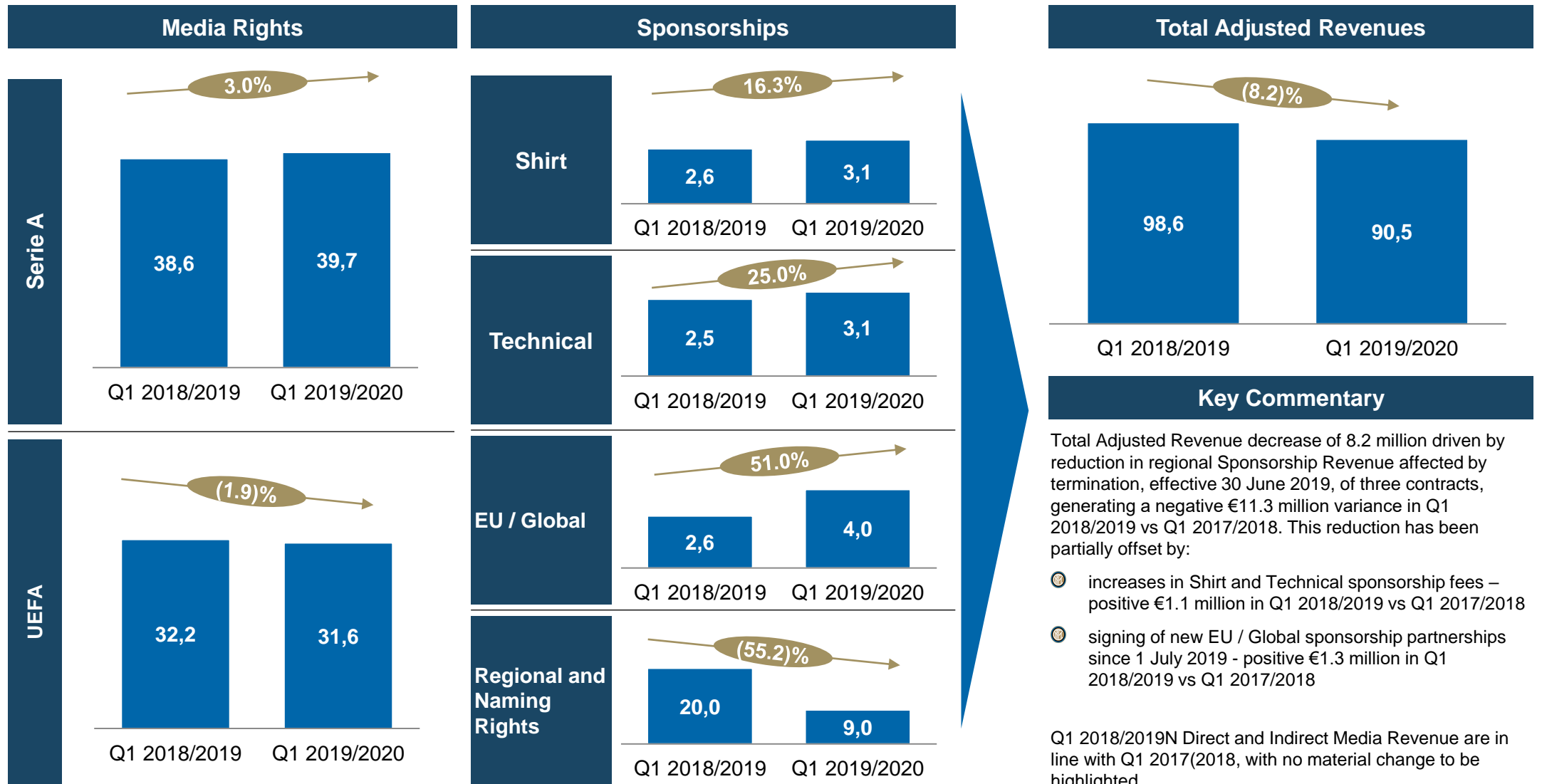
Cash Available for Debt Service (€m)





# Revenue Breakdown Evolution

(€m)





# Key Operating Performance Highlights

## Already Impacting Q1 2019/20 Results

## Potential Impact on Future Performance

### Media Revenues

- **Participation to Group Stage of UCL** also for the **season 2019-20** which ensures further **minimum guaranteed revenues** in the range of **€41 million**
- Stability given by **Serie A revenues** - the new 2018-21 deal **secures revenues in the range of €80m** even in the event of last position at the end of the season
- **Growing KPI's on social platforms** supported by work performed by **internal Media House**

- **Progression in Serie A and UCL /UEL 2019-20** can further **increase Indirect Media Revenues**
- The consolidation of the internal **Media House** is strategic to continue to improve media revenues and increase fan engagement through compelling content creation.

### Sponsorship Revenues

- **Growth of EU/Global Sponsorships** reflecting investments in a **dedicated in-house team** since 2018. **(with synergies between local and international team to develop the business at global level). Nine (9) new deals** already signed and effective 1 July 2019 (plus 7 renewed)
- **Participation to UCL 2018/2019 and 2019/2020** has **increased payments** under many **existing contracts**, including Nike and Pirelli

- **Strengthening of sales team** (including the hiring of a **new Chief Commercial Officer**) and **synergies with Suning** for the marketing and negotiation of further global and local/regional **sponsorship agreements**
- **Progression in Serie A and UCL/UEL 2019-20** can **further increase payments** under **our existing contracts**

### TeamCo Update

- **Match attendance** numbers in current sporting season 2019-2'0 is confirming the positive trend of last season, with average per match attendance around and above **60,000 both in Serie A and UCL**



# Appendix





# Current Trading vs. Contracted Revenues

(€m)

		Q1 2019/2020	Contracted FY2019/20	Highlights	Contract Expiration
TV / Media Rights	Serie A + Direct Media Revenues	39.7	80.0 <sup>2</sup>	⦿ Serie A audio-visual rights managed centrally by Lega Nazionale Professionisti Serie A	June 2021
			10.4 <sup>3</sup>	⦿ Exclusive commercialization of Inter Milan archive rights in Italy managed by Infront	2021
			3.9 <sup>4</sup>	⦿ Inter TV: distribution of the Club Channel in Italy (Sky/DAZN platform) and abroad (PPTV in China and IMG for other foreign countries) and a number of technical services / sales to broadcasters	Sky/DAZN: June 2020 IMG: June 2021 PPTV June 2021
	UEFA Competitions (UCL and UEL)	31.6	41.0 <sup>5</sup>	⦿ Rights managed centrally by UEFA	June 2021
Sponsorships	Pirelli	3.1	12.3	⦿ Shirt sponsor for last 22 years renewed through 2021	June 2021
	Nike	3.1	12.5	⦿ Technical sponsor partner for last 19 years	June 2024
	Training Kit and Training Center	2.2 <sup>1</sup>	8.5 <sup>1</sup>	⦿ 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	10.8	42.1 <sup>6</sup>	⦿ Other sponsorship packages including global/regional deals managed in-house and marketing agency in China	2019 – 2024
<b>Total Revenues</b>		<b>90.5</b>	<b>210.7</b>		

<sup>1</sup> 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.. <sup>2</sup> Even if Inter finishes at the bottom of the Serie A league table in season 2019/2020, its revenue received from Serie A broadcasting rights would be approx. €74.4m, grossed up to €80.0m adjusted revenue in line with the effective VAT rate of the past season. <sup>3</sup> €10m in accordance with Infront Archive minimum guarantee and €0.4m for RAI Archive Rights to be recognized in FY 2019/20. <sup>4</sup> Only reflects contracted revenue to date from Sky and DAZN for Italian Distribution, from PPTV for distribution in China, from IMG for distribution in other foreign countries and from LNP for a number of technical services and sales to broadcasters. <sup>5</sup> Minimum Guaranteed amount recognized by UEFA for participation to UCL Group Stage. <sup>6</sup> This includes €17.1m<sup>8</sup> contracted to date with various Global/Regional sponsors and €25.0m contracted with Imedia agency for marketing and negotiating sponsorship agreements in Asia





# Summary Cash Flow

## For the three Months ended Sep., 30

	2019	2020
(In Millions of €)		
<b>Adjusted Revenue</b>	<i>(Unaudited)</i>	
<b>Sponsorship Revenue</b>		
Shirt	2.6	3.1
Technical	2.5	3.1
EU/Global	2.6	4.0
Regional and Naming Rights	20.0	9.0
<b>Direct Media Revenue</b>	3.2	3.3
<b>Other Income</b>	0.0	0.0
<b>Revenue</b>	<b>31.0</b>	<b>22.5</b>
<b>Indirect Media Revenue</b>		
Serie A Indirect Media Revenue	35.4	36.4
UEFA Indirect Media Revenue	32.2	31.6
<b>Adjusted Revenue</b>	<b>98.6</b>	<b>90.5</b>
<b>Cash Inflow</b>		
Change in Current operating assets	(27.9)	(3.3)
Change in Non-current operating assets	0.3	(0.1)
<b>Cash Inflow</b>	<b>71.0</b>	<b>87.1</b>
<b>Cash Outflow</b>		
Personnel Costs	(0.6)	(0.8)
Cost of Services	(2.5)	(2.4)
Other Costs	(0.2)	(0.2)
Income Taxes	(5.6)	(3.6)
Change in Current operating liabilities	2.0	5.4
Change in Non-current operating liabilities	(0.5)	(0.5)
<b>Cash Outflow</b>	<b>(7.4)</b>	<b>(2.1)</b>
<b>Cash Avail. for Debt Service</b>	<b>63.7</b>	<b>85.0</b>

	€m	Cash available for Debt Service
<b>Net Total MediaCo Debt</b>	<b>231.5</b>	<b>0.8x</b>
LTM Sep-19 Cash Available for Debt Service		281.8

## 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 €8.1 million decrease (- 8.2%) has been driven a reduction by in regional Sponsorship Revenue affected by termination, effective 30 June 2019, of three contracts, generating a negative €11.3 million variance in Q1 2018/2019 vs Q1 2017/2018. This reduction has been partially offset by:
  - increases in Shirt and Technical sponsorship fees – positive €1.1 million in Q1 2018/2019 vs Q1 2017/2018
  - signing of new EU / Global sponsorship partnerships since 1 July 2019 - positive €1.3 million in Q1 2018/2019 vs Q1 2017/2018
  
- Cash Available for Debt Service increased by €21.3 million or 33.5% to €85.0 million for the three months ended September 30, 2019 from €63.7 million for the three months ended September 30, 2018. This, as a main result of:
  - €24.6 million favourable impact of Change in Current operating assets mainly related to collection timing of international/regional Sponsorship contracts
  - €5.3 million reduction in cash outflows, which, in the three months ended 30 September 2018, were affected by repayment to TeamCo of 47% fee of 2017/2018 Naming Rights contract pertaining to TeamCo starting from 21 December 2017, which decreased the positive balance of Change in Current Operating liabilities



# Income Statement

For the Three Months Ended Sep., 30

	2019	2020
<i>(Unaudited)</i>		
<b>(In Millions of €)</b>		
<b>Adjusted Revenue</b>		
<b>Revenue</b>		
Revenue	31.0	22.4
Other Income	0.0	0.0
<b>Total Revenue</b>	<b>31.0</b>	<b>22.5</b>
<b>Operating Costs</b>		
Personnel Costs	0.6	0.8
Cost of Services	2.5	2.4
Other operating costs	0.2	0.2
Depreciation and Amortization	4.6	4.6
<b>Total Operating Costs</b>	<b>7.9</b>	<b>8.0</b>
<b>Operating Profit</b>	<b>23.0</b>	<b>14.4</b>
<b>Net Financial Expenses</b>	<b>(2.3)</b>	<b>(2.3)</b>
<b>Profit Before Tax</b>	<b>20.7</b>	<b>12.2</b>
<b>Income Taxes</b>	<b>(5.6)</b>	<b>(3.6)</b>
<b>Profit for the Period</b>	<b>15.1</b>	<b>8.6</b>



# Cash Flow Statement

For the Three Months Ended Sep., 30

	2019	2020
(In Millions of €)		
<b>Adjusted Revenue</b>		<i>(Unaudited)</i>
Profit for the period	15.1	8.6
Current taxes	6.1	4.0
Net financial expenses	2.3	2.3
<b>Profit for the period before taxes and interest</b>	<b>23.5</b>	<b>15.0</b>
Depreciation and Amortization	4.6	4.6
Employee severance indemnities	0.0	0.0
Deferred tax assets and liabilities	(0.5)	(0.5)
<b>Cash flow from operating activities before changes in working capital</b>	<b>27.6</b>	<b>19.1</b>
Increase in trade and other receivables	(30.3)	(7.2)
Increase / (Decrease) in trade and other payables	38.5	40.4
Other variations in net working capital	2.9	4.4
<b>Cash flow from operating activities after changes in Net Working Capital</b>	<b>38.7</b>	<b>56.6</b>
Interest and other financial expenses paid	0.0	(0.0)
<b>A. Cash flow from operating activities</b>	<b>38.7</b>	<b>56.6</b>
Investments in Intangible Assets	(0.0)	(0.0)
Investments in Property, Plant and Equipment	-	(0.1)
<b>B. Cash flow from investing activities</b>	<b>(0.0)</b>	<b>(0.1)</b>
Intercompany loans	-	(22.8)
Debt service account	(10.4)	(10.3)
<b>C. Cash flow from financing activities</b>	<b>(10.4)</b>	<b>(33.1)</b>
<b>Increase / (Decrease) cash and cash equivalents (A+B+C)</b>	<b>28.3</b>	<b>23.4</b>
<b>Cash at bank and on hand at the beginning of the period</b>	<b>8.5</b>	<b>15.7</b>
<b>Cash at bank and on hand at the end of the period</b>	<b>36.8</b>	<b>39.1</b>