



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

**9 Months Ended March 31<sup>st</sup> 2020 Results Presentation**

**May 28<sup>th</sup>, 2020**



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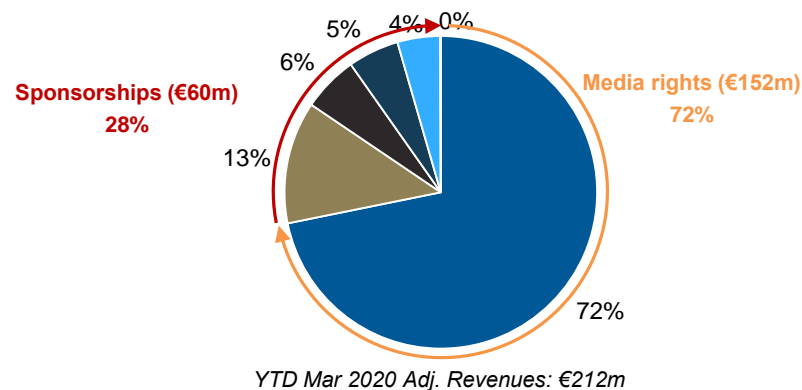


# Overview of Inter MediaCo

## 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

## YTD March 2020\_ Adjusted Revenues<sup>1</sup> Breakdown



■ Serie A & UEFA      ■ Regional and Naming Sponsor  
 ■ Other Sponsors      ■ Shirt      ■ Technical

<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

## 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.
- 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

## Honours





# Key Financial Highlights

## Key Highlights

- Our Adjusted Revenue **decreased by €18.2 million or 7.9%** to €211.8 million for the nine months ended March 31, 2020 from €230.0 million for the nine months ended March 31, 2019 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 and signing of new EU / Global/Regional sponsorship partnerships since 1 July 2019 for a total an annual value of €7 million
- Increase in Serie A Indirect Media Revenue due to (i) different timing of the installments through which the annual value of media rights is invoiced and (ii) improvement in Serie A position until suspension of the sporting season
- Increase in Direct Media Revenue due to signing of the contract for the distribution of the thematic TV channel Inter TV in China

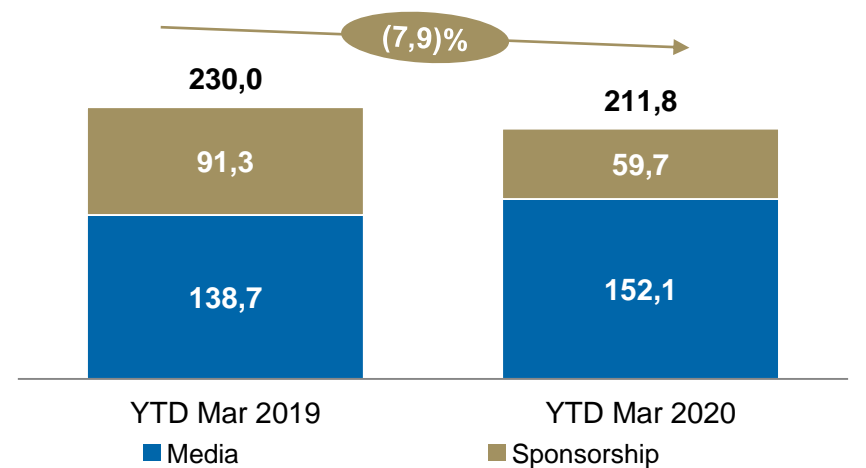
The return of the rights under the three terminated contracts gives us a strong opportunity to further exploit these rights with further deals into the future. To date, there are a number of possible new contracts in our pipeline which, if finalized, could start at the beginning of the next fiscal year

- Notwithstanding reduction in Adjusted Revenue, **Cash Available for Debt Service increased by €7.6 million or 3.3%** to €237.1 million for the nine months ended March 31, 2020 from €229.4 million for the nine months ended March 31, 2019, as a main result of:

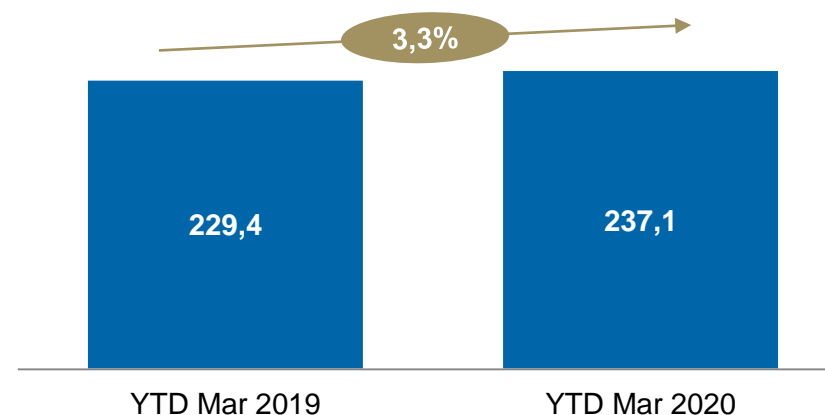
- collection timing of international/regional Sponsorship contracts favorably affecting working capital
- reduction in cash outflows, which, in the nine months ended March 31, 2020, were affected by repayment to TeamCo of 47% fee of 2017/2018 Naming Rights contract pertaining to TeamCo starting from 21 December 2017

## Key Financials

### Adjusted Revenues (€m)



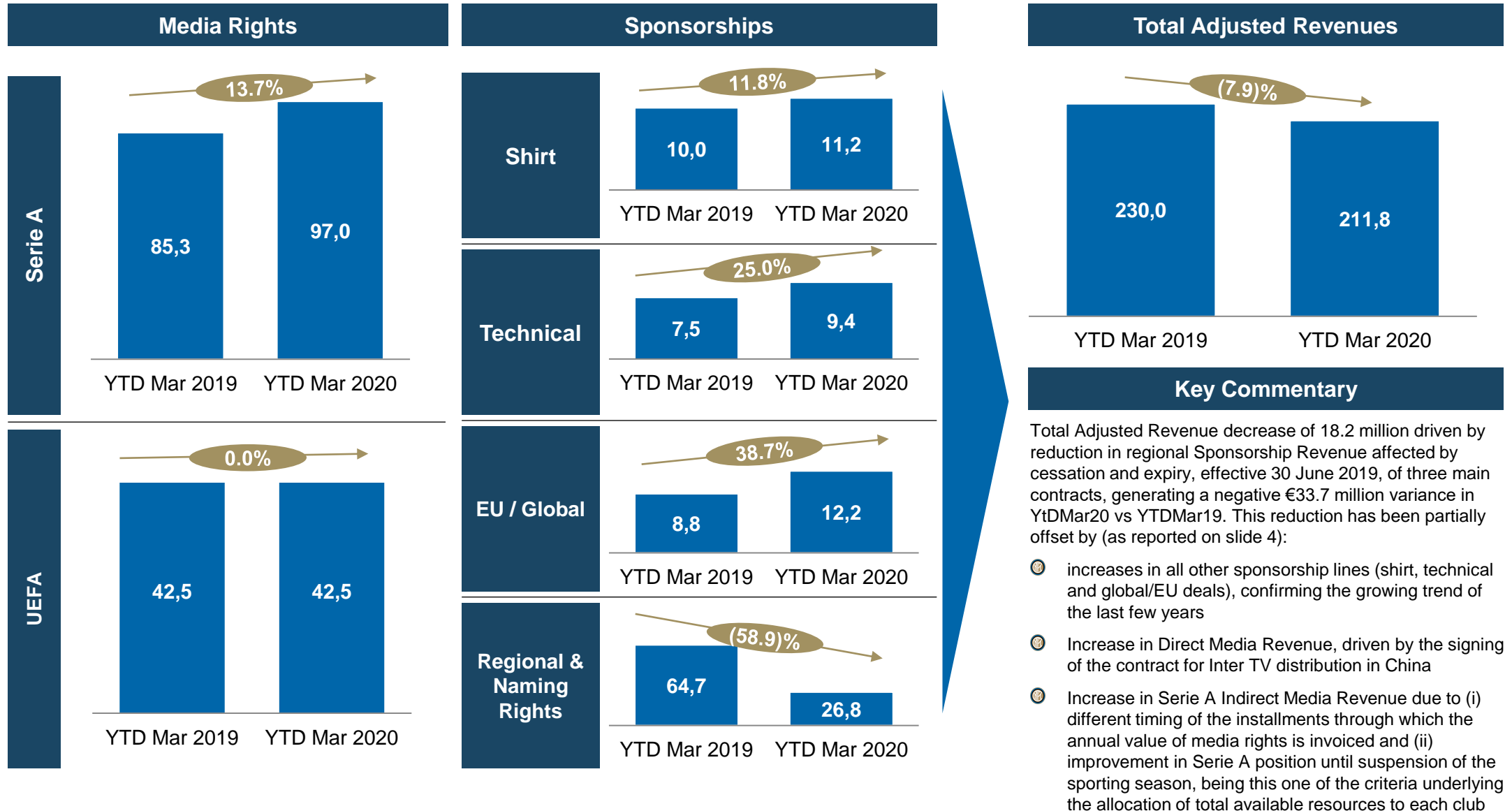
### Cash Available for Debt Service (€m)





# 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**

- **Covid 19 outbreak** could have a negative impact, in particular on our **Serie A revenue**, which is still **not quantifiable** due to **current level of uncertainty** relating to evolution of the sporting season and discussions in progress with broadcasters
- **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

- **Covid 19 outbreak** could have a negative impact which is currently still **not quantifiable** due to **current level of uncertainty** relating to evolution of the sporting season and possibility to fully comply with contractual obligations with our commercial partners.
- **Strengthening of sales team and synergies with Suning** for the marketing and negotiation of further deals
- **The increased visibility of the team** resulting in greater engagement and reach to a wider variety of sponsorship and commercial opportunities

### TeamCo Update

- **3<sup>rd</sup> in Serie A table** before suspension of Serie A, but with a 9-point cushion within Champions League Qualifying positions
- **Confirmed strong match attendance** numbers (average above **60,000 both in Serie A and UCL**)



# Appendix





# Summary Cash Flow

For the nine Months ended March, 31

	2019	2020
<b>(In Millions of €)</b>		
<b>Adjusted Revenue</b>	<i>(Unaudited)</i>	
<b>Sponsorship Revenue</b>		
Shirt	10.0	11.2
Technical	7.5	9.4
EU/Global	8.8	12.2
Regional and Naming Rights	64.7	26.8
<b>Direct Media Revenue</b>	10.9	12.6
<b>Other Income</b>	0.2	0.1
<b>Revenue</b>	<b>102.2</b>	<b>72.3</b>
<b>Indirect Media Revenue</b>		
Serie A Indirect Media Revenue	85.3	97.0
UEFA Indirect Media Revenue	42.5	42.5
<b>Adjusted Revenue</b>	<b>230.0</b>	<b>211.8</b>
<b>Cash Inflow</b>		
Change in Current operating assets	11.0	31.4
Change in Non-current operating assets	0.1	(0.3)
<b>Cash Inflow</b>	<b>241.1</b>	<b>242.9</b>
<b>Cash Outflow</b>		
Personnel Costs	(2.5)	(2.7)
Cost of Services	(7.8)	(9.1)
Other Costs	(0.6)	(0.5)
Income Taxes	(18.5)	(11.4)
Change in Current operating liabilities	19.1	19.2
Change in Non-current operating liabilities	(1.4)	(1.4)
<b>Cash Outflow</b>	<b>(11.6)</b>	<b>(5.8)</b>
<b>Cash Avail. for Debt Service</b>	<b>229.4</b>	<b>237.1</b>

	€m	Cash available for Debt Service
<b>Net Total MediaCo Debt</b>	<b>233.9</b>	<b>0.9x</b>
LTM Mar20 _Cash Available for Debt Service		268.1

## 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 €18.2 million decrease (- 7.9%) has been driven by a reduction 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 (as reported on slide 4 and 5):
  - increases in all other sponsorship lines (shirt, technical and global/EU deals), confirming the growing trend of the last few years
  - Increase in Direct Media Revenue, driven by the signing of the contract for Inter TV distribution in China
  - Increase in Serie A Indirect Media Revenue due to (i) different timing of the installments through which the annual value of media rights is invoiced and (ii) improvement in Serie A position until suspension of the sporting season, being this one of the criteria underlying the allocation of total available resources to each club
- Notwithstanding reduction in Adjusted Revenue, Cash Available for Debt Service increased by €7.6 million or 3.3% to €237.1 million for the nine months ended March 31, 2020 from €229.4 million for the nine months ended March 31, 2019, as a main result of:
  - €20.4 million favorable impact of Change in Current operating assets mainly related to collection timing of international/regional Sponsorship contracts
  - €5.8 million reduction in cash outflows, which, in the nine months ended March 31, 2019, 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 €268.1 million





# Income Statement

For the nine Months Ended March, 31

	2019	2020
(In Millions of €)		
	<i>(Unaudited)</i>	
<b>Revenue</b>		
Revenue	102.0	72.2
Other Income	0.2	0.1
<b>Total Revenue</b>	<b>102.2</b>	<b>72.3</b>
<b>Operating Costs</b>		
Personnel Costs	(2.5)	(2.7)
Cost of Services	(7.8)	(9.1)
Other operating costs	(0.6)	(0.5)
Write-down of trade receivables	(2.1)	-
Depreciation and Amortization	(13.6)	(13.7)
<b>Total Operating Costs</b>	<b>(26.6)</b>	<b>(26.0)</b>
<b>Operating Profit</b>	<b>75.6</b>	<b>46.3</b>
<b>Net Financial Expenses</b>	<b>(7.1)</b>	<b>(6.4)</b>
<b>Profit Before Tax</b>	<b>68.5</b>	<b>39.9</b>
<b>Income Taxes</b>	<b>(18.5)</b>	<b>(11.4)</b>
<b>Profit for the Period</b>	<b>50.0</b>	<b>28.5</b>



# Cash Flow Statement

For the nine Months Ended March, 31

	2019	2020
(In Millions of €)	(Unaudited)	
Profit for the period	50.0	28.5
Current taxes	20.3	12.7
Net financial expenses	7.1	5.4
<b>Profit for the period before taxes and interest</b>	<b>77.4</b>	<b>46.6</b>
Depreciation and Amortization	13.6	13.7
Write-downs/(release/uses) of trade receivables	2.1	(0.7)
Employee severance indemnities	0.1	-
Deferred tax assets and liabilities	(1.8)	(1.3)
<b>Cash flow from operating activities before changes in working capital</b>	<b>91.3</b>	<b>58.2</b>
Increase in trade and other receivables	8.7	28.8
Increase / (Decrease) in trade and other payables	(16.6)	27.9
Other variations in net working capital	(2.7)	4.6
<b>Cash flow from operating activities after changes in Net Working Capital</b>	<b>44.8</b>	<b>57.8</b>
Taxes paid	(1.8)	(1.7)
Interest and other financial expenses paid	(7.3)	(6.3)
<b>A. Cash flow from operating activities</b>	<b>71.6</b>	<b>111.5</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>
Dividends	(36.0)	(48.4)
Intercompany loans	36.5	(30.8)
Debt service account	(10.4)	(10.3)
Repayment of bank loans/Senior Secured Notes 2022	(3.1)	(3.3)
<b>C. Cash flow from financing activities</b>	<b>(13.0)</b>	<b>(92.8)</b>
<b>Increase / (Decrease) cash and cash equivalents (A+B+C)</b>	<b>58.6</b>	<b>18.6</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>67.1</b>	<b>34.2</b>