

Mediaset Board of Directors Meeting 13 November 2018

BOARD APPROVES THE GROUP'S RESULTS FOR THE FIRST NINE MONTHS OF 2018

Mediaset Group

Net revenues: €2,433.5 million

Operating profit (EBIT): €114.5 million

Net profit: €27.0 million

Ratings: leadership in both Italy and Spain

In Italy, Canale 5 leader in the commercial target in all time bands

Q3 2018: a decidedly better performance compared with
the same period of 2017

The Board of Directors of Mediaset, which met today under the Chairmanship of Fedele Confalonieri, approved the Group's interim report for the period to 30 September 2018.

Of particular note was the increase in the advertising market share, both in Italy and Spain, and a reduction in overall costs in both markets, despite the acquisition of rights for the FIFA World Cup. These two results bring the consolidated margins for the first nine months of 2018 – both EBIT and net profit – to the levels of the previous year, with a net improvement on the Group's performance in the same period of 2017, also due to the effect of the benefits generated by –in Italy – the termination of Premium's multi-year football contracts and the process of digital transformation of the pay TV offer launched at the beginning of the year.

It should also be noted that the results for the period and those for the first nine months of 2017 have been reclassified and show separately the contribution made by Ei Towers. The reason for this separation is the exit of the transmission towers company from the Group's area of consolidation at the beginning of the fourth quarter 2018 following the successful public offering made by the company.

Group performance in the period can be summarised as follows.

- **Consolidated net revenues** came to **€2,433.5 million**, compared with €2,473.0 million of the first nine months of 2017.

In particular, revenues in Italy totalled **€1,737.9 million**, compared with €1,772.4 million in the same period of the previous year. In Spain revenues came to **€696.4 million**, compared with €701.3 million in 2017.

These figures were impacted by the stagnation in the advertising markets in both Italy and Spain. The gross advertising revenues of Mediaset España amounted to **€687.1 million** (compared with €689.2 million in 2017). In Italy, where - according to the most recent Nielsen

data, sales in the sector, in the period January-September were essentially stable compared with 2017 - Mediaset's gross advertising revenues bucked the trend with a 2.5% increase, rising from €1,423.3 million in the first 9 months of 2017, to **€1,458.3 million** in 2018. A performance that is not only better than the total market but also the specific TV sector, which was up by just +1.2% (a result that excluding the contribution of Mediaset would in fact have been negative at -0.7%).

- The Group's **total operating costs** were down to **€2,319.0 million**, from €2,394.4 million in 2017 (-1.3%). The reduction came from both markets of reference, in Italy, costs fell to **€1,804.7 million**, compared with €1,834.1 million in 2017, while in Spain, the figure fell from €516.1 million to **€514.87 million**.
- **Gross operating profit (EBITDA)** came to **€753.7 million**, compared with €858.5 million in 2017. This and the two succeeding results (i.e. EBIT and net profit) were decidedly better than the targets indicated in the Mediaset 2020 Plan presented to the market in January 2017.
- The Group's **operating profit (EBIT)** amounted to **€114.5 million**, compared with €123.6 million last year. In Italy the EBIT result was **-€66.8 million**, compared with -€61.7 in the same period of 2017. In Spain the figure amounted to **€181.7 million**, compared with €185.2 million in the first nine months of 2017.
- The Group's **net profit** amounted to **€27.0 million**, compared with €34.5 million for the same period of 2017.
- The **Group's net debt** fell from €1,392.2 million on 31 December 2017 to **€961.4 million** on 30 September 2018, a figure that does not include Ei Towers Group liabilities of €357.8 million. There was a marked improvement in the characteristic cash generation of the business in Italy and Spain during the period, amounting to **€178.6 million**, compared with €95.9 million in the first 9 months of 2017.
- **Ratings:** In the first nine months of the 2018 Mediaset channels, both in Italy and Spain, confirmed their net leadership among viewers in the commercial target.
In Italy, Mediaset is the leader in the 15-64 age-range with a **33.5% share in the 24-hours** with **Canale 5** the most popular channel in all time bands. In prime time the channel reached 17.3%, an increase of +1.3% compared with the first nine months of 2017.
In Spain, the TV channels of Mediaset España confirmed their absolute leadership in the **24-hours** with a **29.0%** share. **Telecinco** also confirmed its position as the most popular channel both in the whole day (**14%**) and in prime time (**14.9%**).

Q3 JULY-AUGUST-SEPTEMBER 2018

Compared with the standard performance in the third quarter, the weakest for the television industry, this year the Mediaset Group recorded results that were markedly better than those of Q3 2017.

In 2018, the increase in **advertising revenues in Italy** amounted to **+3.5%** thanks to the closing phases of the FIFA World Cup and the excellent performance of the radio sector. Thanks also to a **€71.0 million** reduction of costs at group level, the quarter saw an improvement in both EBIT up by **€33.1 million** and **Net profit**, up by **€24.3 million**.

THE NEW PHASE FOR EI TOWERS

As indicated above, the early part of October 2018 saw the successful conclusion of the public offering made by EiTowers. The sale by Mediaset of its controlling interest – the company now owns 40% of the share capital of 2i Towers, which holds 100% of the company – resulted in a net capital gain of around €500 million.

This represents a significant creation of value generated by a company founded by Mediaset, a company that now begins a new phase in its history involving its participation in the national and international development currently underway of the entire transmission towers sector. A process in which the new EiTowers can now play a leading role, also thanks to its new position as an independent operator.

FORECAST FOR THE FULL YEAR

Also in the final quarter of the year, the company's business results and cash generation are expected to be better than the same period of the previous year.

In Italy, the trend in advertising sales in the last part of the year, despite ongoing market difficulties and the lack of football events present last year, should in any case make it possible to gain market share on an annual basis.

Based on these assumptions and on currently available evidence, net profit – the scale of which depends on advertising revenues for which visibility remains limited – is expected to be slightly above that of last year, while the company's net financial debt at 31 December will be reduced even further compared with the figure at 30 September 2018, also because of net income of €179.1 million received at the beginning of October following the completion of the Ei Towers public offering.

The positive consolidated net profit figure will, as stated, also benefit – on the basis of the net asset value on 30 September - from a net capital gain of €503.0 million following the de-consolidation of Ei Towers.

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, 13 November 2018

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MEDIASET GROUP

Highlights from the consolidated income statement
in €m

	To 30 September		Q3	
	2018	2017	2018	2017
Consolidated net revenues	2,433.5	2,473.0	629.1	667.0
Labour costs	359.5	359.2	120.7	111.1
Procurement, services and other costs	1,320.3	1,255.3	354.7	376.0
Operating costs	1,679.8	1,614.5	475.4	487.1
Gross operating profit (EBITDA)	753.7	858.5	153.7	179.9
Amortisation of rights	565.0	663.4	134.3	195.9
Other amortisation and depreciations	74.2	71.5	28.5	26.2
Total amortisation and depreciations	639.2	734.9	162.8	222.1
Operating profit (EBIT)	114.5	123.6	(9.1)	(42.2)
Financial income /(charges)	(13.4)	(10.4)	(4.4)	(4.8)
Income/(charges) from investments	9.4	2.4	(0.3)	0.1
Profit before taxation	110.6	115.6	(13.9)	(46.9)
Income taxes	(34.3)	(30.1)	1.3	11.5
Net profit from operations	(70.6)	(68.7)	(10.3)	(10.6)
Net result from discontinued operations	5.6	16.8	(22.8)	(46.1)
(Minority interest (profit)/loss	21.4	17.7	7.0	6.0
Profit/Loss for the Mediaset Group	27.0	34.5	(15.8)	(40.1)

(*) Figures for the first 9 months of 2016 are provided for comparative reasons in line with para. 49 of the IFRS 3

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

	30/09/2018	31/12/2017
Television and film rights	1,220.0	1,273.2
Goodwill	802.9	968.5
Other tangible/intangible assets	843.0	1,272.7
Financial assets	110.3	117.8
Net working capital & other assets/liabilities	309.6	227.9
Severance indemnity reserve	(73.1)	(85.5)
Net invested capital	3,212.8	3,774.6
Net Group assets	1,968.1	1,916.6
Shareholders' equity and minority interest	436.5	465.9
Net assets	2,404.6	2,382.5
Net financial debt	961.4	1,392.2
Net assets/(liabilities) held for sale	153.3	

Including consolidated goodwill and gross assets and liabilities attributable to minority shareholders