

Press Release

Mediaset Board Meeting 29 July 2014

APPROVAL FOR FIRST HALF RESULTS 2014

Consolidated results

Net revenues: €1,724.8 million

Operating profit (EBIT): €109.5 million

Net debt: down to €1,026.4 million

Italy

Net revenues: €1,257.4 million

Operating costs: down to €778.0 million

Operating profit (EBIT): €29.4 million

Ratings: Canale 5 Italy's leading channel in primetime and over the 24-hours in the commercial target

Mediaset channel confirm their leadership in all time bands among the 15-64-year-old audience

Spain

Net revenues: €468.0 million

Operating profit (EBIT): €80.1 million

Ratings: Mediaset España channels leaders in primetime and over the 24-hours

The Board of Directors of Mediaset, which met today under the Chairmanship of Fedele Confalonieri, has approved the report for the first half of 2014.

Despite the continuation of a generally negative economic scenario that led to a further decline in advertising expenditure and a fall in the pay TV market, the Mediaset Group managed to achieve two important objectives: a further reduction in operating costs and an additional fall in the level of indebtedness.

The performance of the Group in the first six months of 2014 is summarised in the following results:

MEDIASET GROUP: CONSOLIDATED RESULTS

- The **consolidated net revenues** of the Mediaset Group came to **€1,724.8 million**, compared with €1,737.3 million in the first half of 2013.
- The Group's **EBIT** came to **€109.5 million**, compared with €133.6 million in the same period of the previous year.
- The **net loss**, attributable to the Group, amounted to **-€20.5 million** compared with a net profit of €30.1 million in the first half of the previous year. This figure was impacted by a -€12.3 million write-down of the value of the stake in Digital Plus for the non-conditioned component of the price established by the agreement for the sale to Telefonica SA.
- The **Group's net debt** went down from €1,459.0 million at 31 December 2013 to **€1,026.4 million** on 30 June 2014 thanks to a **characteristic cash generation** (free cash flow) of **€165.2 million**, in a first half that was negative for the market, and the receipt of **€280.2 million** from the sale of a stake in EI Towers that was completed in the second quarter.

A BREAKDOWN OF RESULTS BY GEOGRAPHIC AREA

Italy

- In the first half of 2014 **consolidated net revenues** came to **€1,257.4 million**, compared with €1,310.4 million in the same period of 2013.
In particular:
 - **The trend in advertising sales** in the first six months of the year was affected the continuing decline in the advertising market in general. During the period **the total advertising sales of Publitalia '80 and Digitalia '08** came to **€1,019.2 million**, compared with €1,061.1 million in the first half of the previous year, a fall of -3.9%. It should be noted, however, that the most recent available Nielsen figures (January-May 2014) show a trend in Mediaset's advertising revenues (-3.1%) that is better than the market average (-4.1%).
 - **Mediaset Premium revenues:** sales from Premium's characteristic business - card sales, re-charges, Easy Pay subscriptions – amounted to **€274.3 million**, compared with €280.2 million in the first half of 2013.
 - **EI Towers revenues** came to **€116.7 million** (in line with the €116.4 million of the first half of 2013).
- **Total operating costs**, (personnel, procurement, services and other charges) fell to **€778.0 million**, compared with €784.8 million in the first six months of 2013 **(-0.9%)**, further confirmation of the effectiveness of the efforts to improve efficiency made over the last two years.
- **EBIT** came to **€29.4 million**, compared with €86.4 million in the first half of 2013.
- There was a **net loss** for the period of **-€29.3 million**, compared with a net profit of €17.6 million in the same period of 2013.

Ratings: Mediaset channels saw growth in the total audience of 0.6%, compared with the first half of 2013 in both primetime and the 24-hours. And, with a **36.3%** share in primetime and 35.1% over the 24-hours, Mediaset channels confirmed their national leadership among viewers in the 15 to 64 year-old age range (the commercial target). Canale 5 remained Italy's most popular channel in the commercial target, both in primetime (**17.0%**) and the 24-hours (**16.6%**).

Spain

- In the first six months of 2014 the **consolidated net revenues** generated by the Mediaset España Group reached **€468.0 million**, compared with €427.0 million in the same period of the previous year.
- **Gross television advertising revenues** came to **€446.5 million**, compared with €418.2 million in the first half of 2013.
- **EBIT** rose to **€80.1 million** from the €47.2 million of the first half of 2013.
- **Net profit** amounted to **€21.4 million**, compared with €30.1 million in the first six months of 2013.
- **Ratings:** in the first six months of 2014, the channels of the Gruppo Mediaset España achieved leadership in both prime time (**29.2%**) and across the 24-hours (**30.2%**). Telecinco confirmed its position as the country's most popular commercial channel across the entire day (**14.6%**) and in primetime (**15.6%**).

EVENTS SUBSEQUENT TO 30 JUNE 2014

- On **4 July**, Mediaset España sold to Telefonica its 22.0% stake in DigitalPlus-Dts for €325.0 million. As part of the agreement commitments were also undertaken that will enable Mediaset España to conduct activities as a provider of content for the pay TV market in Spain.
- On **7 July**, Mediaset and Telefonica signed an agreement for the sale to Telefonica an 11.11% stake in Mediaset Premium for €100 million, a reflection of an equity value €900 million for the company to which all of the pay TV activities of Mediaset will be contributed. It is consequently no longer necessary to create, as previously considered, a holding company for the Mediaset Group's international pay TV activities. The inclusion in Premium of a partner of the stature of Telefonica begins the process of opening up Italian pay TV to other international partners.
- On **24 July**, Mediaset España bought from Prisa 34,583.221 of its own shares, corresponding to 8.5% of the share capital. The acquisition price (of €307.5 million) is the result of a price of €8.892 per share and a 2.5% discount on the stock market price on the day of the transaction.

FORECAST FOR THE YEAR

Forecasts regarding trends in the Italian advertising market confirm that also in July the situation is in line with the first half of the year. As we wait for more clear and decisive signals indicating a recovery in internal demand and consumer spending, the poor visibility on advertising expenditure makes it difficult to make predictions about the second half of the year.

On the other hand, in Spain, where the economic recovery is more advanced, advertising revenues are expected to continue to improve also in the coming months, given the excellent results that the matches of the World Cup in Brazil had in June and July on the sales of Mediaset España.

In the second half of the year the Group's stake in Mediaset España, following the re-acquisition of the 8.5% stake held by Prisa, will rise from 42.1% to 46.1% and will not include the share of the profits of the stake held until 30 June of Digital Plus.

In conclusion, the general economic situation in Italy continues to make it difficult to make reliable predictions about the consolidated results for the full year, a year in which the Group will remain focused on the multiplatform development of its content, of the strategic evolution of pay TV, as well as operating efficiency, cash generation and medium-term profitability, leveraging the reduction in structural costs successfully implemented over the last two years.

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The executive responsible for the preparation of the Mediaset S.p.A. accounts, Luca Marconcini, declares that, as per para. 2 art. 154-bis, of the Single Finance Bill, that the accounting information contained in this press release corresponds to that contained in the company's books.

Cologno Monzese, 29 July 2014

Department of Communications and Media Relations

Tel. +39 0225149251

Fax +39 0225149271

e-mail: direzionecomunicazione@mediaset.it

www.mediaset.it/corporate/

Investor Relations Department

Tel. +39 0225147008

Fax +39 0225148535

e-mail: investor.relations@mediaset.it

<http://www.mediaset.it/investor>

Highlights from the consolidated income statement (*) *in €m*

	1 st half		Q2	
	2014	2013	2014	2013
Consolidated net revenues	1,724.8	1,737.0	904.0	905.3
Labour costs	276.0	273.3	137.3	132.4
Procurement, services and other costs	780.6	804.3	421.2	435.1
Operating costs	1,056.5	1,077.6	558.5	567.5
Gross operating profit (EBITDA)	668.3	659.4	345.5	337.9
Amortisation of rights	482.4	436.1	225.1	207.7
Other amortisation and depreciations	76.4	89.7	40.5	50.0
Total amortisation and depreciations	558.8	525.8	265.6	257.6
Operating profit (EBIT)	109.5	133.6	79.9	80.2
Financial income /(charges)	(40.5)	(30.7)	(18.0)	(16.9)
Income/(charges) from investments	(60.7)	(8.7)	(56.0)	(6.3)
Profit before taxation	8.4	94.2	5.8	57.0
Income taxes	(7.2)	(40.8)	(2.8)	(23.1)
Net profit from operations	1.1	53.4	3.0	33.9
Assets destined to be closed or sold	-	-	-	-
Minority interest (profit)/loss	(21.7)	(23.3)	(11.1)	(13.1)
Profit for the Mediaset Group	(20.5)	30.1	(8.1)	20.8

Highlights from the consolidated balance sheet (*) *in €m*

	30/06/2014	31/12/2013
Television & film rights	2,828.3	1,830.3
Goodwill and consolidation differences	916.0	912.4
Other tangible/intangible assets	1,160.1	1,218.9
Financial assets	82.5	469.7
Net working capital & other assets/liabilities	(608.9)	97.9
Severance indemnity reserve	(96.9)	(92.5)
Net invested capital	4,281.0	4,436.7
Net Group assets	2,346.2	2,119.9
Shareholders' equity and minority interest	908.5	857.8
Net assets	3,254.7	2,977.7
Net financial position	1,026.4	1,459.0

(*) The reclassified figures in the interim report on operations, are not subject to verification by the auditors