Strategic update on mid-term guidelines

London, March 13th, 2019
Agenda

- Advertising
  - 2017-2020 Advertising business plan
  - 2017-2018 Advertising business plan implementation and results
  - 2019-2021 Advertising business plan development

- Video & Audio Content

- Distribution, User Experience and Data

- Organization & Process

- Final remarks
2017-2020 Advertising business plan
Vision, Mission, Key Areas & Key Drivers confirmed

1 Vision

TV as Total Video:
• TV content through any device
• Total Audience is addressable through AdTech & Data
• Non-linear inventory on top of existing linear business

2 Mission

Be the unrivalled leader in Video Audio Digital offer delivering advertising on the best TV content across any screen and addressed to profiled audiences

3 Business Strategic Areas

• TV
• Digital
• Radio

4 Key Growth Drivers

• Content Multiplier
• Ad Tech Platform
• Audience Profiling
• Cross-Media Approach
Advertising

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- 2019-2021 Advertising business plan development

Video & Audio Content

Distribution, User Experience and Data

Organization & Process

Final remarks
Facts

Implementation:
• TV content accessible via Mediaset Play on any device
• Audience profiling & addressability delivered via AdTech & Data
• Increasing non-linear inventory
• Enlarged FTA channel portfolio (new launches)
• Position in the radio market strengthened via network acquisitions
• Cross media approach enhanced by the in-house sales agencies, selling group’s different media

Results

Business KPI 2018 vs 2016:
• TV market share increased from 56.4% in 2016 to 57.0% in 2018
• Digital outperformed the reference market, increasing the share by 80 BPS in 2 years
• Radio adv collection increased by 140% (via acquisitions) with a market share growth from 17.9% to 22.4%
• Total adv market share increased from 37.5% to 39.0%
2017-2018 | Advertising business plan implementation and results

Mediaset advertising market share evolution (%)

<table>
<thead>
<tr>
<th>Year</th>
<th>Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>37.5</td>
</tr>
<tr>
<td>2017</td>
<td>38.2</td>
</tr>
<tr>
<td>2018</td>
<td>39.0</td>
</tr>
</tbody>
</table>

Source: Internal elaborations on Nielsen data

+150 bps
Mediaset advertising performance in 2018

*Excluding discontinuity of football (serieA & CHL)
Source: Nielsen
POTENTIAL CUSTOMER BASE FOR CROSS MEDIA APPROACH

- 80 TV clients that invest in Radio, but not with us
- 60 Radio clients that invest in TV, but not with us
- 210 TV clients that invest in Digital, but not with us
- 45 Digital clients that invest in TV, but not with us
- 130 Radio clients that invest in Digital, but not with us
- 45 Digital clients that invest in Radio, but not with us

15-20% contribution to market share growth
2017-2018 | Advertising business plan implementation and results

A cross media customer base in good shape and still with potential growth

### 2018 CUSTOMER BASE COMPOSITION

<table>
<thead>
<tr>
<th>Media Combination</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Media</td>
<td>67%</td>
</tr>
<tr>
<td>2 Media</td>
<td>22%</td>
</tr>
<tr>
<td>3 Media</td>
<td>11%</td>
</tr>
</tbody>
</table>

Advertisers investing in 2 or 3 media represent 33% of the total customer base but account for 75% of the total revenues

**Total number of clients: + 4% yoy**

**Cross media overlapped clients: + 5% yoy**
Agenda

Advertising

- 2017-2020 Advertising business plan
- 2017-2018 Advertising business plan implementation and results
- 2019-2021 Advertising business plan development
  - Market share consolidation
  - An extended 3D business model
Positive organic growth trend (even discounting net contribution of football discontinuities)

Why is it rational to expect a consolidation of our market share around 39%, after a «physiological» discontinuity in 2019?
2019-2021 | Market share consolidation
Organic trend & Rationale Expectations

Our 2020 Plan guidance for 39% market share was already including
- Discontinuity in Pay TV Football Business
- Maintenance in Pay TV Cinema & Series
- Opportunistic approach to FTA Sport Rights (implemented in WC2018 – margin accruitive)

In our 2019-2021 perspective we have these additional positive factors originally not included
- Sky-Mediaset Agreement delivering extended audience for FTA channels and Pay Cinema & Series
- An extended portfolio of FTA thematic channels, with a net addition of 2 channels
- Possible further positive addition in LCN competition in FTA (+1/+2 LCN)
- Extended implementation of opportunistic approach to FTA Sport Rights: Formula E, Nations League, Euro Qualifier...to achieve additional extended audience on male target
- Full Implementation of Cross Media approach in linear media will be extended to all addressable advertising offer across any media
Advertising

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  - Market share consolidation
  - An extended 3D business model
2019-2021 | A 3D business model

In 2015-2016 we started to implement our Cross Media approach...
2019-2021 | An extended 3D business model

... while in 2018-2021 we are adopting an extended All Addressable Advertising Approach

- Extended audience
- Extended products
- Extended markets
2019-2021 | An extended 3D business model | Total audience
In spring 2019 Auditel will launch the Total Audience measurement, a new currency to value the audience generated by our programmes across all the devices.
2019-2021 | An extended 3D business model | Advanced TV
Non linear TV | Mediaset Play
Non linear TV | Mediaset Play

OUR NEW OTT FOR MOBILE, TABLET, DESKTOP AND CONNECTED TVS

RESTART
ON DEMAND
EXTRA CONTENT
Non linear TV | 3 years from now

- 3% revenue in 2021
- CAGR 2019 - 2021: 15%
- Daily reach + 50%

Advertising
Connected TVs penetration to increase due to 2022 switch off

50% forecasted HH penetration in 2023

75% activations are driven by long form content
Non linear TV | Our addressable TV formats

LIVE
DISPLAY ON FREE TO AIR CHANNELS

ON DEMAND
VIDEO SPOT ON DEMAND
Addressable TV

- LAUNCHED IN JUL 17
- 13% REACH ON HH
- 75 ADVERTISERS
- 10 NEW TO TV ADVERTISERS
INNOVATIVE ADVERTISING FORMATS FOR CONNECTED TV SETS

+ EFFICIENCY

INVENTORY
+ more communication opportunities

+ EFFECTIVENESS

BRAND
+ visibility
+ engagement
+ interaction
+ enhancement
Cross screen targeting and tracking

A proprietary algorithm designed to track and target our audience on any device anytime.
New addressable advertising solutions

CUSTOMIZED TARGETING
- GEOTARGETING
- SOCIODEMO TARGETING
- CONTENT TARGETING

ADVANCED RETARGETING
- SPOT RETARGETING
- CROSS DEVICE RETARGETING
- DIGITAL DATA
New addressable advertising solutions

Dynamic advertising insertions making linear tv addressable

Broadcast delivered spots will be overlaid by broadband ads to make linear tv breaks addressable

Benefits:
• Increased addressable inventory
• New TV advertisers
• Higher yield for inventory
2019-2021 | An extended 3D business model | Advanced TV for the long tail
Advanced TV for the long tail

TARGET: GEOLOCAL
ALL OUR ADDRESSABLE PRODUCTS FOR ANY BUSINESS GOAL
Extending cross media campaigns through our “All Addressable” strategy

One target, three media

<table>
<thead>
<tr>
<th>DEVICE</th>
<th>FREE TV</th>
<th>WEB RADIO</th>
<th>DIGITAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>ADV FORMAT</td>
<td>DISPLAY - VIDEO</td>
<td>AUDIO PREROLL /MIDROLL</td>
<td>DISPLAY VIDEO NATIVE</td>
</tr>
<tr>
<td>TARGETS</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
</tr>
<tr>
<td>AGE - GENDER</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
</tr>
<tr>
<td>LOCALIZATION</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
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<tr>
<td>INTEREST/PURCHASE INTENT/ VIEWING - LISTENING BEHAVIOURS</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
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</table>

Benefits:

- Unique proposition in the market
- Higher value for profiled inventory
- Activation of small medium clients
- More relevant consumer experience
- More effective
RadioMediaset: broadcast, DAB and online

A MULTI PLATFORM OFFERING:
MEDIAMOND RADIO
ON AIR | ON LINE | ON FIELD

7 RADIO BRANDS | WEB RADIO PODCASTS WEBSITES | EVENTS FESTIVALS CONCERTS

- HOME DEVICES APP LAUNCHED
- MORE PODCASTS AND NON LINEAR PRODUCTS TO COME
- NON LINEAR RADIO REVENUE CAGR 2019-2021: 15%
- INTERNATIONAL EXPANSION ON DIGITAL RADIO
26.5 mio monthly audio sessions*

58%

36%

6%

79 WEB RADIOS
FM Broadcast Brand extensions

Source: internal monthly data march 2019, march 2019 * Active sessions above 1 minute listening ** PreRoll+MidRoll audio supply 15” spot.
Mediamond confidential
2019-2021 | An extended 3D business model | Automation
Automated buying: non linear programmatic advertising

2016
Non linear revenues % of Programmatic

- Spot Price +15-20%
- 20%

2018
Non linear revenues % of Programmatic

- Spot Price +26%
- 31%

Growing yoy 70% more than the rest of the market

Source: Internal data
Automated buying: non linear programmatic advertising

- Programmatic adv will grow with a CAGR of 16%
- Wider client base and agency access
- Higher yield on adv campaigns thanks to data
- More flexible demand

2021

Non linear revenues % of Programmatic

Spot Price +10%
2019-2021 | An extended 3D business model | International
International saleshouse representing Mediaset, Mediaset Espana, ProSieben, TF1, MTG and others
Established in 2000
25+ staff in 5 countries
202 Advertisers
61 New advertisers 2018

Pan European addressable broadcaster video marketplace
London office opened in 2018
JV between Mediaset, Mediaset Espana, Channel4, TF1 and ProSieben
15 global advertisers activated
Our road to addressability

- 2016: Data platform
- 2017: Digital addressable campaigns
- 2018: CTV Display Formats
- 2019: CTV video formats
- 2020: Dynamic Creatives CTV

- DAI on Broadcast
- Blockchain data exchange
Mediaset | Content strategy in Free TV, Radio and Digital

- Strengthen FTA and Radio programming schedule through focus on own productions to keep creating recurring "unmissable" appointments for the audience in the Italian market
- Increase Social and Digital attitude to support promotion and awareness
- International monetization of “Mediaset Originals” through global distribution platforms in order to finance part of the investments
Own and local content | The key differentiating element going forward

**Audience Share, FTA**

- **Own content**: 12%
- **Local content**: 21%

- **Comparison factor**: x 1.7

**GRPs, FTA**

- **Own content**: 285
- **Local content**: 575

- **Comparison factor**: x 2.0

Note: Comparison between an average episode of “Isola del Famosi”, “Amici” and an average Film of the last season
Source: Auditel, Spring 2018
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**Own and local**

- Increase weight of own and exclusive local content
- Decrease investments on low-return content and rights acquisitions
- Extract maximum value from library content and Mediaset Originals

**Change in Mix in FTA**
### Change in mix | Stronger schedule, better economics

<table>
<thead>
<tr>
<th>Relative Value in Linear</th>
<th>Video and audio content</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>US cinema and series</strong></td>
<td>Decreasing returns of FTA / Smart sourcing</td>
</tr>
<tr>
<td><strong>Unscripted</strong></td>
<td>Areas of excellence: to be further strengthened</td>
</tr>
<tr>
<td><strong>Info News</strong></td>
<td>Areas of excellence: to be further strengthened</td>
</tr>
<tr>
<td><strong>Hard News</strong></td>
<td>Focus on productivity</td>
</tr>
<tr>
<td><strong>Scripted Originals</strong></td>
<td>Renewed combination of formats and genres</td>
</tr>
<tr>
<td><strong>Calcio UCL / National League</strong></td>
<td>Opportunistic approach</td>
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**Change in Mix in FTA**
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**Digital**
- Full exploitation in digital of FTA content and TV brands
- Data-driven production and recommendation of digital content
- Manage the “Online first” content space through Studio 71 Italian OpCo
Digital | Increased focus on own Properties' potential in the digital space

Mediaset TV properties, Non-linear views this season (Mio)

<table>
<thead>
<tr>
<th></th>
<th>124</th>
<th>52</th>
<th>40</th>
<th>29</th>
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<tbody>
<tr>
<td><em>Le Iene</em></td>
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<td><em>Granato</em></td>
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<tr>
<td><em>Amici</em></td>
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<tr>
<td><em>L'isola dei</em></td>
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<td><em>Famosi</em></td>
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</tr>
</tbody>
</table>

Amici, Social Networks 2018

- 2.5M Page likes
- Up to 963k followers
- 2M followers

Over 62M interactions on social networks

Source: Nielsen data, internal elaboration
Mediaset | Content strategy in Free TV, Radio and Digital

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**Radio**
- Focus on local Italian Radio Star
- Branded Linear TV music Channels
- Full exploitation of brands cross media promotions
- Digital Radio
- Italian music Talents management
- Social and Digital to support promotion and awareness

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Video and audio content
Radio | Exploiting effectiveness re-focusing on the most successful formats

**Audience Share, AQH RADIO**

- **Music Programme** (105 Mi Casa, 105 Trap, 105 Friends)
  - Audience Share: 6.3
- **Entertainment Programme** (Tutto esaurito, Lo Zoo di 105)
  - Audience Share: 12.3

**GRPs X 1 SPOT, Radio**

- **Music Programme** (105 Mi Casa, 105 Trap, 105 Friends)
  - GRPs: 0.8
- **Entertainment Programme** (Tutto esaurito, Lo Zoo di 105)
  - GRPs: 1.6

Note: Comparison between an average episode of “Lo Zoo di 105” and “Tutto Esaurito” and an average Music Programme of the last season
Source: RADIO TER, 2018 (Monday - Friday)
Radio | Digital communities on Social Networks

Mediaset Radio properties, Fanbase per Station

- Radio 105: 3.14 M fans
- Virgin: 975K fans
- R101: 920K fans
- Radio Monte Carlo: 408K fans
- Radio Subasio: 267K fans

Mediaset Radio properties, Fanbase per Social Media

- Facebook: 3.48M fans
- Twitter: 1.65M fans
- Instagram: 591K fans

Over 5.7 M fans on social networks

Source: Internal data
Agenda

- Advertising
- Video & Audio Content
- Distribution, User Experience and Data
- Organization & Process
- Final remarks
Mediaset | Channel and Content Distribution Strategy

Linear DTT, SAT, IP
- Linear channels: DTT managed directly, SAT and IP through distribution/retransmission agreements
- HD upgrade for all Linear channels
- Linear Channel distribution extensions

Non Linear - AVOD
- Syndication agreements
- Upgrade to HD
- YT only for promotion and Branding
- Development of non linear “Audio” player

Pay Linear Channels
- Distribution agreements for all the platforms (SAT and DTT already implemented, IP to be evaluated)
Mediaset | New User Experience and Data management

UX – Linear Channel
- Improve linear audience through effective and target-oriented management of a portfolio of Channels (recent acquisition LCN 66, negotiation LCN 55)
- Channels portfolio reorganizations to protect unguarded areas (Doc&Fact - Focus, Male 25-54yrs –“20”)

UX – Personal devices
- Launch of “Mediaset Play” the new platform able to provide a state-of-the-art experience to all AVOD users (comparable to the one offered on SVOD Infinity)
- Main features: Catch up, live streaming, “digital first” content offer, etc.

UX – Smart Tv
- Mediaset Play platform launched also on smart TV: an interactive service providing a seamless UX for TV viewers across linear and non–linear content
- Main features: Catch up, Restart, “digital first” content, usage data consumption from TV sets, etc.

Data
- Creation of a Corporate DB (7.2 millions actionable user profiles) – GDPR compliant
- Management of a Digital Metadata Library
- Integrated system of Business Intelligence
A new platform for the ad-based digital offer

Enabling a best-in-class User Experience on all devices, included Smart Tv

Leveraging the experience in SVOD platform to create an integrated “customer journey” (free, freemium, SVOD/TVOD)
Mediaset Digital Transformation Ecosystem

**PAY**
- TVOD and SVOD
- Full access to Infinity Library
- No ADV
- Full VAS

**PAY LIGHT**
- "Mediaset Presents", a curated offer of Mediaset library programmes and content
- "Infinity Presents", a selection of Infinity library
- TVOD
- Limited adv airtime
- Mid VAS

**FREE**
- AVOD
- Full access to library
- Full episode and snack catch up
- Same adv airtime as TV

Distribution, User Experience and Data
Agenda

- Advertising
- Video & Audio Content
- Distribution, User Experience and Data
- **Organization & Process**
- Final remarks
End-to-end review of operating model to reap the benefits of a focused & tech-enabled organization

- **Business model**
  - Tech-enabled business model & way of working review

- **Organization and Structure**
  - Simplification
  - Optimization

- **Production, logistics and sourcing**
  - Optimization of broadcasting capabilities
  - Tech-enabled Corporate procurement review
Mediaset | Mid-term guidelines at glance

Advertising
- Adv market share objective achieved 2 years in advance, to be consolidated in next 2-3 years
- Successful implementation of Cross Media approach, with potential for further growth
- Cross Media approach extended to the “next level” of All Addressable Adv, powered by Ad Tech

Video & audio content
- Renewed focus on own, high quality, local content
- Improved TV schedule through smart change in content mix
- Full exploitation of the FTA contents and brands in digital
- Exploiting the value of radio properties through a Cross Media approach and digital extension

Distribution, UX and data
- Completed Mediaset Premium digital transformation
- Exploiting Mediaset FTA and Pay TV channels value on all the platforms
- Renewed User Experience on digital platforms
- Redefinition of a brand new digital ecosystem

Organization & process
- Business model review
- Organization redesign
- Tech-based ops improvement
Strategic update on mid-term guidelines

London, March 13th, 2019