



Inter Media and Communication S.p.A

6 Months Ended December 31st 2019 Results Presentation

February 27th, 2020

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Overview of Inter MediaCo

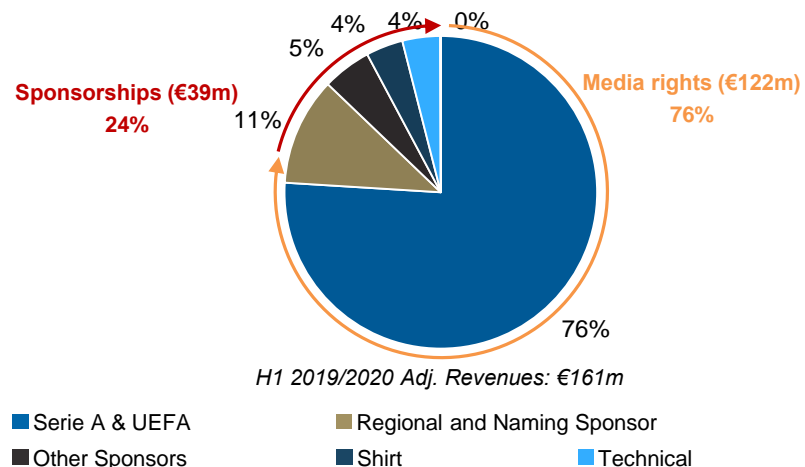
Inter MediaCo at a Glance

- **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 International/Regional sponsorship packages

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 in the top 10 clubs in Europe** in terms of average attendance.
- Competed in **UEFA Champions League (“UCL”) Group Stage for the 2018-2019 and 2019-2020 seasons**
- **Exiting the Financial Fair Play Settlement Agreement** signed in May 2015 upon official communication of UEFA in May 2019

H1 2019/2020_ Adjusted Revenues¹ Breakdown



Honours



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



Key Financial Highlights

Key Highlights

Our Adjusted Revenue **decreased by €19.2 million or 10.6%** to €160.9 million for the six months ended December 31, 2019 from €180.1 million for the six months ended December 31, 2018 driven by a reduction in Regional Sponsorship Revenue impacted by cessation and expiry, effective 30 June 2019, of three main contracts. Part of the reduction has been offset by:

- increases in Shirt and Technical sponsorship fees
- signing of new EU / Global/Regional sponsorship partnerships since 1 July 2019 for a total an annual value of €7 million

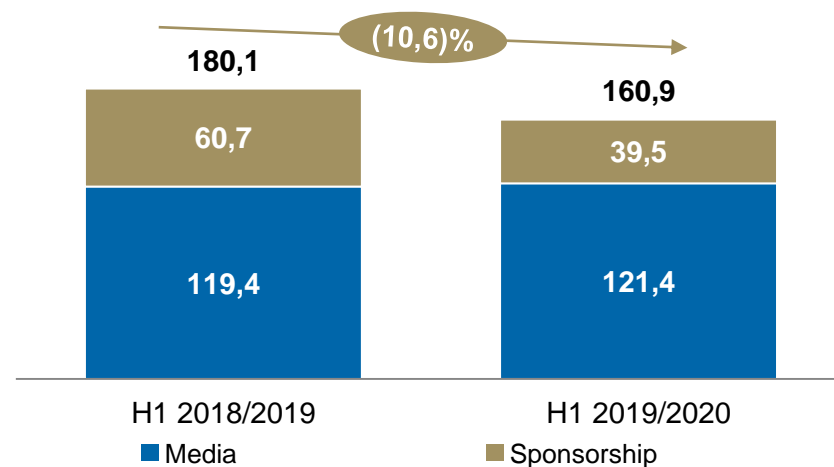
The return of the rights under the three terminated contracts along with the appointment of our new Chief Commercial Officer gives us a strong opportunity to further exploit these rights with further deals into the future.

Cash Available for Debt Service **increased by €26.3 million or 19.7%** to €159.6 million for the six months ended December 31, 2019 from €133.3 million for the six months ended December 31, 2018, as a main result of:

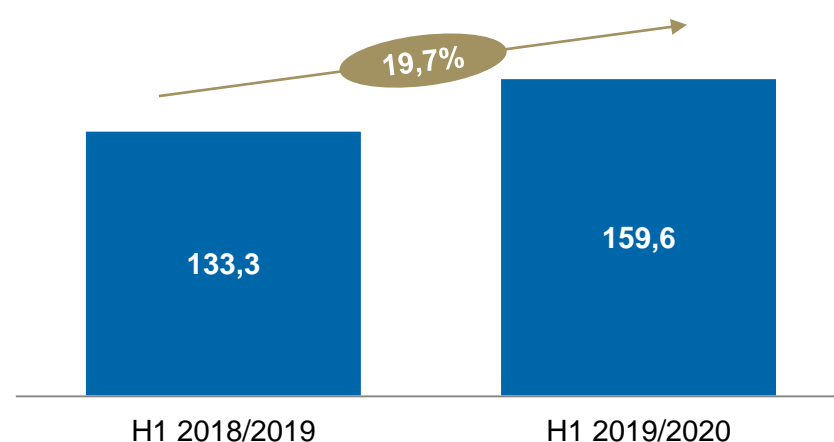
- collection timing of international/regional Sponsorship contracts
- reduction in cash outflows, which, in the six months ended December 31, 2018, were affected by repayment to TeamCo of 47% fee of 2017/2018 Naming Rights contract pertaining to TeamCo starting from 21 December 2017

Key Financials

Adjusted Revenues (€m)



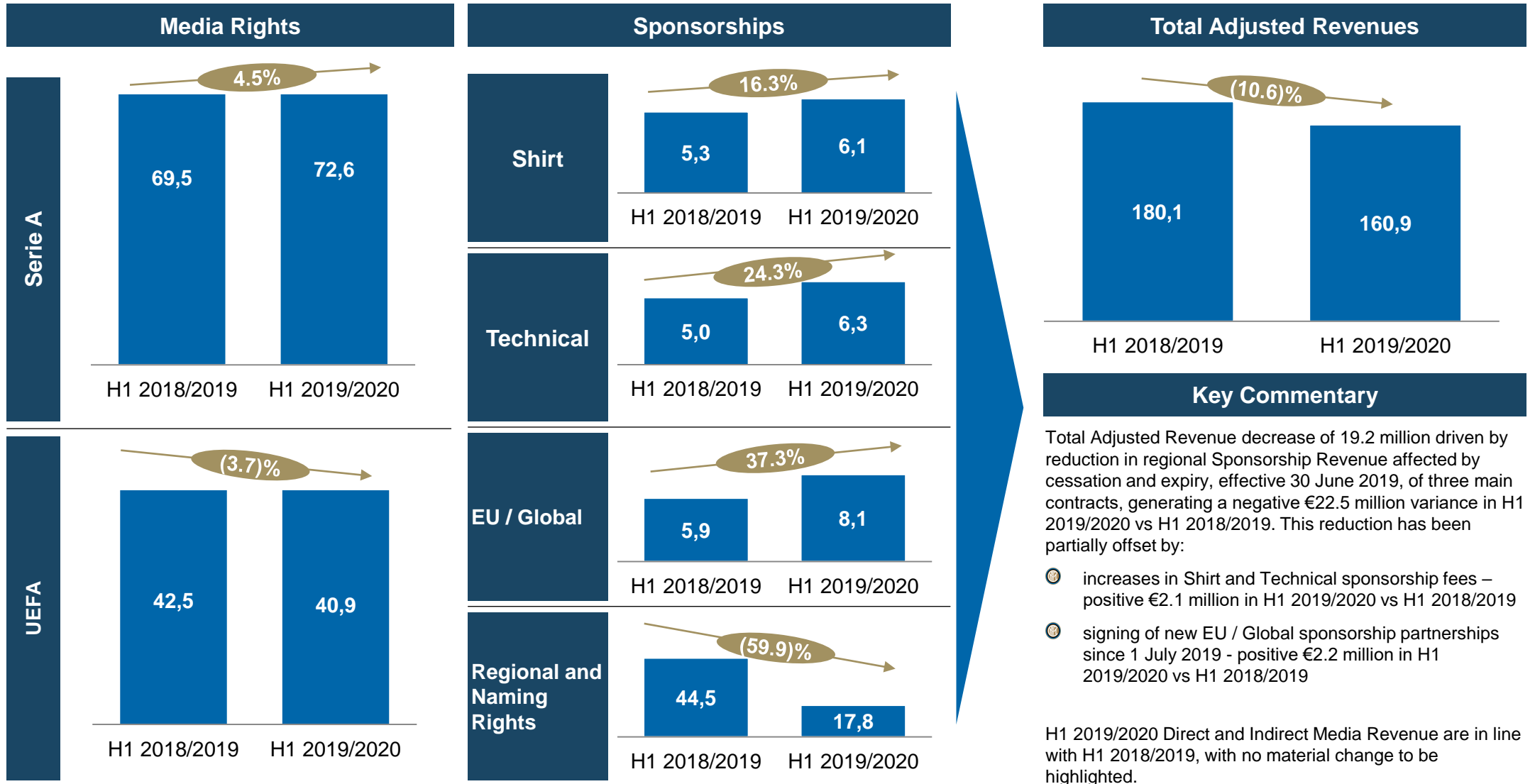
Cash Available for Debt Service (€m)





Revenue Breakdown Evolution

(€m)





Key Operating Performance Highlights

Already Impacting H1 2019/20 Results

Potential Impact on Future Performance

Media Revenues

- **Participation to Group Stage of UCL** also for the **season 2019-20** which ensured further **revenues** in the range of **€45 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 UEL 2019-20** can further **increase Indirect Media Revenues**
- **Media Revenue growth via content delivery** through the Media House

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). Ten (10) new deals** already signed and effective 1 July 2019 (plus 7 renewed)
- **Participation to UCL Group 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**
- **The increased visibility of the team** in terms of performance and playing in Europe is also benefited by growing exposure on Social Media platforms, resulting in greater engagement and reach to a wider variety of sponsorship and commercial opportunities

TeamCo Update

- **Currently lying 3rd in Serie A table**, but with a 12-point cushion within Champions League Qualifying positions
- **Match attendance** numbers in current sporting season 2019-20 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)

		H1 2019/2020	Contracted FY2019/20	Highlights	Contract Expiration
TV / Media Rights	Serie A + Direct Media Revenues	80.5	80.0 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
			5.2 ⁴	⦿ 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)	40.9	45.0 ⁵	⦿ Rights managed centrally by UEFA	June 2021
Sponsorships	Pirelli	6.1	12.3	⦿ Shirt sponsor for last 25 years renewed through 2021	June 2021
	Nike	6.3	12.5	⦿ Technical sponsor partner for last 21 years	June 2024
	Training Kit and Training Center	4.4 ¹	8.5 ¹	⦿ Multi-year contract with Suning with an annual base fee of €16.5m of which 53% belongs to MediaCo	June 2020
	Other Sponsors	21.5	42.5 ⁶	⦿ Other sponsorship packages including global/regional deals managed in-house and marketing agency in China	2019 – 2024
Other Income	Miscellaneous	1.2	1.2	⦿ Mainly relates to fee for distribution of Inter TV in China relating to prior fiscal year	
Total Revenues		160.9	217.6		

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.. ² 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. ³ €10m in accordance with Infront Archive minimum guarantee and €0.4m for RAI Archive Rights to be recognized in FY 2019/20. ⁴ 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. ⁵ Minimum Guaranteed amount recognized by UEFA for participation to UCL Group Stage. ⁶ This includes €17.5m 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 six Months ended Dec., 31

	2018	2019
(In Millions of €) <i>(Unaudited)</i>		
Adjusted Revenue		
Sponsorship Revenue		
Shirt	5.3	6.1
Technical	5.0	6.3
EU/Global	5.9	8.1
Regional and Naming Rights	44.5	17.8
Direct Media Revenue	7.4	7.9
Other Income	0.0	1.2
Revenue	68.1	47.4
Indirect Media Revenue		
Serie A Indirect Media Revenue	69.5	72.6
UEFA Indirect Media Revenue	42.5	40.9
Adjusted Revenue	180.1	160.9
Cash Inflow		
Change in Current operating assets	(35.0)	2.6
Change in Non-current operating assets	0.2	(0.2)
Cash Inflow	145.4	163.4
Cash Outflow		
Personnel Costs	(1.6)	(1.9)
Cost of Services	(5.1)	(5.6)
Other Costs	(0.4)	(0.4)
Income Taxes	(12.4)	(7.5)
Change in Current operating liabilities	8.3	12.6
Change in Non-current operating liabilities	(0.9)	(1.0)
Cash Outflow	(12.0)	(3.7)
Cash Avail. for Debt Service	133.3	159.6

	€m	Cash available for Debt Service	DSCR
Net Total MediaCo Debt	246.4	0.9x	
LTM Dec19 _Cash Available for Debt Service		286.8	13.79
12 months ending Dec20_Pro-forma Cash Available for Debt Service		215.2	10.35

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 €19.2 million decrease (- 10.6%) has been driven a reduction by in regional Sponsorship Revenue affected by cessation and expiry, effective 30 June 2019, of three main contracts, generating a negative €22.5 million variance in H1 2019/2020 vs H1 2018/2019. This reduction has been partially offset by:
 - increases in Shirt and Technical sponsorship fees – positive €2.1 million in H1 2019/2020 vs H1 2018/2019
 - signing of new EU / Global sponsorship partnerships since 1 July 2019 - positive €2.2 million in H1 2019/2020 vs H1 2018/2019
- Cash Available for Debt Service increased by €26.3 million or 19.7% to €159.6 million for the six months ended December 31, 2019 from €133.3 million for the six months ended December 31, 2018. This, as a main result of:
 - €37.2 million favorable impact of Change in Current operating assets mainly related to collection timing of international/regional Sponsorship contracts
 - €8.3 million reduction in cash outflows, which, in the six months ended December 31, 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
- LTM Cash Available for Debt Service at €286.8 million (DSCR: 13.79:1)
- Pro-forma Cash Available for Debt Service estimated at €215.2 million (DSCR: 10.35:1) based on following main assumptions:
 - Participation to UEL competition (with Group stage exit) in the sporting season 2020/2021 (vs. UCL in 2019/2020)
 - Other Media Revenue and Sponsorship Revenue based on contracts signed to date only



Income Statement

For the six Months Ended Dec., 31

	2018	2019
(In Millions of €)		
		<i>(Unaudited)</i>
Revenue		
Revenue	68.1	46.2
Other Income	0.0	1.2
Total Revenue	68.1	47.4
Operating Costs		
Personnel Costs	(1.6)	(1.9)
Cost of Services	(5.1)	(5.6)
Other operating costs	(0.4)	(0.4)
Write-down of trade receivables	(1.6)	-
Depreciation and Amortization	(9.2)	(9.2)
Total Operating Costs	(17.8)	(17.1)
Operating Profit	50.3	30.3
Net Financial Expenses	(4.6)	(4.4)
Profit Before Tax	45.7	25.9
Income Taxes	(12.4)	(7.5)
Profit for the Period	33.3	18.5



Cash Flow Statement

For the Six Months Ended Dec., 31

	2018	2019
(In Millions of €)		(Unaudited)
Profit for the period	33.3	18.5
Current taxes	13.5	8.4
Net financial expenses	4.6	4.4
Profit for the period before taxes and interest	51.4	31.3
Depreciation and Amortization	9.2	9.2
Employee severance indemnities	0.0	(0.0)
Deferred tax assets and liabilities	(1.2)	(1.0)
Cash flow from operating activities before changes in working capital	59.5	39.5
Increase in trade and other receivables	(35.1)	0.4
Increase / (Decrease) in trade and other payables	23.6	15.5
Other variations in net working capital	(3.2)	2.4
Cash flow from operating activities after changes in Net Working Capital	44.8	57.8
Taxes paid	(0.5)	(0.0)
Interest and other financial expenses paid	(7.3)	(7.2)
A. Cash flow from operating activities	37.0	50.6
Investments in Intangible Assets	(0.0)	(0.0)
Investments in Property, Plant and Equipment	-	(0.1)
B. Cash flow from investing activities	(0.0)	(0.1)
Dividends	-	(4.1)
Intercompany loans	-	(30.8)
Debt service account	0.0	(10.3)
Repayment of bank loans/Senior Secured Notes 2022	(3.1)	(3.3)
C. Cash flow from financing activities	(3.1)	(48.5)
Increase / (Decrease) cash and cash equivalents (A+B+C)	33.9	2.0
Cash at bank and on hand at the beginning of the period	8.5	15.7
Cash at bank and on hand at the end of the period	42.4	17.7