



## **AIM Italia Conference**

Company Presentation

*Private and confidential*

## Executive Summary

# Media Company with a Data-Driven approach

SEIF is an independent media company which publishes various publications and multimedia products.

In recent years the company has taken steps to diversify its product portfolio, with the objective of transforming itself from a traditional publishing company into a 360° media company, specialising in the production and integrated dissemination of content through the press, television, web and apps.

## Diversified product range

Paper newspaper  
*Il Fatto Quotidiano*



The company's historic core business

Internet news site  
ilfattoquotidiano.it



Diversification of the business, the result of evolution over the years towards transformation into a 360° publishing company

Publishing house books  
PaperFIRST



The monthly  
FQ Millennium



Video content for  
TV and the Web



With Loft, SEIF has become a Media Company to all intents and purposes

## Data-Driven Approach

Customer engagement

User profiling

Loyalty

Increasingly granular customer identification, with the objective of offering ever more personalised products and solutions, to broaden the user base and access new market segments.

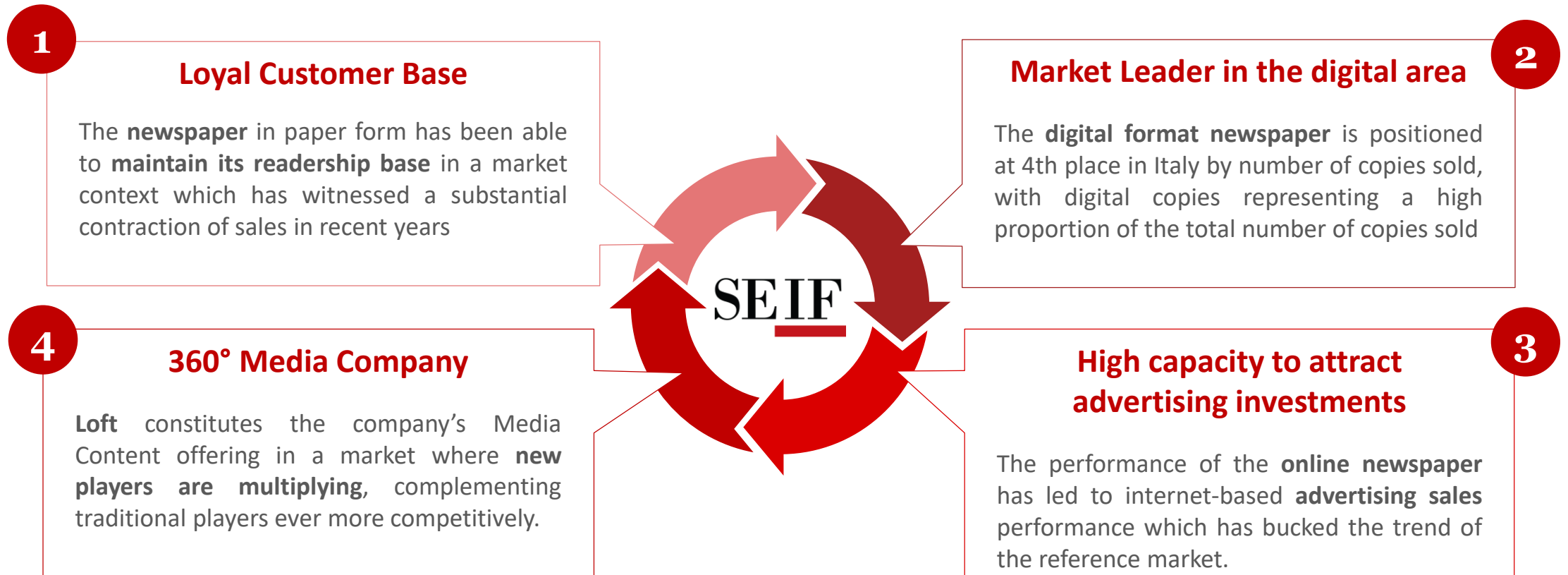
# From traditional publishing company to Media Company



Source: Management

# Strengths

SEIF is tackling the challenge of the digital revolution and cross-media user behaviour with a diverse range of products and services, including all the various channels through which information can be accessed.



## Company profile

## Business divisions and product portfolio

The company operates in the market through two divisions: the “**Publishing**” division, encompassing the paper and digital newspaper, online news site and book series, and the “**Media Content**” division, dedicated to the production of TV content.

### Publishing Division

#### Newspaper

*The daily newspaper is sold in both paper and digital forms, and represents the company’s principal source of revenues.*

- 2018 paper and digital circulation: **33,373**
- 2018 digital circulation: **13,346**
- Subscribers to the paper and digital newspaper: **19,000** (of which 1,700 subscribed to Mya via App Store)
- Journalists: **49**
- Editor: **Marco Travaglio**

#### Internet Site

*Ilfattoquotidiano.it is one of the most visited news sites in Italy. It positions itself as an online news site which can be consumed over the web or with a mobile device, and presents content which differs from that of the newspaper.*

- Average unique visitors at 03.2019: **25.2m**
- Daily average unique users: **1.9m**
- Pages viewed during month: **152m**
- Subscribers to Premium section at 31.08: **6,000**
- Journalists: **22**
- Editor: **Peter Gomez**

#### Books

*Paper First is the company’s publishing house, currently one of the best performing organisations in Italian publishing. With a presence in bookshops and news stands, it boasts approximately 30 publications.*

- Year founded: **2016**
- Publications: **30**
- Editor: **Marco Lillo**

#### Monthly

*FQ Millennium is the monthly publication edited by Peter Gomez. Each edition explores a main theme with pieces by prestigious columnists, photo reportages, investigations, focuses and interviews.*

- Year founded: **2017**
- Publications: **19**
- Editor: **Peter Gomez**

### Media Content Division



LOFT is the television production division which exists to sell formats and documentaries to third party broadcasters, and which produces and distributes shows, as well as organises events.

LOFT is also an online platform for the sale of television content on a subscription basis via app and the website [www.iloft.it](http://www.iloft.it).

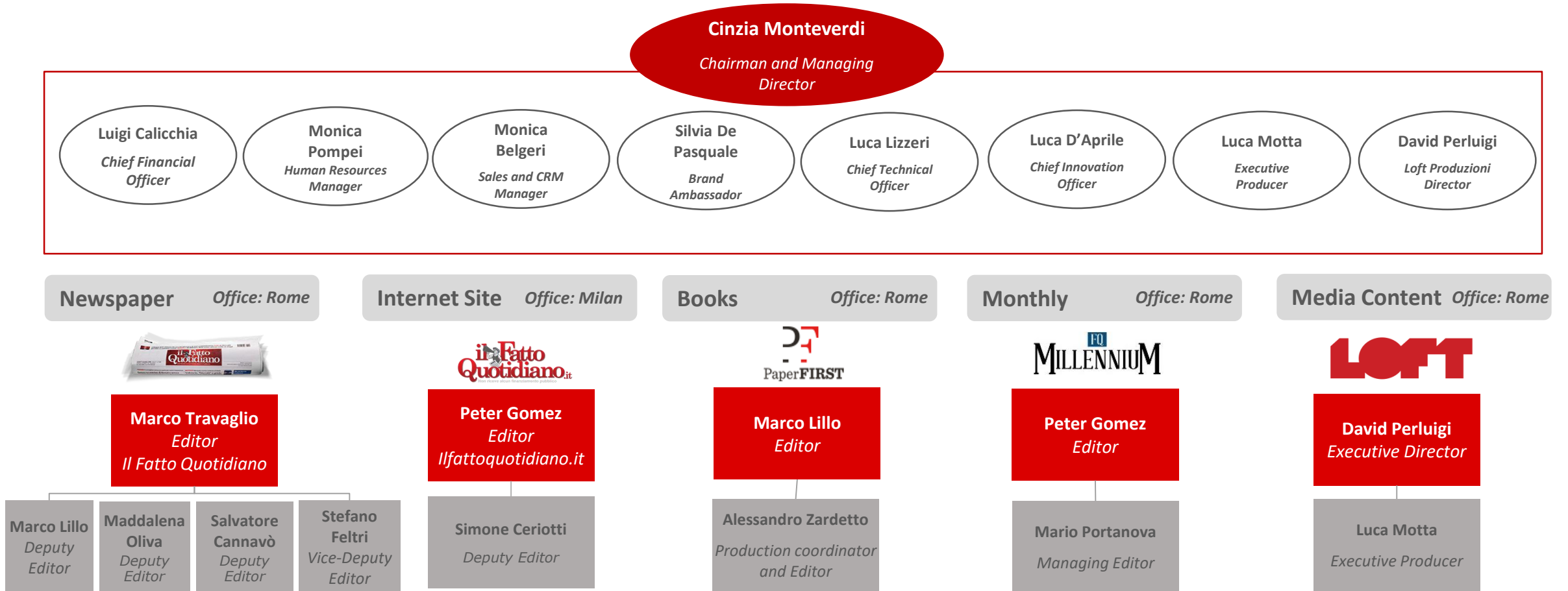
The offices of the company incorporate television studios and an entire area dedicated to all phases of production, including editing suites, audio colour correction, directing and editorial facilities.

#### Channels

- Online application (on a subscription basis)
- Television broadcasters (sale of formats)
- Facebook channel (product placement)

# Business unit management and organisation chart

The company has recently taken steps to add two new managerial roles to the organisation chart, with the objective of implementing a Data-Driven approach and to lead the growth of the Media Content division.



Source: Management



## Business model

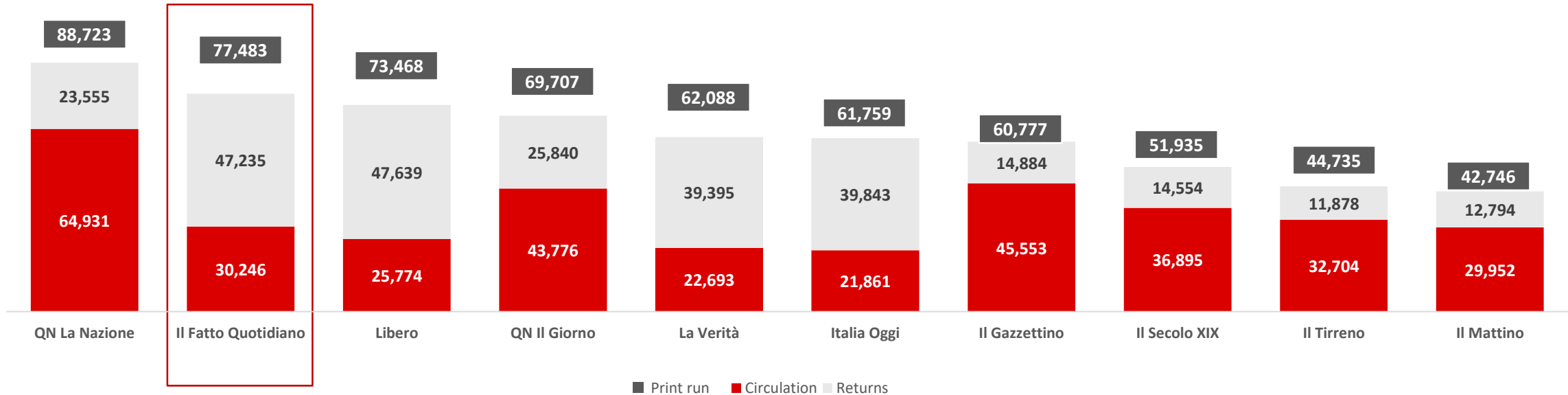
## Positioning among industry players - Il Fatto Quotidiano (paper format)



With a print run of 77,483 copies and circulation of 30,246 copies, Il Fatto Quotidiano is ranked at **2nd place** in the list of players beneath the 100,000 average daily print run level.



Print runs\*, circulation and average returns of the top 10 daily papers with print runs < 100,000  
October 2018 – March 2019 (average daily copies)



*To guarantee nationwide coverage, daily papers with a national presence have an average level of returns which is structurally higher than that of local daily papers*

\*The difference between the print run and the sum of circulation and returns comprises copies earmarked for marginal uses (copies destined to the publisher's archive, advertising proofs, spares/stocks, etc.)

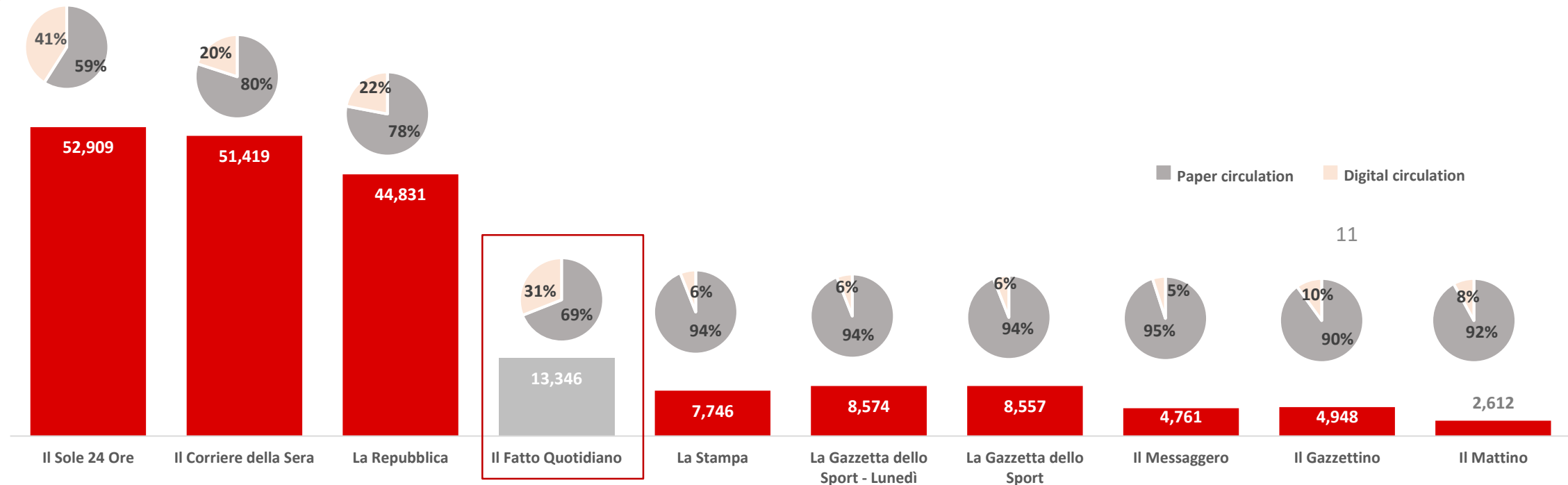


## Positioning among industry players - Il Fatto Quotidiano (digital format)

In the course of recent years the number of copies of the daily paper distributed in digital form as a proportion of total distribution is at a higher level than the main players in the market. Today Il Fatto Quotidiano is the **fourth biggest daily paper in Italy** by percentage circulation of copies in digital form.



Average sales of digital copies of the top 10 daily newspapers *October 2018 – March 2019 (average daily digital copies)*



Source: Accertamenti Diffusione Stampa

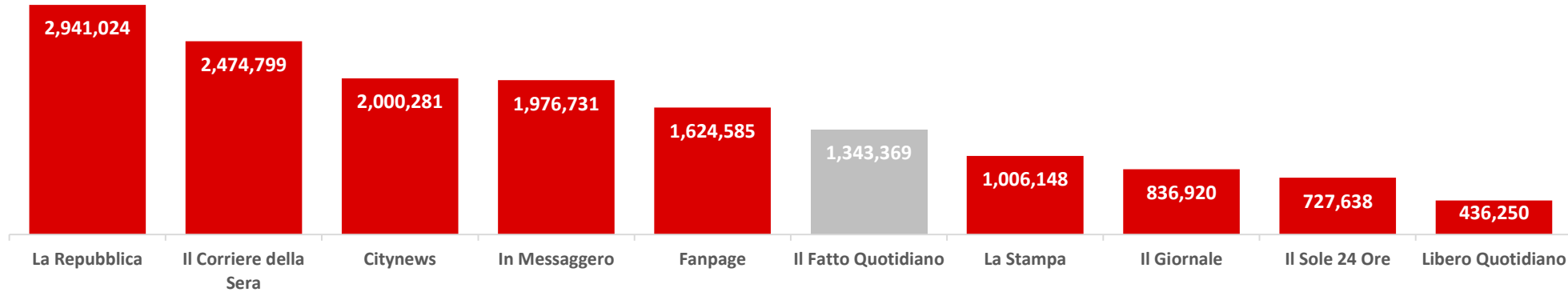
Data on digital copies sold are net of multiple copies

% of total paid for + subscription digital copies are net of multiple copies

## Positioning among industry players – the website



Average online daily audience November 2018 (unique online users)



Il Fatto Quotidiano is the **6th biggest online news site** in Italy by unique online users in an average day (excluding sports news website)



Principal publishing brands by in-app browsing on Facebook  
October 2017 – Pages per person



Il Fatto Quotidiano is the **2nd biggest online news site** by number of pages visited per day via Facebook

## Paper First and FQ Millennium: overview

The publication of the **Paper First** series of books and the monthly **FQ Millennium** forms part of the company's diversification strategy and contributes towards raising SEIF's visibility.



**Marco Lillo**  
Managing Editor

- Founded in 2016, **Paper First** is Il Fatto Quotidiano's publishing house, and boasts a canon of over **30 publications**, including various best sellers (*Renzusconi* and *Salvimaio* by Andrea Scanzi, *B. Come basta!* by Marco Travaglio, *Padrini fondatori* by Marco Travaglio and Marco Lillo)
- The series of books, available from bookshops and news stands, deals with topics ranging from corruption and crime to analysis of the hottest topics of the moment, without overlooking leading figures of the political scene.



**Peter Gomez**  
Managing Editor

- **FQ Millennium** is a collector's monthly, printed on high quality paper. Dealing with a single subject, the magazine concentrates on a central theme and explores its various aspects in detail.
- FQ Millennium has an **average monthly print run of 86,000 copies**, and is available at news stands on the first Saturday of each month, sold together with that day's edition of Il Fatto Quotidiano (FQ Millennium **€2.40** + Il Fatto Quotidiano **€1.50**) and on subsequent days on its own at the price of **€3.90**



# Media Content: LOFT

## Mission

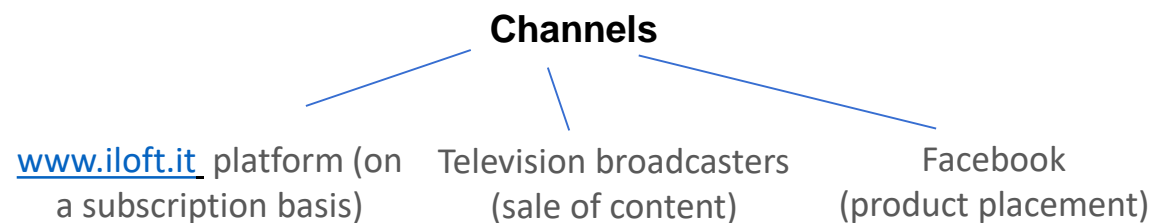
Consolidate the target market towards which the company's traditional publishing products are directed, but also reach different targets through the production of television content.

## Target

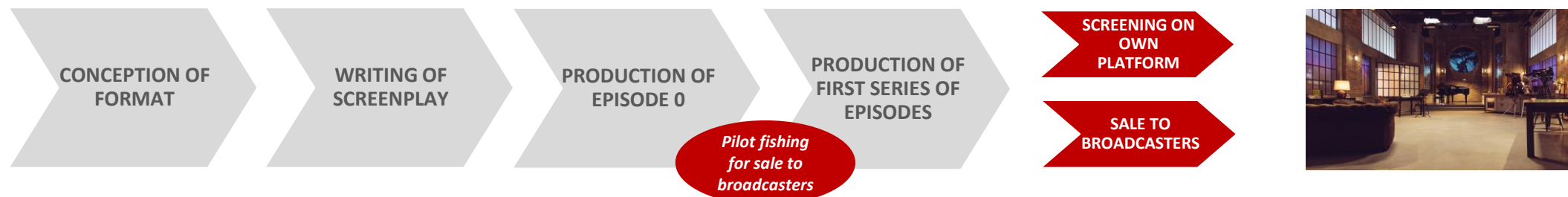
- Users who do not read the daily newspaper but are interested in video content
- Users who do not feel close to the editorial content of Il Fatto Quotidiano but are interested in news and current affairs television content

## Distinctive elements

- High quality content
- Exclusive productions
- Production efficiency
- Internal television studios owned by the company



## Production chain



# Media Content: 2017 – 2018 programme schedule

Programmes produced

## *La Confessione*

with Peter Gomez



## *Balle Spaziali*

with Marco Travaglio



## *Opinion Leader*

with Selvaggia Lucarelli



## *SEKRET*

with Marco Lillo



## *Accordi & Disaccordi*

with Andrea Scanzi and Luca Sommi



## *Belve*

with Francesca Fagnani



## *L'Orizzonte lontano*

with Alessandro di Battista



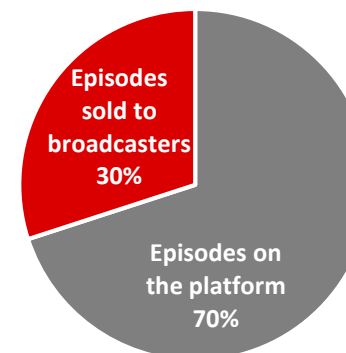
## *The Match*

with Andrea Scanzi



### Breakdown of episodes produced –2017 / 2018 Season

279  
total  
episodes



### Broadcasters who have bought Loft Produzioni programming



# Media Content: trends in streaming platforms

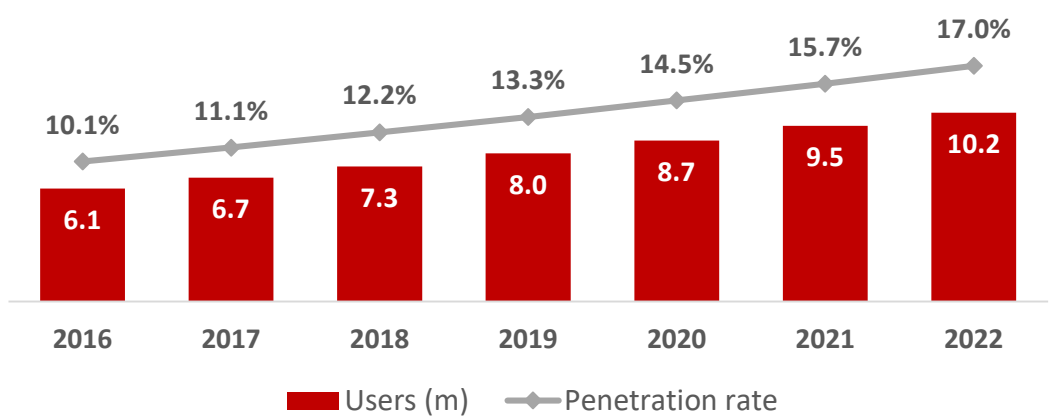
Subscription Video on Demand (SVOD) in Italy  
*(subscriptions as at June 2017)*



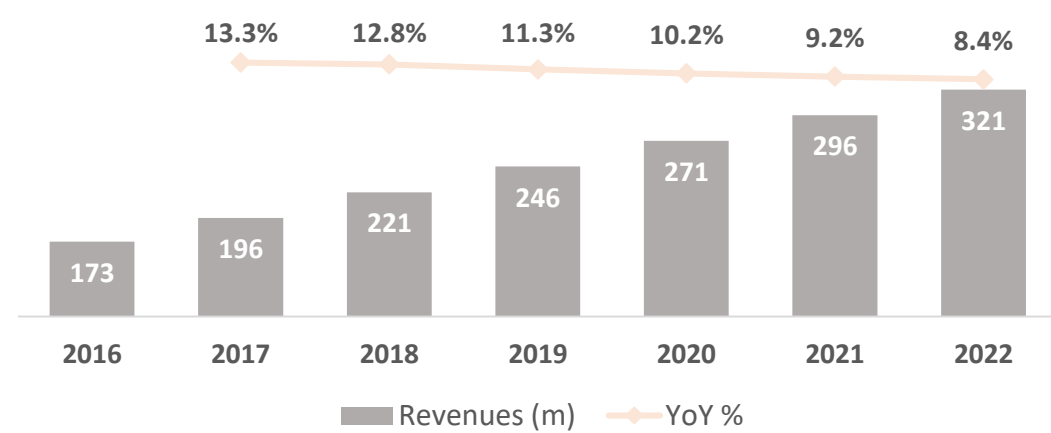
In recent years the Italian television scene has changed radically following the entrance of new operators who represent the ideal target for the sale of LOFT television content. In Italy new operators are growing at double-digit rates, including through production of niche and in-depth content.

- Future trends in the SVOD market envisage consolidation in the growth of usage of online platforms both by users during free trial periods and by users of free platforms.
- It is also expected that OTT video will develop further, both with the entry of new players and the strengthening of some of the existing platforms.

SVOD subscribers in Italy 2016 – 2022



SVOD revenues and YoY % growth in Italy 2016 - 2022



Source: Statista website - <https://www.statista.com/outlook/206/141/video-streaming--svod/italy>

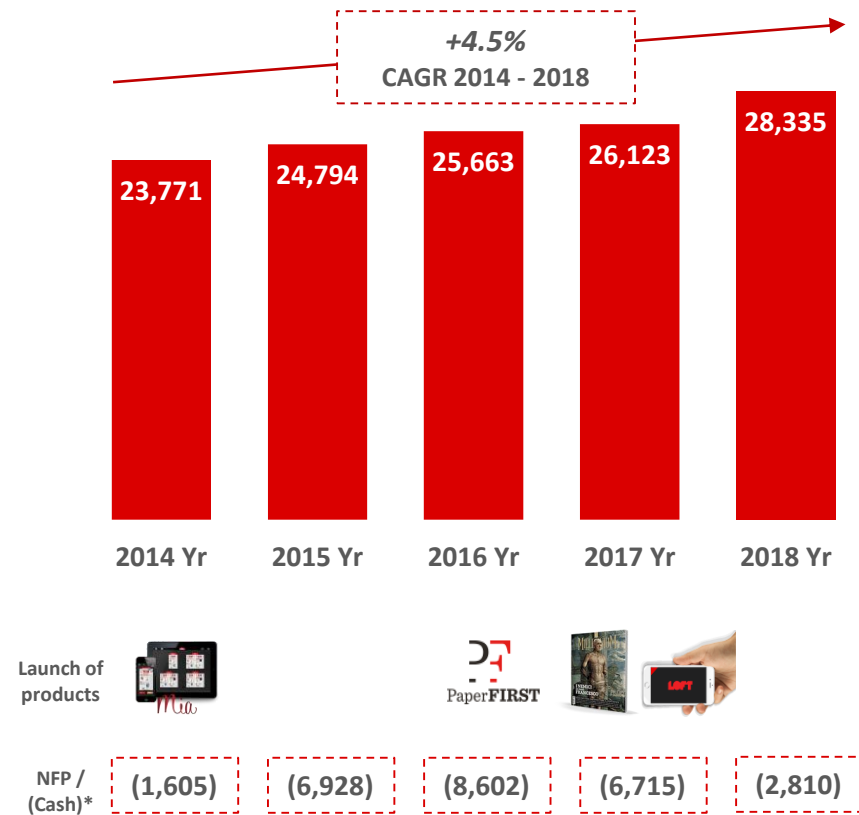


## Financial information

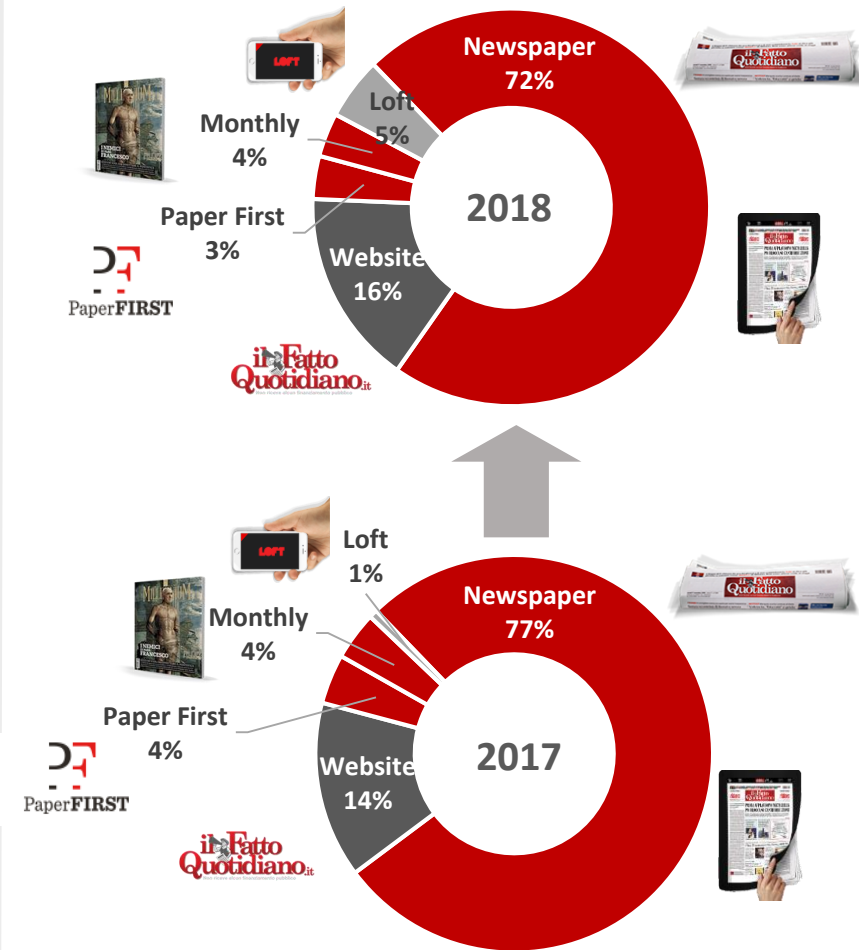
## Key Financial Highlights

Management believes that the Media Content division can grow to represent a significant portion of turnover in the next few years

Revenues – 2014 Yr. / 2018 Yr. (€'000)



Breakdown of revenues 2017-2018 (%)

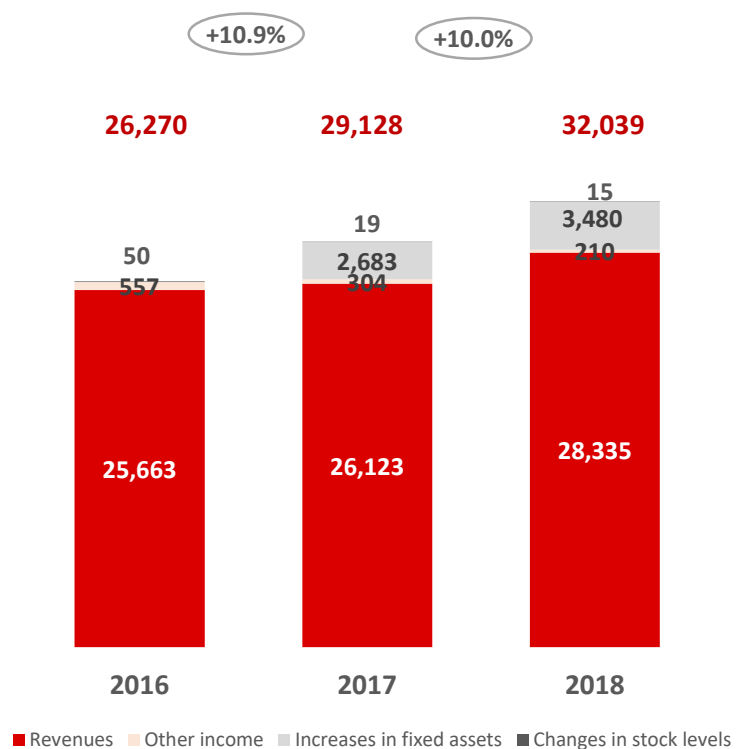


\* Net Financial Position (NFP) includes current assets of a financial nature

Source: financial statements, management, Emintad calculations

# Income Statement 2016 – 2018

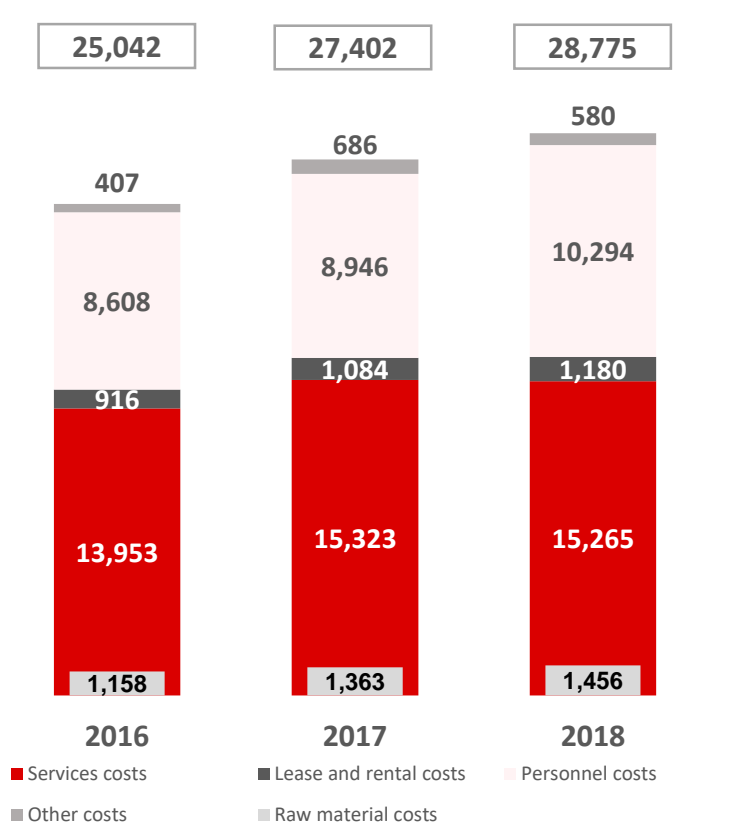
## Income (€'000)



CAGR 2016-2018: 10.4%

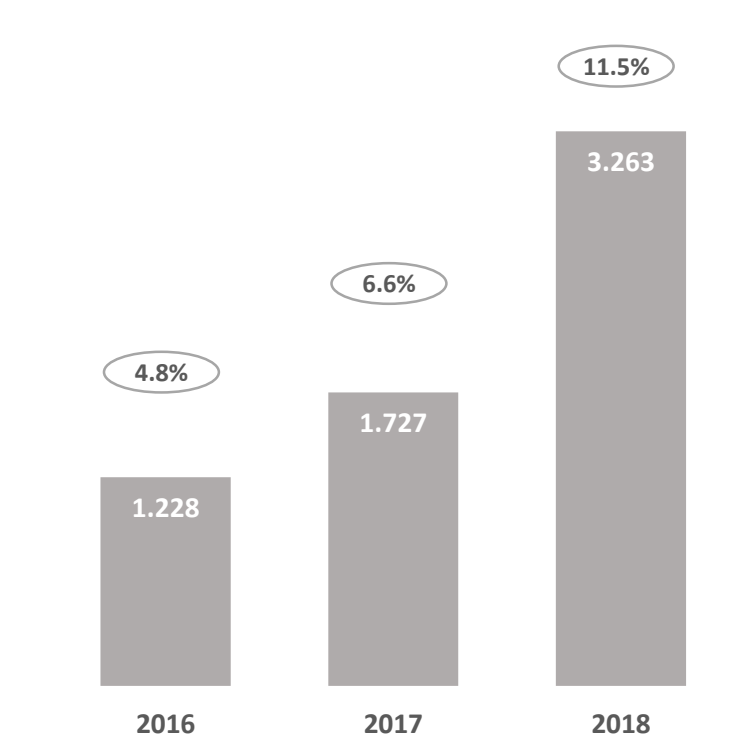
○ = YoY %

## Operating Costs (€'000)



□ = Total

## EBITDA (€'000)



CAGR 2016-2018: 63.0%

○ = % margin on revenues

## Income and Breakdown of Revenues by Division 2018 vs. 2017

Composition of Income (€'000)	Financial year			
	2018	% of total	2017	% of total
A) Income				
1) income from sales and services	28,335	88.44%	26,122	89.68%
2) changes in stock levels of work-in-progress, semi-finished and finished goods	15	0.05%	19	0.07%
4) increases in own work capitalised	3,480	10.86%	2,683	9.21%
5) other income	210	0.65%	304	1.04%
<b>Total (A)</b>	<b>32,039</b>	<b>100.00%</b>	<b>29,128</b>	<b>100.00%</b>

### The following should be noted:

The table shows an increase in income of €2.911m, attributable to a €2.213m increase in income from sales and services, and a rise of €0.797m for increases in own work capitalised relating to the production of television content.

Breakdown – Sales of goods and services (€'000)	Value as at 31/12/2018	% of total	Value as at 31/12/2017	% of total
Publishing division	22,515	79.46%	21,965	84.08%
Media content division	1,429	5.04%	108	0.41%
Advertising division	4,391	15.50%	4,050	15.50%
<b>Total</b>	<b>28,335</b>	<b>100.00%</b>	<b>26,123</b>	<b>100.00%</b>

### The following should be noted:

- **Publishing division:** this category is essentially made up of revenues from: (i) news stand sales of the daily paper of €17.692m, a decrease of €77k compared to the prior year, (ii) sales of the monthly FQMillennium magazine of €904k, substantially unchanged, (iii) sales of Paper First books through the news stand and book shop channel of €961k, a decrease of €98k, (iv) sales of subscriptions to the newspaper and website of €2.924m, having increased by €710k since the 2017 financial year.
- **Media content division:** this category essentially comprises revenues from: (i) the sale of television content usage rights of €1.232m, of which €106k were related to subscriptions, representing an overall increase of €1.124m, (ii) sales of theatre shows equal to €198k, which were not present in 2017.
- **Advertising division:** this category is essentially made up of revenues from: (i) newspaper advertising sales of €639k, a decrease of €187k, (ii) website advertising sales of €3.644m, an increase of €542k, (iii) magazine advertising sales of €107k, in line with those of the previous year.

## Balance Sheet 2017-2018

FINANCIAL YEAR	2018	2017
Intangible fixed assets	4,313	3,241
Tangible fixed assets	123	110
Investments	801	670
<b>Fixed assets</b>	<b>5,237</b>	<b>4,021</b>
Stocks	280	403
Trade debtors	3,924	3,102
Trade creditors	(3,161)	(3,180)
<b>Net operating working capital</b>	<b>1,042</b>	<b>325</b>
Other current assets	941	1,032
Other current liabilities	(4,755)	(3,713)
<b>Net working capital</b>	<b>(2,772)</b>	<b>(2,356)</b>
Risk provisions	(764)	(795)
Employee severance indemnity provision	(1,789)	(1,498)
<b>Net invested capital</b>	<b>(88)</b>	<b>(628)</b>
Net equity	2,722	6,087
Bank deposits, cash and cash equivalents	2,212	2,993
Other securities	598	3,722
Bank debts	-	-
Other financial creditors	-	-
<b>Net financial position</b>	<b>2,810</b>	<b>6,715</b>
<b>Net Equity – net financial position</b>	<b>(88)</b>	<b>(628)</b>

### Cash flow statement

(in €'000)

	2018	2017
Profit/(loss) for the year before income, interest, dividends	224	897
Adjustments for non-monetary items	3,553	1,439
Changes in net working capital	(581)	(319)
Other adjustments	(262)	(302)
<b>Cash flow from operating activities (A)</b>	<b>2,934</b>	<b>1,715</b>
<b>Cash flow from investing activities (B)</b>	<b>(916)</b>	<b>(2,118)</b>
<b>Cash flow from financing activities (C)</b>	<b>(2,799)</b>	<b>(1,483)</b>
<b>Increase (decrease) in cash and cash equivalents (A+B±C)</b>	<b>(781)</b>	<b>(1,886)</b>
Opening cash and cash equivalents	2,993	4,880
Closing cash and cash equivalents	2,212	2,993
<b>Changes in cash and cash equivalents</b>	<b>(781)</b>	<b>(1,887)</b>

The following should be noted:

- The increase in net fixed assets of €1.216m is attributable in large part to a rise in intangible fixed assets (€1.072m) and investments (€131k). Gross investments in intangible fixed assets equalled €3.992m, essentially due to the production of television content (€3.48m), for which the company holds the rights of ownership and usage over time.
- Net Equity was down by €3.359m, net of the profit for the 2018 financial year, due to an increase in the negative treasury shares reserve of €1.4m following the buy back of shares equivalent to 9.668% and due to the distribution of profits.

## Future strategies

## Growth strategies: Publishing Division

SEIF's growth strategy involves supplementing its traditional business with a targeted action plan with a **Data-Driven** approach, aimed at providing a tailor-made offering with the objective of consolidating and broadening the user base.

The Data-Driven approach cuts across all divisions of the business, and it is based on gathering data provided by users in order to improve the profiling of the various Business Units so as to bring to bear effective commercial strategies.



**il Fatto  
Quotidiano**.it  
Non riceve alcun finanziamento pubblico

**SPOTLIGHT TEAM:**  
relaunch of high-level investigations with  
the creation of a new integrated structure

Digital subscription relaunch

  
Paper**FIRST**

Involvement of external authors

Increase in annual publications

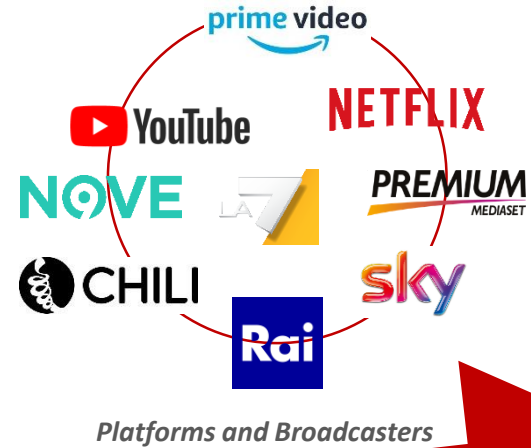
**FQ**  
**MILLENNIUM**

Launch of digital edition

Sale not linked to the daily newspaper and  
available by postal subscription

# Growth strategies: Media Content Division

Exploiting the change currently underway in the audio-visual sector, management intends to target growth in this division by the sale of content to non-traditional broadcasters and to nascent television platforms.



*The audience of users will move increasingly towards streaming platforms, which are growing strongly in Italy too*

Sales to  
broadcasters  
and platforms



Broadcasters



Target broadcasters

*"fully operational"*

2018 – 2021

2017 – 2018

Sale of  
subscriptions



*SEIF believes that in future the Loft platform will be able to reach a similar audience, in terms of volume, to that currently being achieved by the printed word*