

Mediaset consolidates

Mediaset has consolidated its lead in Spanish broadcasting via a €1.05bn deal with Prisa.

Page 14

Mediaset boosts position with €1bn Prisa deal

MEDIA

News analysis

Vincent Boland and Mark Mulligan on the Italian group's Spanish broadcasting move

Silvio Berlusconi's Mediaset empire has boosted its standing as a European broadcaster after agreeing a €1.05bn (\$1.5bn) deal with Spain's Prisa that will consolidate the Italian group's lead in its second-largest broadcasting market.

The deal, which gives Mediaset control of an expanded free-to-air broadcasting business in Spain and a 22 per cent stake in one of the country's leading

satellite pay-TV businesses, is the Italian company's biggest expansion abroad since 2007 when it joined a consortium to buy Endemol, the TV company behind Big Brother.

Mr Berlusconi, who is Italy's prime minister and one of its richest men, has long sought to establish Mediaset as a key European media company, especially with his rivalry with Rupert Murdoch's Sky media empire intensifying in the cut-throat Italian market.

But the scarcity of opportunities, and reluctance on the part of European regulators because of the possible political overtones of such a deal, has made it a frustrating quest.

Mr Berlusconi does not play a day-to-day role in managing Mediaset, which is now in effect run by his

son, Pier Silvio Berlusconi, 40, who is vice-chairman of the group.

According to the terms of the deal, announced late on Friday, Telecinco, which is Mediaset's free-to-air Spanish business, will acquire control of Cuatro, another free-to-air channel, in an all-stock deal worth about €550m.

It will also pay €500m for a 22 per cent stake in Digital Plus. As a result of the transaction Sogecable, Prisa's television holding company, will acquire a stake of 18.3 per cent in Telecinco.

Mediaset said that it would fully subscribe to a Telecinco rights issue to pay for the deal, underwritten by Mediobanca and JPMorgan.

The Spanish advertising market has been hit by the

country's severe economic downturn, but analysts said the television market was ripe for consolidation.

The Mediaset/Prisa deal is the first of two expected in the sector.

Antena 3, a television station controlled by Barcelona-based media group Planeta, confirmed on Thursday that it was in talks with La Sexta, another free-to-air station controlled by a separate Catalan media group.

Prisa has for more than a year been selling parts of its media interests to pay down about €1.8bn in short-term debt linked to the buy-out of minority shareholders in Sogecable.

It has already already sold a 21 per cent stake in Digital Plus to Telefónica, the Spanish telecommunications group.