

## Internet Impact on Media Industries

Rome, 25<sup>th</sup> June 2015

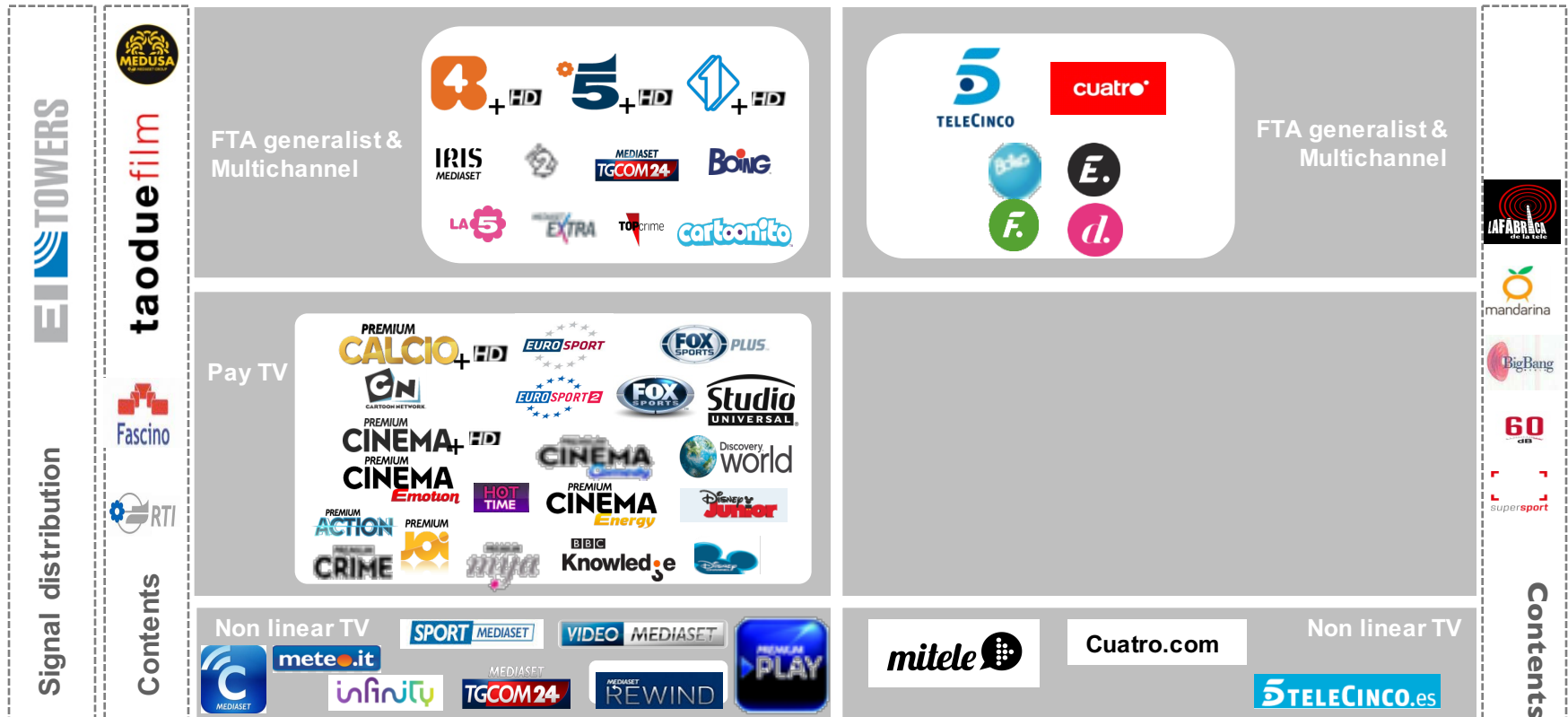
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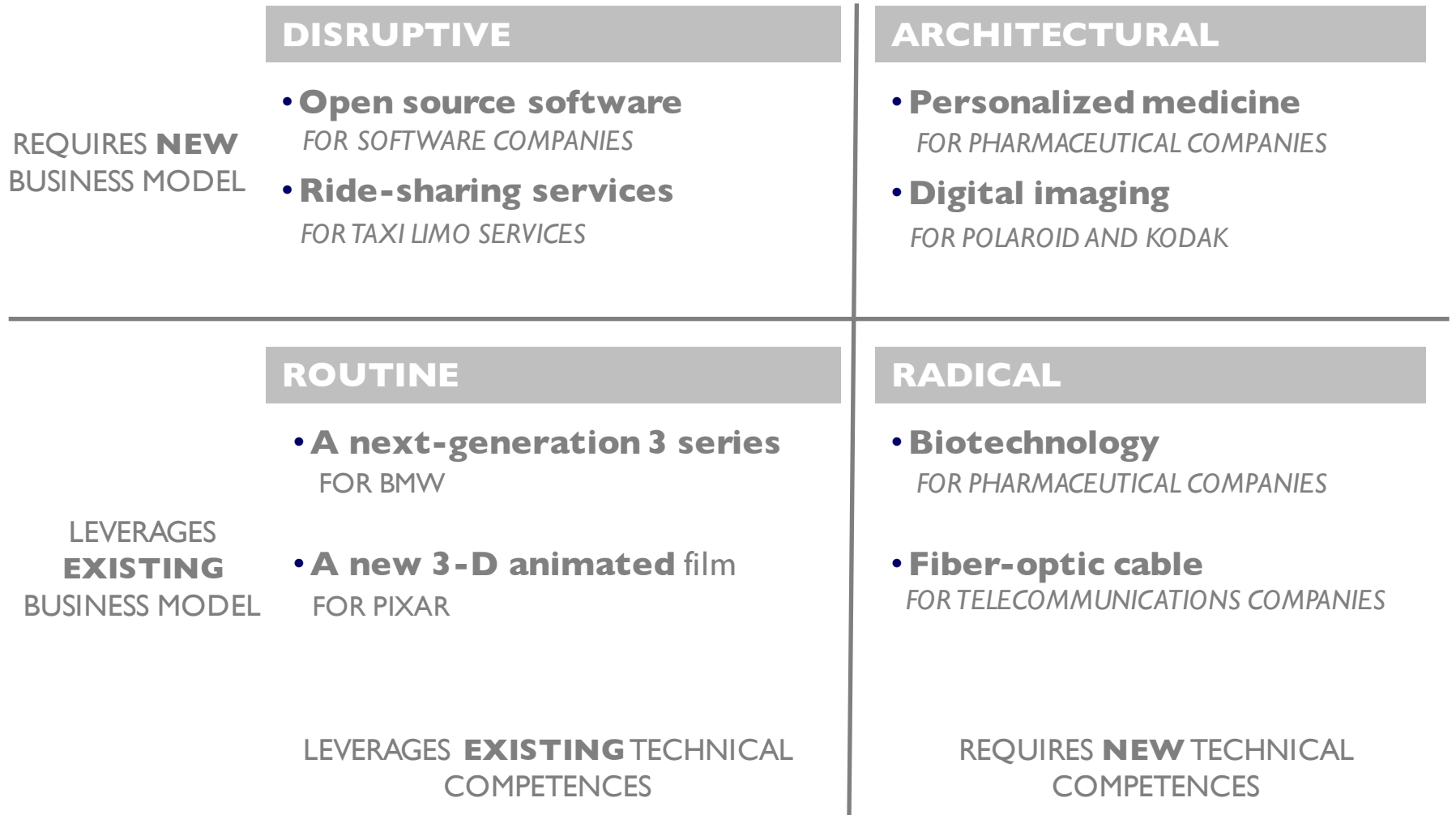
# Mediaset Group | A fully integrated TV system

## Italy

## Spain



# The Innovation Landscape Map



Source: Corning; Gary P. Pisano

# The Media Innovation Landscape Map

## DISRUPTIVE

- **Video on Demand**

*FOR DVD RENTAL SERVICES*

REQUIRES **NEW**  
BUSINESS MODEL

## ARCHITECTURAL

- **Internet search**

*FOR NEWSPAPERS*

## ROUTINE

- **Second Screen**

*FOR BROADCASTER*

LEVERAGES  
**EXISTING**  
BUSINESS MODEL

## RADICAL

- **Programmatic Advertising**

*FOR PUBLISHERS*

LEVERAGES **EXISTING** TECHNICAL  
COMPETENCES

REQUIRES **NEW** TECHNICAL  
COMPETENCES



# The Battlefield of The Television World



The image shows a world map with numerous logos of media and streaming companies distributed across the continents. The logos include:

- North America:** Amazon Instant Video, Netflix, Now TV, Google Play, Virgin Media, Sky, BT, ITV, BBC, MUBI, iTunes, Videoload, RTL, Media AG, MUBI, NOW, snap, TFLIX, maxdome, PS4, Canal Play, VOD, MY TFI, vivendi, FILMOTV, orange, TFI, NETFLIX, MUBI, sky, Discovery Channel, TELECOM ITALIA, infinity, Sky On Demand, ANICA ON DEMAND.
- Europe:** Amazon Instant Video, Netflix, Now TV, Google Play, Virgin Media, Sky, BT, ITV, BBC, MUBI, iTunes, Videoload, RTL, Media AG, MUBI, NOW, snap, TFLIX, maxdome, PS4, Canal Play, VOD, MY TFI, vivendi, FILMOTV, orange, TFI, NETFLIX, MUBI, sky, Discovery Channel, TELECOM ITALIA, infinity, Sky On Demand, ANICA ON DEMAND.
- Asia:** Amazon Instant Video, Netflix, Now TV, Google Play, Virgin Media, Sky, BT, ITV, BBC, MUBI, iTunes, Videoload, RTL, Media AG, MUBI, NOW, snap, TFLIX, maxdome, PS4, Canal Play, VOD, MY TFI, vivendi, FILMOTV, orange, TFI, NETFLIX, MUBI, sky, Discovery Channel, TELECOM ITALIA, infinity, Sky On Demand, ANICA ON DEMAND.
- Africa:** Amazon Instant Video, Netflix, Now TV, Google Play, Virgin Media, Sky, BT, ITV, BBC, MUBI, iTunes, Videoload, RTL, Media AG, MUBI, NOW, snap, TFLIX, maxdome, PS4, Canal Play, VOD, MY TFI, vivendi, FILMOTV, orange, TFI, NETFLIX, MUBI, sky, Discovery Channel, TELECOM ITALIA, infinity, Sky On Demand, ANICA ON DEMAND.
- Oceania:** Amazon Instant Video, Netflix, Now TV, Google Play, Virgin Media, Sky, BT, ITV, BBC, MUBI, iTunes, Videoload, RTL, Media AG, MUBI, NOW, snap, TFLIX, maxdome, PS4, Canal Play, VOD, MY TFI, vivendi, FILMOTV, orange, TFI, NETFLIX, MUBI, sky, Discovery Channel, TELECOM ITALIA, infinity, Sky On Demand, ANICA ON DEMAND.

*“Pirates or Businessmen?”*

## The Pirates Metaphor by Scott Carney



Source: Wired Article



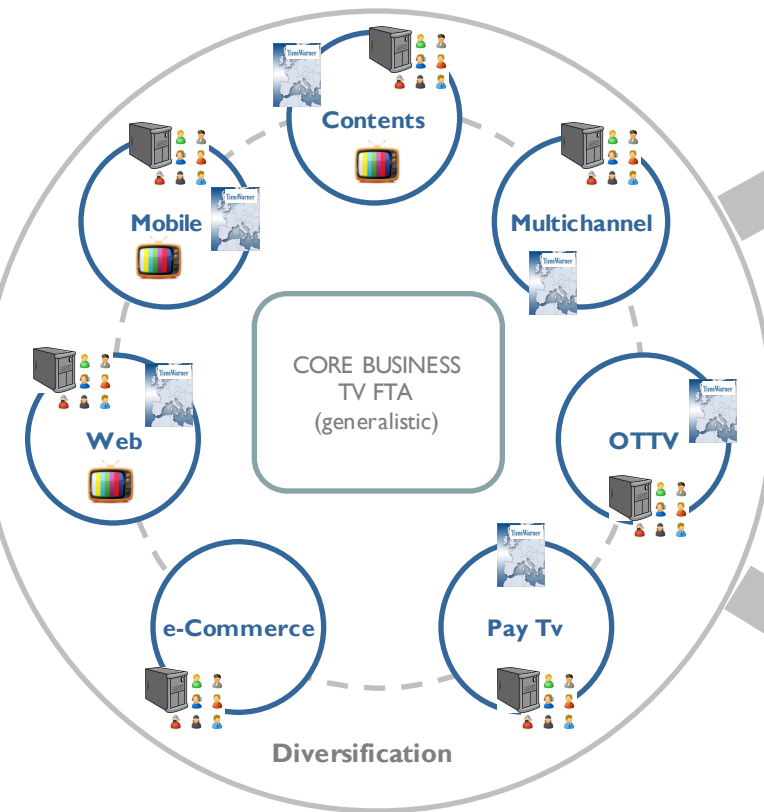
# Strategic Alternatives for Broadcasters

## *Business Model Evolution*



1. TV Centric
2. Content Centric
3. Data Centric

# The Evolution of the Business Model



## **“Crosswords” (FTA TV Centric)**



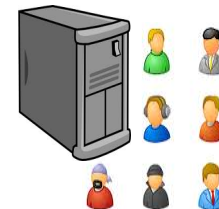
- Traditional model focused on few profitable activities (FTA TV)
- Lean Structure
- Cost efficient
- Cash Cow

## **“European Major” (Content Centric)**



- Focus on creation, acquisition, production and distribution of entertainment contents
- Broadcasters as distribution platforms in different countries
- Capital Intensive
- High Entries Barriers
- Technological Innovation is an opportunity

## **“Digital Native” (Data Centric)**



- Model focused on data profiles collection and monetization
- User profiling allows to identify new business, mainly B2C
- Specific know how and competencies
- Scale economies are crucial

System's Survival



System's Equilibrium



Fair Game



Same Rules Must Apply

Back up

20





# Mediaset Group FY 2014 | P&L Highlights

(Euro ml.)	FY 2013	FY 2014
<b>Net Consolidated Revenues</b>	<b>3,414.7</b>	<b>3,414.4</b>
Italy	2,588.5	2,483.4
Spain	826.8	932.1
<b>EBITDA</b>	<b>1,304.3</b>	<b>1,332.4</b>
Italy	1,043.2	969.8
Spain	261.2	363.1
<b>EBIT</b>	<b>246.3</b>	<b>248.8</b>
Italy	176.1	104.4
Spain	70.2	144.8
<b>NET PROFIT</b>	<b>8.9</b>	<b>23.7</b>
<b>Group Net Financial Position</b>	<b>(1,459.0)</b>	<b>(861.3)</b>
Italy	(1,552.5)	(1,127.0)
Spain	93.5	265.7