

Mediaset Board Meeting 11 November 2008

APPROVAL FOR THE RESULTS OF THE FIRST 9 MONTHS OF 2008

Consolidated Results

Net revenues: €3,029.5 million

Operating profit: €703.9 million

Net profit: €355.8 million

Italy

Publitalia sales grow: +2.0%

**Ratings: Mediaset channels and Canale 5
leader in the 15-64 year-old audience**

Mediaset Premium: revenues +89%

Spain

Operating profitability: 44.1%

Ratings: Telecinco Spain's leading channel

The Board of Directors of Mediaset, which met today under the Chairmanship of Fedele Confalonieri, has approved the company's quarterly report to 30 September 2008.

MEDIASET GROUP: CONSOLIDATED RESULTS

Performance in the first nine months of 2008 can be summarised as follows:

- the Mediaset Group's **consolidated net revenues grew by 7.6%** to reach **€3,029.5 million**, compared with €2,816.1 million in the first nine months of 2007.
- the Group's **EBIT came to €703.9 million**, compared with €787.8 million in the first nine months of the previous year. This variation is in part due to the benefits of non-recurring income of €23 million generated in 2007 by legislative changes on the use of leaving entitlement funds.
- **operating profitability was 23.2%**, compared with 28.0% in the first nine months of 2007.
- **profit before taxation** and that attributable to third-party shareholders, amounted to **€606.4 million** compared with €756.5 million in the first nine months of 2007. This result was affected by higher financial charges resulting from the acquisitions made in the second half of 2007 (Endemol and Medusa).

- **net profit** attributable to the Group came to **€355.8 million**, compared with the €372.3 million of the first nine months of the previous year.
- the Group's **net financial position** went from -€1,208.8 million on 31 December 2007 to **-€1,476.3 million** on 30 September 2008. This deficit is due to dividend distribution by both the parent company and Telecinco and to outlays for investments.
operating cash flow amounted to €1,283.7 million, an increase on the €1,211.6 million of the same period of the previous year.

It should be noted that, since last July, the companies acquired during 2007 have been consolidated. The companies of the Medusa Group have been fully consolidated, while the 33.3% stake in Endemol, held through Mediacinco, has been consolidated on a net equity basis.

Furthermore, 26 September 2008 saw the completion of operations for the creation of a joint-venture that brings together Medusa Film, Italy's leading film production company, and Taodue, leader in the production of high quality TV drama. The closing of the operation confirms the structure announced on 29 November 2007 ([link to press release](#)).

A BREAKDOWN OF RESULTS BY GEOGRAPHIC AREA

Italy

- In the first nine months of 2008 **consolidated net revenues** amounted to **€2,295.2 million, an increase of 12.2%** on the €2,045.9 million of the same period of the previous year. The increase is due to the positive contribution of Publitalia, increased revenues from Mediaset Premium's pay-per-view activities, the network operator business and the consolidation of the revenues of the Medusa Group.

gross television advertising revenues came to **€2,043.2 million, an increase of 2.0%** on the same period of 2007. This result was achieved thanks to a particularly sustained increase in advertising sales in the third quarter of the year: in fact, television advertising sales grew essentially in line with the first six months of the year, despite a notoriously difficult general economic climate.

Mediaset Premium: total revenues amounted to **€269.5 million**, an increase of **89%** on the €142.8 million of the same period of the previous year. On 30 September, active cards totalled around 2.5 million, compared with around 1.6 million in the first nine months of 2007.

- **EBIT** came to **€379.6 million**, compared with the €426.3 million of the first nine months of 2007.
- **pre-tax profit** came to **€314.0 million**, compared with €385.6 million in the first nine months of 2007.

- **net profit** amounted to **€248.6 million**, compared with €239.7 million for the same period of the previous year.

TV ratings: in the first nine months of the year Mediaset channels confirmed their national leadership in all the time bands among viewers in the 15 to 64 year-old age range (the commercial target). During the period, Mediaset recorded a **41.9% share in prime time** and **41.8% in the 24 hours**.

Canale 5 is Italy's most popular channel in the commercial target with **22.6% in prime time** and **21.7%** in the **24 hours**

Spagna

- In the first nine months of 2008 **consolidated net revenues** generated by the Telecinco Group came to **€734,9 million**, compared with €771.0 million (-4.7%) in the same period of the previous year. This result was due to the impact of the unfavourable trading and financial climate, at both a national and international level.
- Also thanks to effective overall cost controls, the company's EBIT for the period came to **€324.3 million**, compared to the €361.5 million of the first nine months of 2007.
- at **44.1% operating profitability** remained among the highest among European broadcasters
- **pre-tax profit** went from €371.0 million for the first nine months of 2007 to **€292.4 million** for the first nine months of 2008.
- **net profit** amounted to **€228,4 million** compared with €262.8 million for the first nine months of 2007.

TV ratings: Telecinco consolidated its position as Spain's absolute leader with a **prime time share of 20.3%** and **18.4%** in the **24 hours**.

FORECAST FOR THE FULL YEAR

- The deep financial crisis that has affected global markets during the autumn has significantly altered the economic prospects in the two markets in which the Group's activities are concentrated, Italy and Spain. According to the estimates of leading international observers, the two countries are expected over the course of the coming months to enter a period of recession that will have inevitable consequences for the prospects for advertising investments.

In the current economic climate, the Mediaset Group is working, both in Italy and in Spain, to contrast the reduced expectations over the short term for the advertising market, with a view to consolidating its leadership, both in terms of market share and ratings results in the reference targets. Ongoing control of television costs will continue, alongside a development strategy for pay-TV activities.

- During October, both the Mediaset channels and Telecinco confirmed their ratings leadership in the commercial targets of reference, while in Italy Mediaset Premium saw a continued rise in revenues and clients.
- In Italy, at the end of the first ten months of the year, gross advertising sales for the Mediaset channels showed growth of 1.6% compared with the same period of the previous year. Despite extremely uncertain market conditions, the trend in advertising sales in the last two months of the year should allow the company to post a positive annual result compared with that of 2007.
In Spain, conditions in the advertising market, already difficult in the middle of the year, will lead to a decline in advertising sales also in the last quarter of the year. This, despite an extremely low rate of growth in television costs, will make it difficult to achieve a consolidated net profit in 2008 that is higher than that recorded in 2007.

The executive responsible for the preparation of the Mediaset S.p.A. accounts, Andrea Goretti, 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, 11 November 2008

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

	Cumulative to 30 September		Q3	
	2008	2007	2008	2007
Consolidated net revenues	3,029.5	2,816.1	757.4	739.0
Labour costs	382.0	328.5	118.2	111.0
<i>of which non-recurring income</i>	-	(23.0)	-	-
Procurement, services and other costs	1,131.6	1,005.4	313.7	293.1
Operating costs	1,513.6	1,333.9	431.8	404.1
Gross operating profit	1,515.9	1,482.2	325.6	334.9
Amortization and depreciations	812.0	694.4	266.0	247.1
Operating profit	703.9	787.8	59.6	87.9
((Losses)/gains from equity disposals)	-	-	-	-
EBIT	703.9	787.8	59.6	87.9
Financial income /(charges)	(60.3)	(34.4)	(24.0)	(14.9)
Income/(charges) from investments	(37.3)	3.1	(13.2)	1.6
Profit before taxation	606.4	756.5	22.5	74.6
Income taxes	(136.3)	(254.2)	(1.8)	(18.5)
Net profit from operations	470.1	502.4	20.7	56.1
(Net profit from discontinued activities)	-	-	-	-
(Minority interest (profit)/loss)	(114.3)	(130.1)	(14.9)	(24.7)
Profit for the Mediaset Group	355.8	372.3	5.7	31.5

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

	30/09/2008	31/12/2007
Television rights	2,690.3	2,351.5
Goodwill and consolidation differences	509.8	394.5
Other tangible/intangible assets	1,079.1	1,070.8
Financial assets	577.3	554.8
Net working capital & other assets/liabilities	(550.2)	(202.2)
Severance indemnity reserve	(100.4)	(102.2)
Net invested capital	4,206.0	4,067.2
Net Group assets	2,426.4	2,557.7
Shareholders' equity and minority interest	303.3	300.7
Net assets	2,729.7	2,858.4
Net financial position	(1,476.3)	(1,208.8)

(*) The reclassified figures in the report are not subject to certification by the external auditors