

**Mediaset Board of Directors Meeting 7 November 2006**

**REPORT ON THE FIRST NINE MONTHS OF 2006 APPROVED**

Consolidated results

**Net revenues: €2,671.5 million**

**Ebit: €740.2 million**

**Net profit: €369.1 million**

TV ratings

Italy

**Mediaset channels and Canale 5 leaders  
in the audience aged 15-64**

Spain

**Telecinco Spain's leading channel  
in the commercial target**

**"INDICATION OF INTEREST" FOR PROSEIBEN-SAT1**

The Board of Directors of Mediaset met today under the Chairmanship of Fedele Confalonieri to approve the quarterly report on the Mediaset Group's results to 30 September 2006.

In Italy **Publitalia '80's TV advertising revenues** for the Mediaset channels during the quarter **grew by 0.6%** to reach a figure for the end of the nine-month period of **€2.067 million** (-0.9% compared with the same period of the previous year). The results of the first nine months of the year continued to be affected by events in the second quarter (the Easter holidays, a general election and the World Cup football championship) that led to a slowdown in advertising investments.

Ratings have been very positive for Mediaset's channels. From 3 September (the beginning of the Autumn guarantee period) to 4 November 2006, Mediaset confirmed its leadership in the audience in the 15 to 64 year-old age range (the commercial target) who account for 70% of the Italian population and on whom 80% of advertising investments are targeted.

Mediaset channels lead in this premium audience band with a **43.6% share in the early evening and 42.6% in the 24-hours**. **Canale 5** is clearly **Italy's leading channel with 24.4% in prime time and 22.2% in the 24-hours**.

**Canale 5's leadership** was confirmed in prime time also in the **total audience** with a **22.9%**.

On the digital terrestrial pay-per-view front, results during the first nine months of 2006 were especially positive, with sales of around 355.000 new rechargeable pre-paid "**Mediaset Premium**" cards and around 1.1 million recharges. (2.6 million in the entire 2005-2006 season). Since the beginning of the year sales have generated total revenues of more than €61.5 million.

Excellent results were also generated in Spain by the **Telecinco Group**.

**Advertising sales** by Publiespana came to **€676.7 million**, an **increase of 3.9%** on the first nine months of 2005.

During the first nine months of 2006 Telecinco confirmed its undisputed leadership in the **commercial target** of reference (16-59-year-olds), that of most interest to advertisers, both **in prime time (23.8%) and the entire day (23.1%)**.

### **MEDIASET GROUP CONSOLIDATED RESULTS**

The Group's performance in the first nine months of 2006 can be summarised as follows:

- **consolidated net revenues** came to **€2,671.5 million**, compared with €2,602.6 million in the first nine months of 2005 (**+0.7%**).
- **EBIT** came to **€740.2 million**, which shows a difference of €149.1 million compared with the same period of the previous year (€889.3 million) which benefited from a capital gain of €43.1 million deriving from the sales of a 1.9% stake in Telecinco.
- **operating profit**, as a proportion of consolidated net revenues (**operating profitability**), came to **27.7%**, a reduction on the 34.2% in the first nine months of 2005.
- **profit before taxation** and minority interest came to **€727.1 million**, compared with €877.6 million for the first nine months of 2005.
- **net profit** for the Group, net of estimated taxation, came to **€369.1 million**, compared with €464.6 million for the first nine months of the previous year.
- the Group's **net financial position** went from the -€358.0 million on 31 December 2005, to **-€578.6 million** on 30 September 2006, mainly as a result of the effects of substantial investments in Digital Terrestrial and dividend distribution by the parent company and the subsidiary Telecinco for a total of €633.4 million.

## A BREAKDOWN OF RESULTS BY GEOGRAPHIC AREA

### Italy

- **consolidated net revenues** in the first nine months of 2006 came to **€1,975.4 million**, a 2.1% increase on the same period of the previous year (€1,931.7 million).
- **EBIT** came to **€423.3 million**, compared with the €581.9 million of the first nine months of 2005. This figure, as well as the abovementioned impact of the dynamics in the advertising market in 2006, was also affected by the fact that the Ebit figure for the first half of 2005 benefited from the capital gain deriving from the sale of a 1.9% stake in Telecinco.
- **profit before taxation** went from the €565.6 million of the first nine months of 2005, to **€402.8 million** this time.
- **net profit** came to **€253.9 million**, compared with the €355.6 million of the first nine months of 2005.

### Spain

- In the first nine months of 2006 the **consolidated net revenues** generated by the Telecinco Group came to **€700.9 million**, compared with the €671.5 million of the same period of the previous year.
- Telecinco's **operating profit** rose to **€17.3 million**, compared with the €305.2 million of the first nine months of 2005.
- **pre-tax profit** came to **€24.6 million** compared with the €309.9 million of the first nine months of 2005.
- **net profit** reached **€29.3 million**, compared with the €212.7 million of the first nine months of 2005.

## **FORECAST FOR THE FULL YEAR**

- The trend in advertising sales for Mediaset's channels after ten months shows a decided improvement compared with the first part of the year. In fact, after the first six months there was a 1.4% fall compared with the same period of the previous year. Already at the end of the third quarter there was a clear improvement at -0.9%. After 10 months, therefore, it is possible to confirm the objective of ending the year with advertising revenues at the same record level of 2005.
- In terms of the Mediaset Premium offer, at 31 October 2006, sales of smart cards totalled 2.4 million, with 4.3 million recharges.
- On the basis of current evidence, it is confirmed that for the full year, consolidated operating profit for the ordinary management, will be slightly lower than that of the previous year.

## **THE SALE OF PROSEIBEN-SAT1**

The Board of Directors was today informed about the process for the sale of the German broadcaster ProSieben-Sat 1 and agreed that it would be opportune to present a non-binding indication of interest.

It should be noted, however, that the entire procedure is protected by strict obligations of confidentiality.

Cologno Monzese, 7 November 2006

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## Highlights from the consolidated income statement (\*)

	<i>in €m</i>			
	Cumulative to 30 September		Q3	
	2006	2005(**)	2006	2005(**)
Total consolidated net revenues	2,671.5	2,602.6	677.4	622.4
Labour costs	335.2	326.9	104.2	107.5
Procurement, services and other costs	956.3	838.1	272.4	230.3
<b>Operating costs</b>	<b>1,291.5</b>	<b>1,165.0</b>	<b>376.6</b>	<b>337.8</b>
<b>Gross operating profit</b>	<b>1,380.1</b>	<b>1,437.6</b>	<b>300.9</b>	<b>284.6</b>
Amortisation and depreciations	641.1	591.5	212.3	192.9
<b>Operating profit</b>	<b>739.0</b>	<b>846.1</b>	<b>88.6</b>	<b>91.7</b>
((Losses)/gains from equity disposals)	1.3	43.1	-	-
<b>EBIT</b>	<b>740.2</b>	<b>889.3</b>	<b>88.5</b>	<b>91.8</b>
Financial income /(charges)	(13.5)	(12.5)	(8.1)	(2.8)
Income/(charges) from investments	0.3	0.8	0.3	(0.3)
<b>Profit before taxation</b>	<b>727.1</b>	<b>877.6</b>	<b>80.8</b>	<b>88.7</b>
Income taxes	(243.7)	(306.9)	(23.0)	(32.5)
<b>Net profit from operations</b>	<b>483.4</b>	<b>570.6</b>	<b>57.8</b>	<b>56.1</b>
(Net profit from discontinued activities)	-	-	-	-
(Minority interest (profit)/loss)	(114.3)	(106.0)	(21.2)	(18.1)
<b>Profit for the Mediaset Group</b>	<b>369.1</b>	<b>464.6</b>	<b>36.6</b>	<b>38.0</b>

## Highlights from the consolidated balance sheet

Sintesi patrimoniale consolidata (*)	<i>in €m</i>	
	30/09/2006	31/12/2005
Television rights	2,451.2	2,086.5
Goodwill and consolidation differences	368.8	368.8
Other tangible/intangible assets	1,122.4	853.0
Financial assets	99.1	136.0
Net working capital & other assets/liabilities	(574.3)	(75.3)
Severance indemnity reserve	(137.5)	(132.0)
<b>Net invested capital</b>	<b>3,329.7</b>	<b>3,237.0</b>
Group net equity	2,494.4	2,593.9
Minority interest	256.7	285.1
<b>Net equity</b>	<b>2,751.1</b>	<b>2,879.0</b>
<b>Net financial position</b>	<b>(578.6)</b>	<b>(358.0)</b>

(\*) The report to 30 June 2006 is not subject to certification by the external auditors

(\*\*) A reclassification has been made of revenues and operating costs compared with the version published in 2005.