



COMPANY PRESENTATION

Intesa Sanpaolo - 2020 ISMO
Italian Stock Market Opportunities Conference

23 SEPTEMBER, 2020

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Agenda

- 1 Who We Are
- 2 Market Trends
- 3 Financial Highlights
- 4 Strategic Roadmap 2020 & Investment Opportunity

Appendix

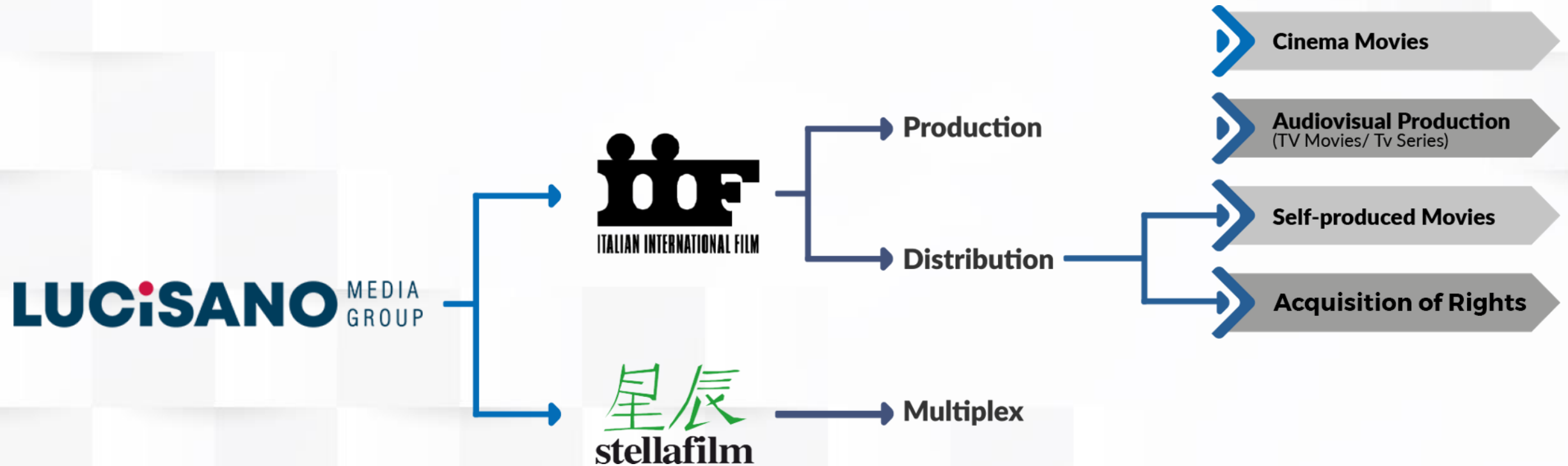


Who We Are

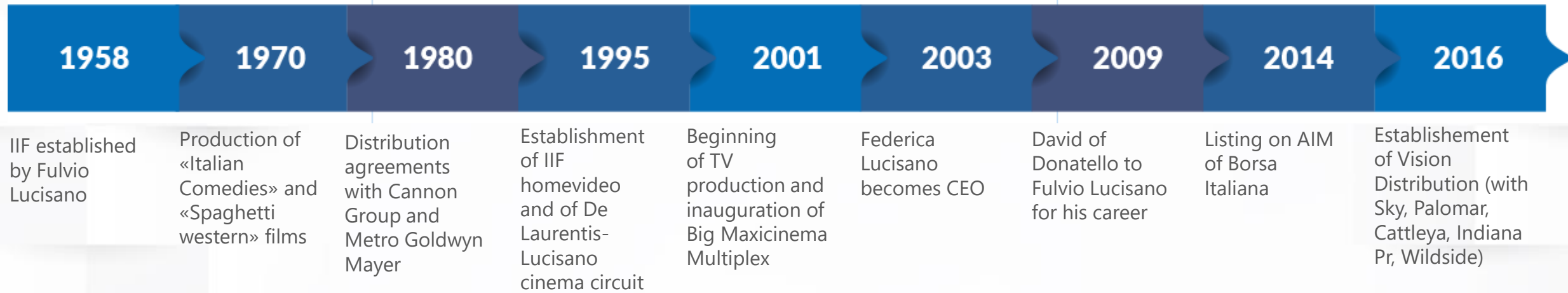


A leading fully vertical integrated player

Historical integrated Italian player with unique industry know-how along with well recognized talent scout skills



A 60-year journey in the Film Industry



2
Academy Awards



12
Academy Awards Nominations



9
David di Donatello



10
Nastri D'Argento



2
Telegatti



1
Golden Ticket

LMG Key Numbers

€38M

FY'19 Revenues

35%

FY'19 EBITDA %

€3.3M

FY'19 FCF

9%

FY'19 EBIT %

600

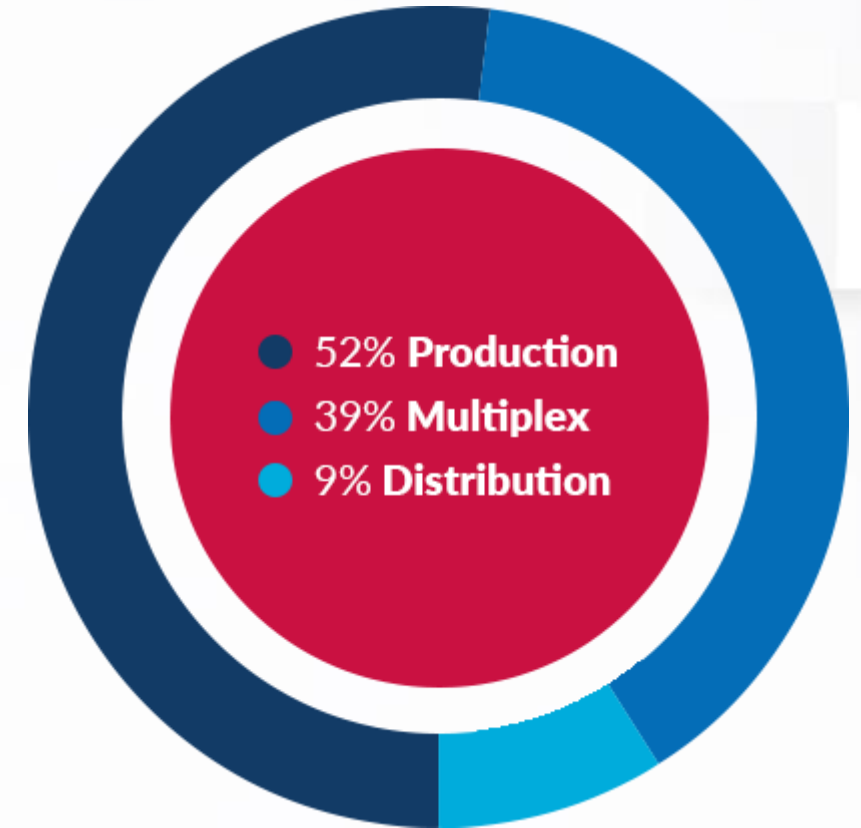
#Films
produced and
distributed

350

#Films in
Library

57

#Screens



Domestic Competitive Position

Players	LUCISANO MEDIA GROUP				FANDANGO	 cattleya	LEONE FILM GROUP	 LUCKY RED	NOTORIOUS	EAGLE PICTURES	
Cinema Production	✓	✓		✓	✓	✓	✓	✓	✓	✓	
Audiovisual Production (TV+Platforms)	✓				✓	✓	✓	✓	✓		
Distribution	✓	✓	✓	✓	✓		✓	✓	✓	✓	✓
Multiplex	✓	✓		✓					✓		

Solid long-term company

- Long-term relationships with foreign production and distribution companies, as well as strong connections with domestic players and actors
- Risk diversification across all 3 business units
- Valuable library in terms of size and quality
- Independent producer and thus eligible to receive tax credit and public grants
- No-risk production thanks to agreements with broadcasters

Impact of COVID-19

REINFORCED PRIORITIES AND ENHANCED CONTINUITY PLANS TO NAVIGATE THE “NEW NORMAL”

In the current difficult market context the Company was favoured by its versatile business model and the sound balance sheet

Lucisano implemented a comprehensive set of measures to adapt its business operations and mitigate the impacts of the COVID-19 pandemic over the past months. All the necessary actions to protect the safety of workers and partners have been put in place

People

- Employee safety as top of mind on each initiative; work from home demonstrated effectiveness of approach
- Social safety net (cassa integrazione) activated

Cost and Debt Initiatives

- Temporary suspension of unnecessary services
- Focus on preserving cash - procedures to postpone the repayment of some bank loans and taxes activated
- Significant agreements reached to amend rent costs
- New grants and state contribution approved and ready to be cashed in
- No Dividends distribution in 2020

Catching new opportunities - distribution rights and audiovisual production

Industry Structure



PRODUCERS

DISTRIBUTORS

EXHIBITORS

DEVELOPMENT

PRODUCTION (TV AND CINEMA)

PROMOTION

DISTRIBUTION

EXHIBITION

DEVELOPMENT

Development
Organization
Financing
Pre-sale of Right

Pre-production
Shooting
Product
Placement
Post-production

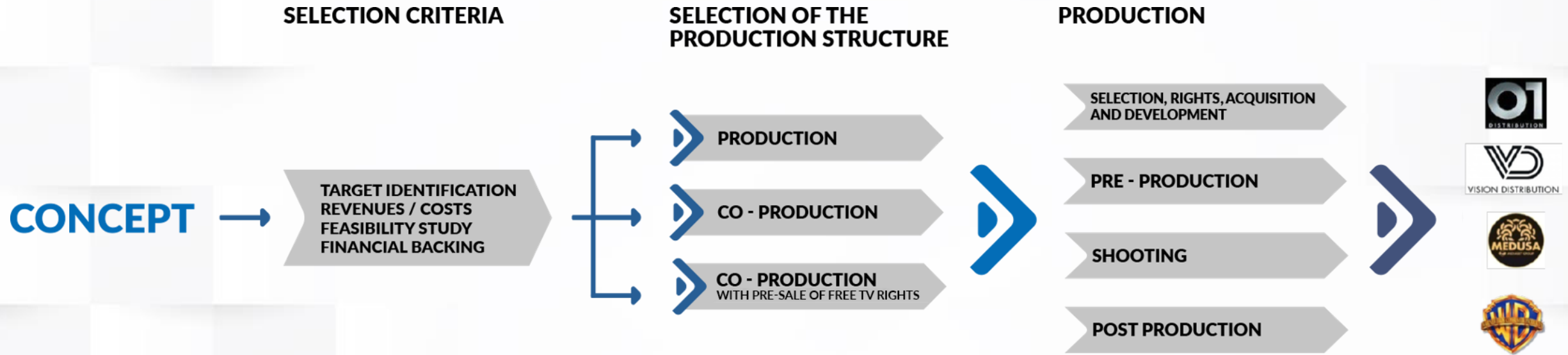
Definition of
Printing &
Advertising
investment
(«P&A»)
Marketing
Campaigns
Press activities

Theatrical
Dvd
Pay TV
Free TV
VoD/SVoD - EST

Selection of titles
Booking
display

Promotion
Marketing
Concessions
(Food &
Beverage)

Cinema Movie Production

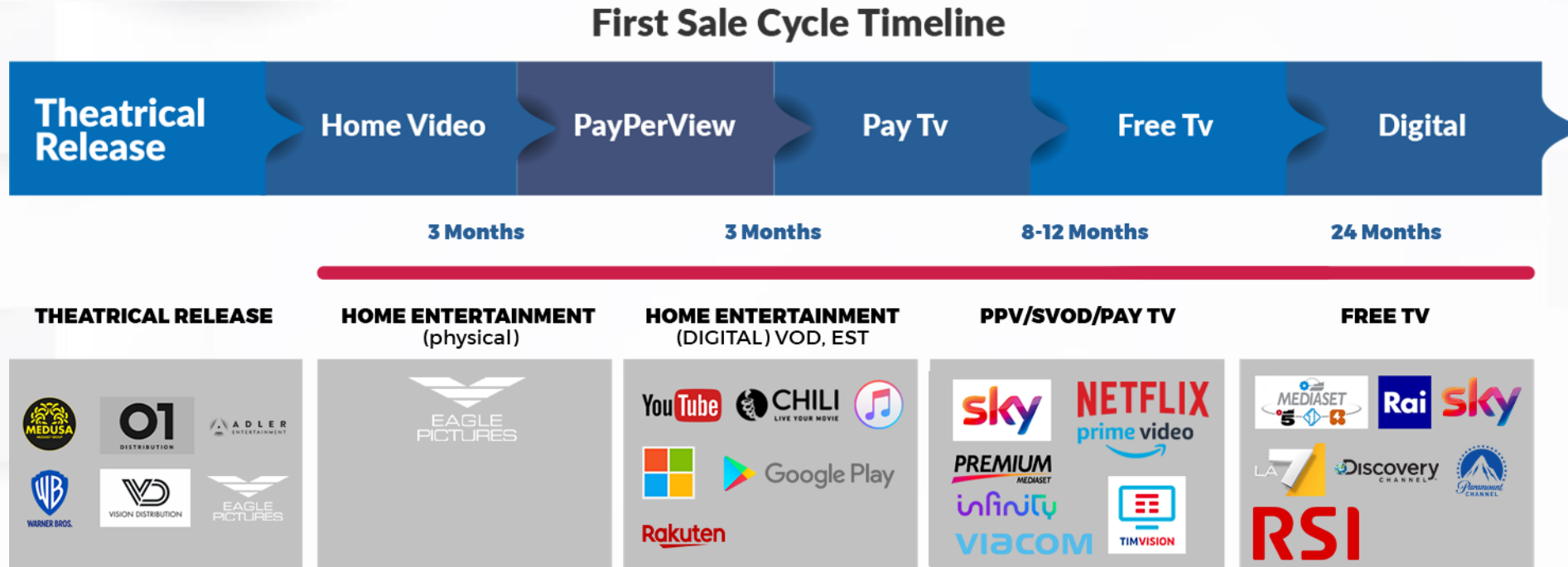


The whole process starts with a “Concept” chosen through a consumer-oriented analysis

- Autonomous production
- Co-production with Italian or foreign players

In both scenarios production costs for LMG are fully covered before production begins

Cinema Movie Distribution



Theatrical Distribution

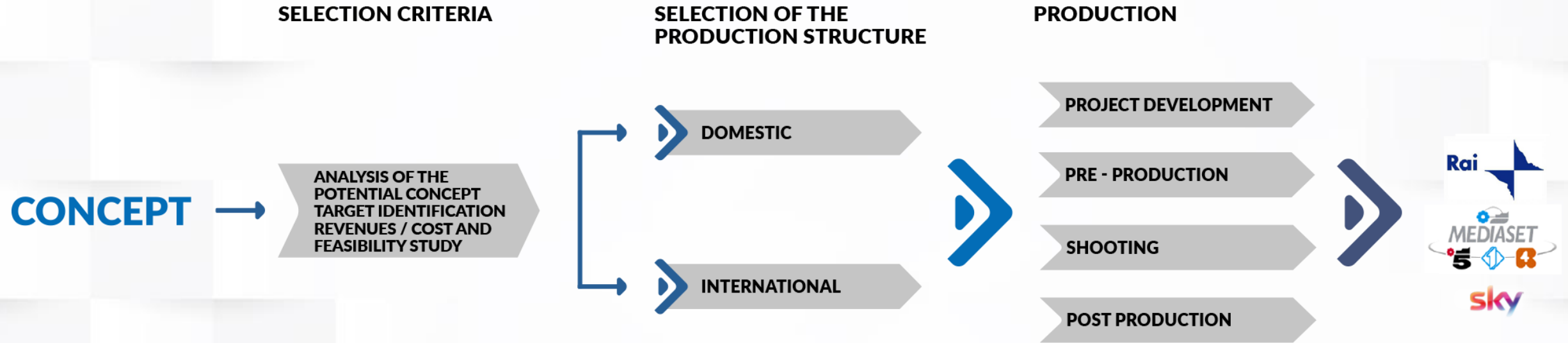
Outsourced to external partners (Rai Cinema/O1 Distribution, Walt Disney/Buena Vista, Medusa, Eagle Pictures). Main agreement with third-parties - P&A expenses advanced by partners

Pay TV, PayPerView, Video on Demand, Free TV

Agreements with the biggest Italian broadcasters - Rai, Mediaset, Sky, Discovery, Viacom, La7 – and with OTT operators - TIM Vision and Amazon

Sale Cycle process progressively shortening and some phases (i.e. physical HV, namely DVD) almost disappearing

Audiovisual Production



Fast growing area of LMG's business, thanks to the new technologies and the challenges brought about by the pandemic

- The production of Tv Movies, TV Series and Documentaries, begins only after reaching an agreement with a TV broadcaster
- TV movies and series are produced for third parties who bear the entire production cost. LMG always retains part of the rights (Home Video, Foreign rights, Pay tv or Vod rights) in addition to receiving a producer fee

Management of Multiplex



Andromeda - Rome

8 Screens
1.174 Seats



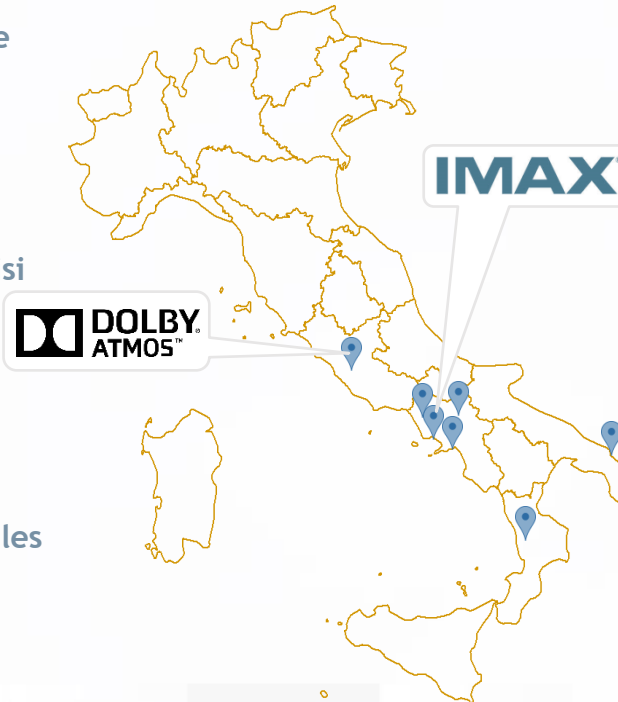
Andromeda - Brindisi

7 Screens
1.275 Seats



Modernissimo - Naples

5 Screens
600 Seats



Happy Maxicinema - Afragola (NA)

13 Screens
2.500 Seats
3 "Golden Ticket" award as the best multiplex in Southern Italy



Andromeda River - Zumpano (CS)

5 Screens
796 Seats



BIG Maxicinema - Marcianise (CE)

13 Screens
2.500 Seats



Gaveli Multisala - Benevento

6 Screens
1.022 Seats

Direct management of multiplexes and of movie contents through LMG subsidiary Stella Film for a total of 57 screens and >9.850 seats

First phase of digitalization of auditoriums completed – second phase in progress

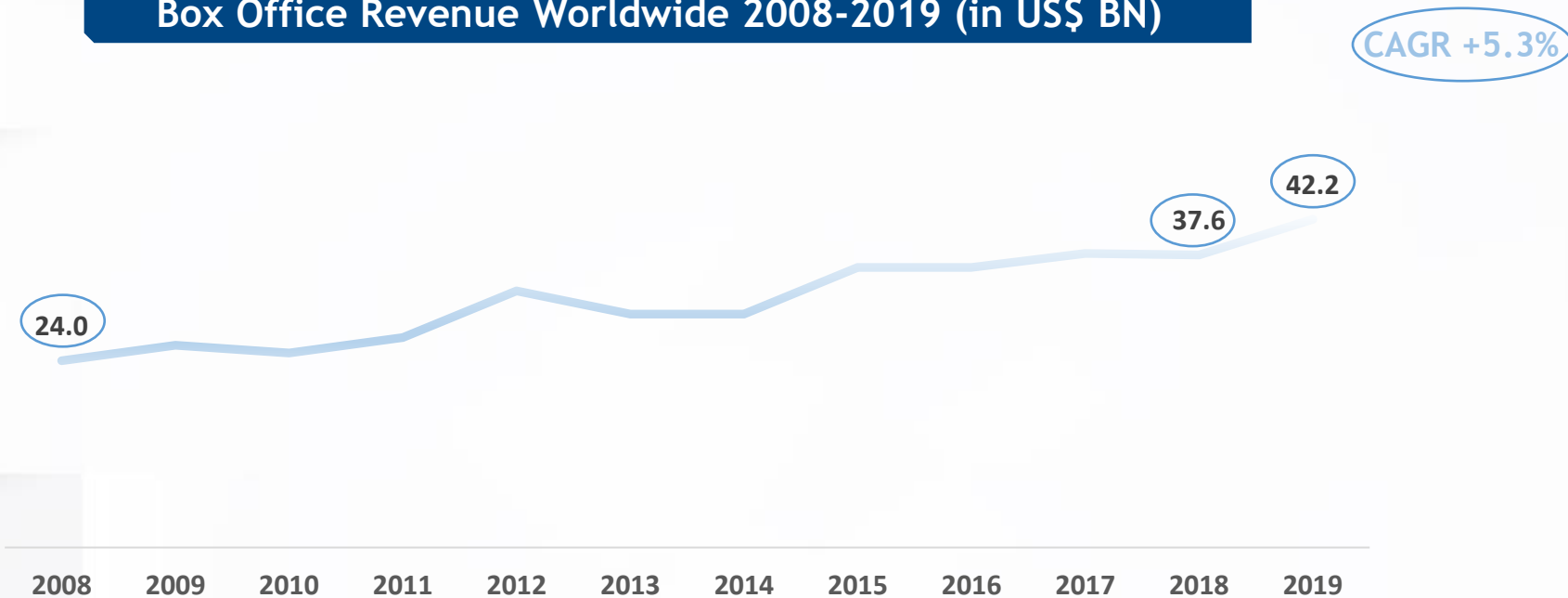
- **Primarily IMAX technology and DOLBY (the innovative audio system DOLBY ATHMOS)**

Market Trends



Market Overview – Global Movie Box Office Revenue

Box Office Revenue Worldwide 2008-2019 (in US\$ BN)



- Positive market trend over the years - with over 12% growth in 2019, just before the unexpected pandemic slowdown
- Trend ongoing for over a decade, with a CAGR of 5.3% in 2008-2019
- Box office revenue from the United States and Canada of 11.4 billion dollars of the global total

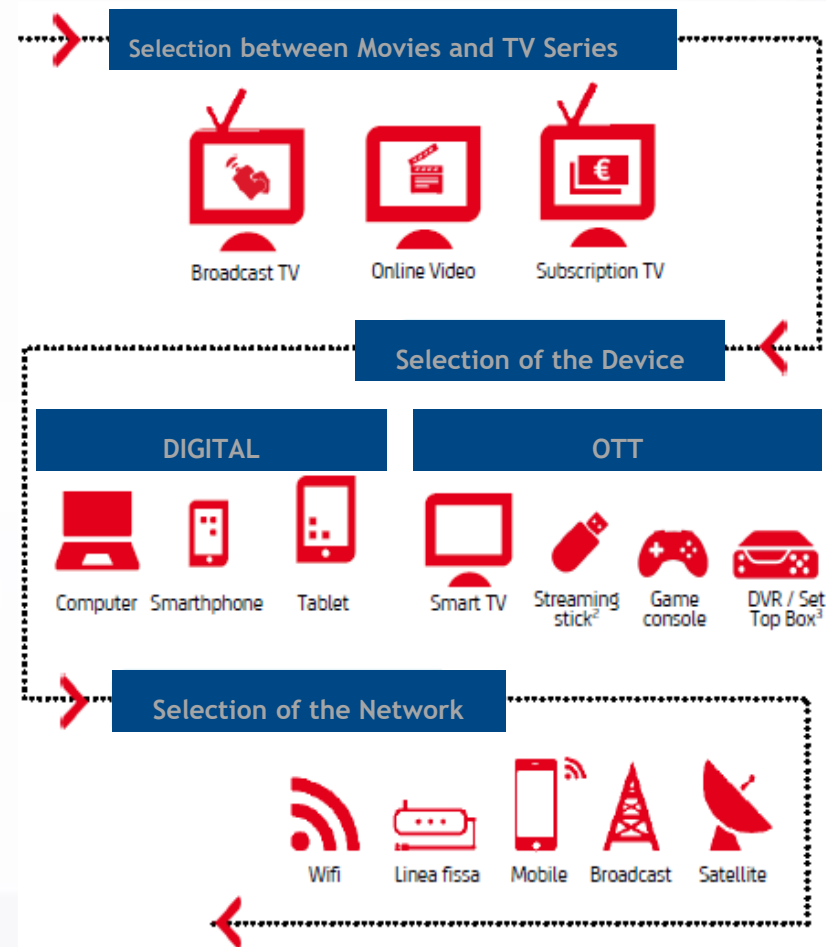
New Video Content Usage Process

Streaming Media Player

Growing importance of streaming platforms – i.e. Netflix and Amazon - substantially changing the entire cinematographic market

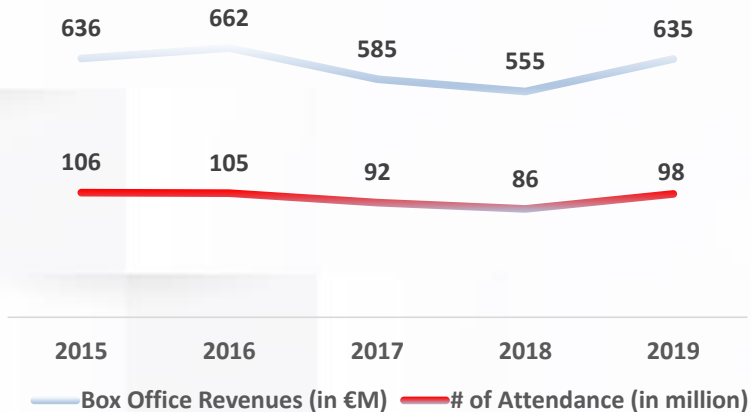
Key implications of this competitive scenario:

- Rising appetite for original contents in general, as the new platforms need to secure new subscribers and strengthen their position among their target audience
- Increasing demand for short contents (e.g. TV series episodes) due to the changing patterns of viewing and listening



Domestic Movie Theatrical Market

Box Office Revenue vs Attendance












of Italian Movies Produced



- **Positive Movie Market Scenario in 2019** - significant Box Office Revenue increase: +15% vs 2018 with # of Attendance up by 6% (or 21 million) - # 193 Italian and Co-production Movies vs #302 Other Countries
- **New trends:** high tech video screens to drive the next movie halls generation, along with more dedicated recreational services

Movie Theatrical Market Players in Italy

Stable third position – rank first among the small independent players

Rank	Company	2019 Attendances (in million)
1	UCI 	19.0
2	The Space Cinema 	17.7
3	Stella Film / LMG  	2.0
4	Cinelandia 	1.9
5	Ferrero 	1.8
6	Regno del cinema	1.6
7	Starplex 	1.5
8	Movie planet 	1.4
9	Giometti Cinema 	1.3
10	Circuito Malucelli	1.2

Stella Film number of Attendance grew by 7.5% YoY vs 2018

Streaming Media Players in Italy

- Italian TV market stable / growing (also as an effect of the pandemic lockdown), with significant increase of the OTT players which are constantly enriching offer and contents at different levels
- RAI, Mediaset and Sky as the main players while international companies gaining market shares
- European Partnership between Sky and Netflix starting from 2019



Highly versatile with
personalized contents -
Some exclusivities



Top of shelf TV offer -
Several original popular
contents



Good Movie offer -
TV Mediaset programs
exclusivity - Competitive
price offer



Cheap and convenient -
Also original contents



Best PPV -
Exclusive contents

The two tech giants are reshaping the Media Entertainment scenario

- Netflix: over 150m subscriptions; global presence in 190 countries
- Amazon: over 100m subscriptions; global presence in 200 countries

Financial Highlights



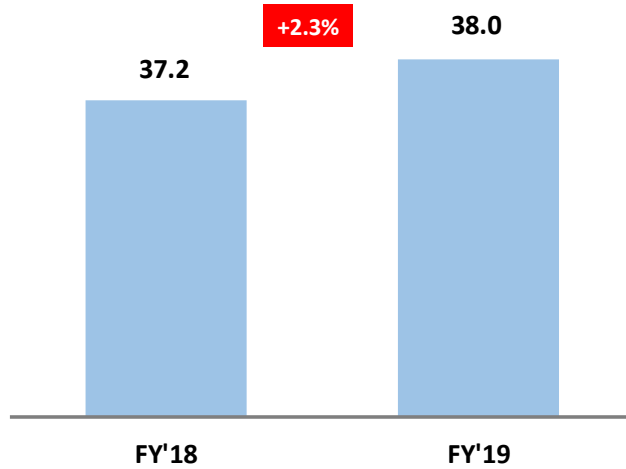
Key highlights FY'19

- Revenues grew by 2.3% to 38.0 Euro million in FY'19
 - Production/Distribution Revenues at 23.2 Euro million
 - Multiplex Revenues at 14.7 Euro million, with attendance outperforming the market and increasing by 24% YoY

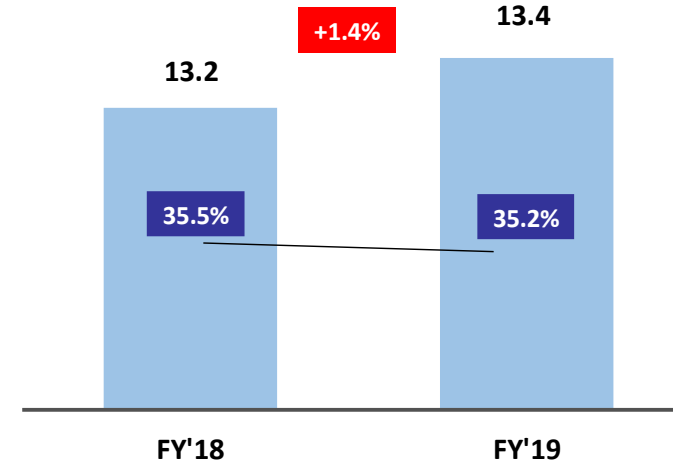
Box office of almost 6 Euro million for the main three productions: “Non ci resta che il crimine”, “Gli uomini d’oro” and “Aspromonte – La terra degli ultimi”
- EBITDA at 13.4 Euro million, +1.4% YoY, 35.2% margin
 - Multiplex unit at break even
- Net income at 2.3 Euro million
- Strong Cash Flow generation

Key financial performance FY'19

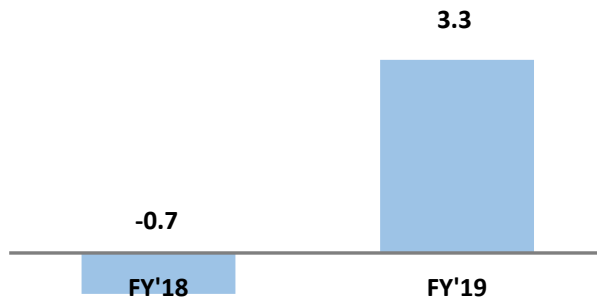
Revenues (Euro M)



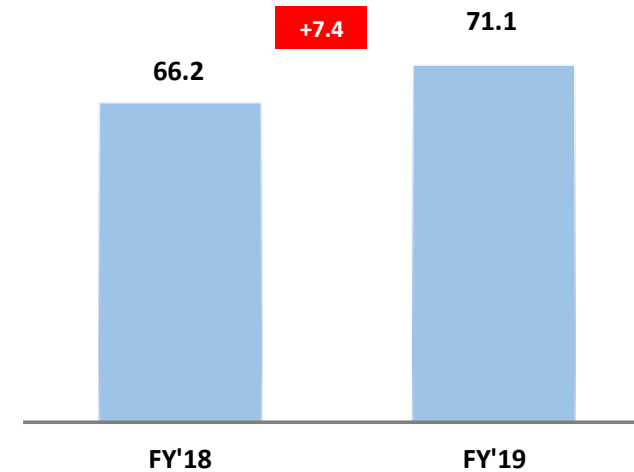
EBITDA (Euro M)



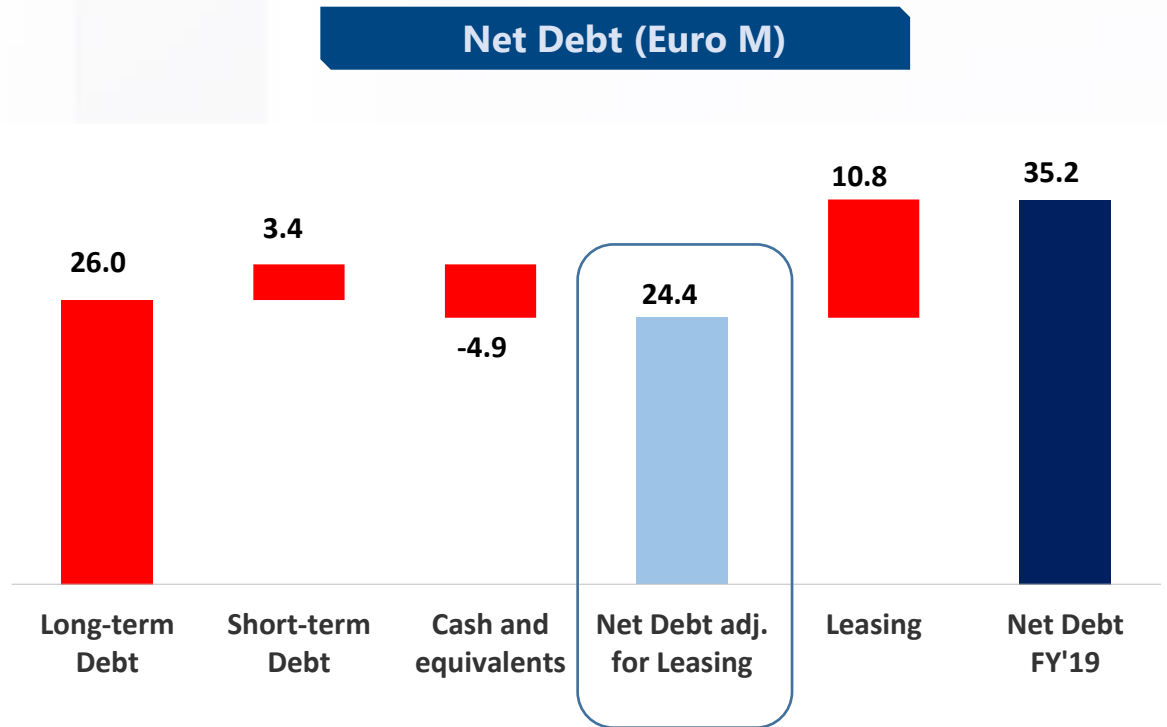
FCF (Euro M)



Net Capital Employed (Euro M)



NFP and FCF dynamics FY'19



BS and CF - Key Data (Euro M)	FY'18	FY '19
Free Cash Flow	-0.7	3.3
Net Debt	31.8	35.2
Net Capital Employed	66.2	71.1
Net Equity	34.4	35.9

Detailed FCF (Euro M)	FY'18	FY '19
EBITDA	13.2	13.4
Change in WC	-4.7	-3.6
Other	0.1	1.3
Operating Cash Flow	8.6	11.0
Capital expenditures	-8.2	-7.4
Other (investments)/divestments	-1.1	-0.3
FCF	-0.7	3.3

FY'19 NFP (Net Debt), excluding leasing, improved by around 2 Euro million thanks to a careful control of NWC

Net Debt includes 10.8 Euro million of Financial Leasing vs 6.1 Euro million in FY'18, as a consequence of IFRS 16 adoption

Capital expenditure for the period relates to Production and Distribution activities

Key operational highlights 1H'20

1H'20: Strong first two months of the year followed by a tough pandemic impact on the business

- Proactively managed domestic lockdown
- Results reflect impact of theatres closure and production restrictions during the second quarter
- Better than expected results at Operating Income and Cost of Debt level
- Benefit of cost-savings actions
 - Flexible cost structure: production interruptions and theatres closure implied almost zero associated costs (i.e. cassa integrazione; almost 50% rent cost reduction)
- Delivered positive free cash flow in tough circumstances
- The movie '7 ore per farti innamorare' directly available on demand on primary streaming platforms in April – instead of the theatre release, as planned - followed in May by 'Georgetown', an international distribution
- Significant rights sale from the LMG Library
- New opportunities brought about by the lockdown scenario in terms of distribution rights and audiovisual production
- Three productions restarted in June-September – 1 TV series and 2 movies; movie theatres reopened end of August

Strategic Roadmap 2020 & Investment Opportunity



Strategic Roadmap 2020

- Continue to monitor Covid-19 evolution - The Company put in place stringent health and safety protocols and is taking steps to protect employees and partners on the sets, and customers in the reopened theatres
- Thanks to a strong set of initiatives across the board, cash generation progressively increased over 2Q'20
- Focus on
 - Delivery of productions postponed, and acceleration of 2021 pipeline
 - Operational efficiency and Cash-Flow & Liquidity generation
 - Cash-in of credits grants by the Government
 - Multiplex unit to benefit from a significant pipeline of attractive movies not distributed during the interruption period
- Ongoing work on agreements with OTT operators for the production of movies and TV series
- Strengthen market position also through potential accretive strategic operations

Investment Opportunity

- **Succession plan successfully implemented**
Strong top management with long experience in the industry and solid trustable credibility
- **Extensive relationship with key talents and tremendous industry network**
- **Significant increase of Audiovisual products on digital platforms to generate higher demand for both TV and Movie contents**
- **Focus on best of the shelf technology to drive the next phase of Multiplex scenario**
“Going to Movie Theatres as a multi services experience”
- **Strong long-term relationship with financial institutions**
- **Stable high margins over time and significant cash flow generation**
- **Sound Balance Sheet**

Appendix



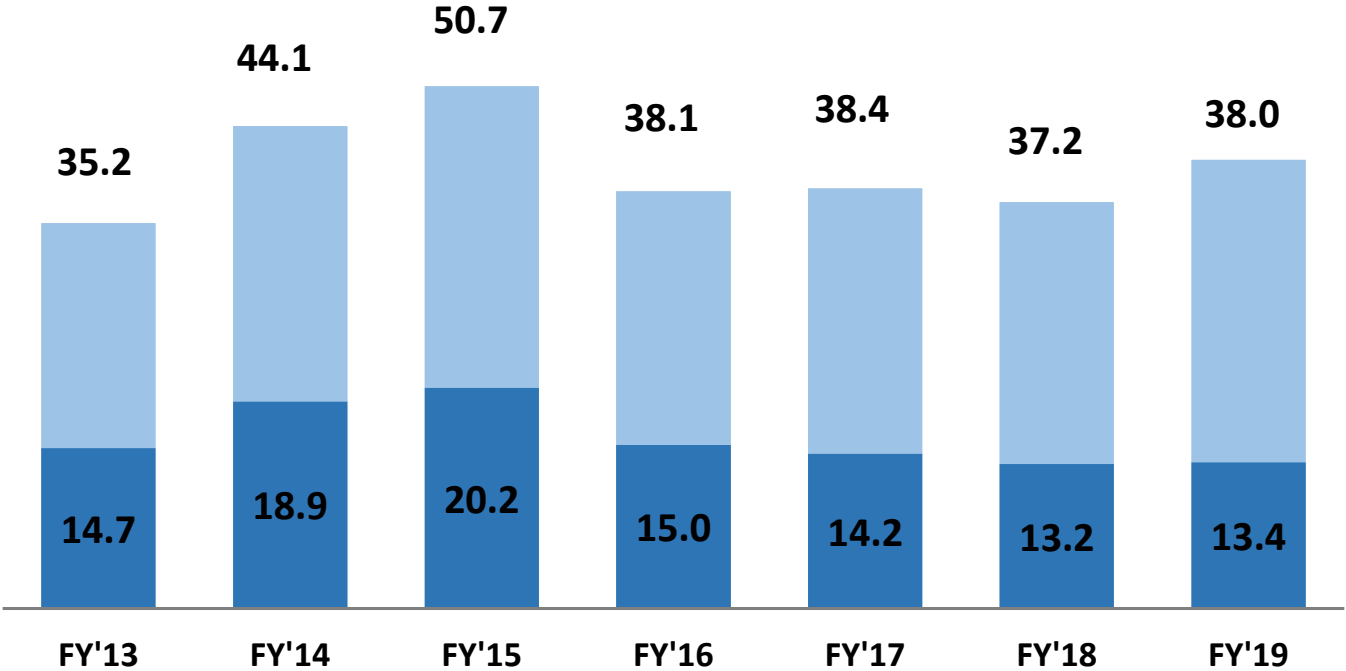
Appendix #1 FY'19 Income Statement and Balance Sheet

Net Income (Euro M)	FY'18	FY '19	YoY %
Revenues	37.15	38.01	2.3%
Gross Operating Profit (EBITDA)	13.19	13.37	1.4%
<i>EBITDA margin</i>	35.5%	35.2%	
Operating Profit (EBIT)	4.25	3.40	-20.1%
<i>EBIT margin</i>	11.4%	8.9%	
Earnings before tax	3.22	2.28	-29.3%
Net Income	3.22	2.29	-28.8%
<i>Net Income margin</i>	8.7%	6.0%	

Balance Sheet (Euro M)	FY'18	FY '19
Net Assets	44.38	47.95
Net Working Capital	24.74	25.44
Long-term Liabilities	-2.78	-2.26
Net Capital Employed	66.34	71.13
Net Equity	34.40	35.89
Net Financial Debt	25.86	24.43
Leasing	6.08	10.81
Net Equity and Funds	66.34	71.13

Appendix #2 FY'13-FY'19 Historical Performance

Revenues and EBITDA (Euro M)



CAGR +1.3%

CAGR -1.5%

Appendix #3 LMG Top Box Office since 2014

Box Office

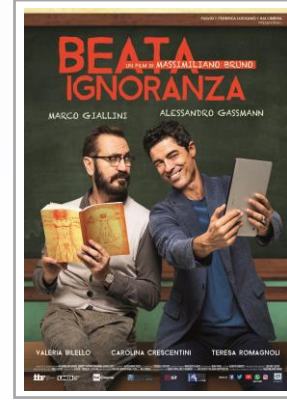
Selected Top Movies Produced/Distributed by LMG in 2014-2019 (1.2 – 6 Euro Million at box office)



2019



2015



2017



2015



2014



2019



2014



2018



2016

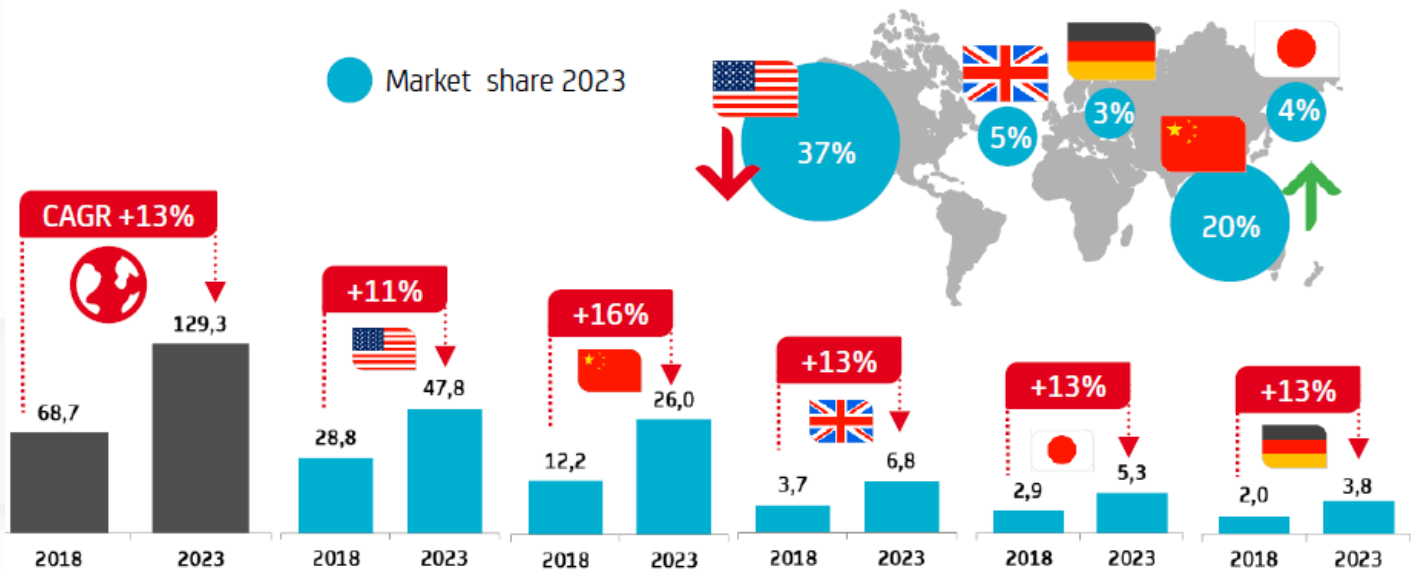


2016

Appendix #4 Streaming World in Expansion

Box Office

OTT Expansion by 2023 – TV and Movies (US\$ BN)



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