

## Mediaset Board of Directors Meeting 12 September 2006

### INTERIM REPORT FOR THE FIRST HALF OF 2006 APPROVED

#### Condoliated results

**Net revenues: €1,994.1 million**

**Ebit: €651.7 million**

**Net profit: €332.5 million**

The Board of Directors of Mediaset met today under the Chairmanship of Fedele Confalonieri to approve the management's report on the Mediaset Group's results for the first half of 2006.

In Italy **Publitalia '80's TV advertising revenues** for the Mediaset channels came to **€1,576.2 million**, a fall of 1.4% compared with the first half of 2005. In particular, after the 2.3% increase recorded in the first quarter, there was a slowdown in advertising investments, affected by the Easter holidays, a general election and the World Cup football championship.

Ratings were very positive for Mediaset's channels and in the first six months of 2006 Mediaset confirmed its leadership among viewers between the ages of 15 and 64 (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 **42,9% share in daytime and 42.9% in the 24-hours**.

On the digital terrestrial pay-per-view front, results during the first six months of 2006 were especially positive, with sales of around 511.000 new rechargeable pre-paid "**Mediaset Premium**" cards and around 1,400,000 recharges.

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

**Advertising sales** by Publiespana came to **€511.9 million**, an **increase of 3.0%** on the first half of 2005.

During the first half 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 the entire day (23.2%) and in prime time (24.2%)**.

## MEDIASET GROUP CONSOLIDATED RESULTS

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

- **consolidated net revenues** came to **€1,994.1 million**, compared with €1,980.2 million in the first half of 2005 (+0.7%).
- **EBIT** came to **€651.7 million**, which shows a difference of €145.8 million compared with the same period of the previous year (€797.5 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 **32.7%**, a reduction on the 40.3% in the first half of 2005.
- **profit before taxation** and minority interest came to **€646.3 million**, compared with €788.9 million for the first six months of 2005.
- **net profit** for the Group, net of estimated taxation, came to **€332.5 million**, compared with €426.6 million for the first half of the previous year.
- the Group's **net financial position** went from the -€358.0 million on 31 December 2005, to -**€764.7 million** on 30 June 2006, mainly as a result of the effects of 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 half of 2006 came to **€1,472.2 million**, a 0.1% increase on the same period of the previous year (€1,471.2 million).
- **Total television costs** (labour costs + TV operating expenses + amortisation of TV rights), grew by 6.0%, in line with expectations. This change is markedly lower than the cost dynamics of the first quarter of 2006 that was affected by substantial production efforts by the channels that had been planned for the first part of the year. During the second quarter television operating expenses remained essentially in line with those of the same period of 2005 (+0.6%).
- **EBIT** came to **€387.8 million**, compared with the €538.8 million of the first six 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 €527.3 million of the first six months of 2005, to **€377.6 million** this time.
- **net profit** came to **€239.0 million**, compared with the €336.3 million of the first half of 2005.

## Spain

- In the first six months of 2006 the **consolidated net revenues** generated by the Telecinco Group came to **€523.3 million**, compared with the €509.0 million of the same period of the previous year.
- **overall costs** of the Telecinco Group (operating costs + amortizations and depreciations) showed a contained increase of 2.6% compared with the same period of the previous year.
- Telecinco's **operating profit** rose to **€264.4 million**, compared with the €256.6 million of the first six months of 2005.
- **pre-tax profit** came to **€269.1 million** compared with the €259.5 million of the first half of 2005.
- **net profit** reached **€186.4 million**, compared with the €175.9 million of the first six months of 2005.

### • FORECAST FOR THE FULL YEAR

- In the two-month period July/August (from 10 July to 2 September 2006, excluding, consequently, the period that coincided with the final phase of the World Cup) in the commercial target (15-64-year-olds) Mediaset channels outperformed Rai channels in all time bands, confirming the absolute primacy of Canale 5 and the third place of Italia 1.  
In the same period, across the total audience, Mediaset channels had an average share of 40.5% in the 24-hours, at 41.1% in prime time and 40.2% in daytime.  
Canale 5, in the early evening, con with an average share of 21.1% matched Rai 1, while Italia 1, with a respective share of 12.9% and 12.6% outperformed Rai 2 both in daytime and in the 24-hours.
- After 8 months Telecinco confirms its leadership both in the daily average share of 21.3% and in prime time with 21.5%. In particular Telecinco was for the first time in its history the most popular channel also in the month of August with an average share of 20.6%, ahead of Antena 3 and TVE1 that meanwhile suffered a marked slowdown that benefited the new channels Cuatro and Sexta.
- Advertising sales for Mediaset channels after eight months show a performance in line with that of the first half of 2006.

- Concerning the Mediaset Premium offer, to date more than 2.1 million smart cards and around 3.2 million recharges have been sold.
- On the basis of the lower results recorded at the end of the first half and the evidence currently available, the company expects to be able to post a consolidated result from its characteristic business lower than that of the previous year. The extent of such a shortfall will depend mainly on advertising sales in Italy and Spain that are at present difficult to forecast given the absence of any clearly visible trends in the advertising market for the coming months.
- The second half of the year is also expected to benefit from the higher contribution of the pay TV business and the launch in the autumn of the mobile TV offer using DVBH technology.

Cologno Monzese, 12 September 2006

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**Consolidated income statement (\*)**
*in €m*

	1st half 2006	1st half 2005(**)	2° trimestre 2006	2° trimestre 2005(**)
Total consolidated net revenues	1,994.1	1,980.2	1,038.9	1,069.5
Labour costs	231.0	219.4	115.3	109.3
Procurement, services and other costs	683.9	607.8	327.8	311.7
<b>Operating costs</b>	<b>914.9</b>	<b>827.2</b>	<b>443.1</b>	<b>421.0</b>
<b>Gross operating profit</b>	<b>1,079.2</b>	<b>1,153.0</b>	<b>595.8</b>	<b>648.5</b>
Amortisation and depreciations	428.8	398.6	209.7	195.0
<b>Operating profit</b>	<b>650.4</b>	<b>754.4</b>	<b>386.1</b>	<b>453.5</b>
((Losses)/gains from equity disposals)	1.3	43.1	-	-
<b>EBIT</b>	<b>651.7</b>	<b>797.5</b>	<b>386.1</b>	<b>453.5</b>
Financial income /(charges)	(5.4)	(9.7)	(1.7)	(10.0)
Income from investments	-	1.1	0.4	2.1
<b>Profit before taxation</b>	<b>646.3</b>	<b>788.9</b>	<b>384.8</b>	<b>445.6</b>
Income taxes	(220.7)	(274.4)	(140.9)	(162.1)
<b>Net profit from operations</b>	<b>425.6</b>	<b>514.5</b>	<b>243.9</b>	<b>283.5</b>
(Net profit from discontinued activities)	-	-	-	-
(Minority interest (profit)/loss)	(93.1)	(87.9)	(56.5)	(55.6)
<b>Profit for the Mediaset Group</b>	<b>332.5</b>	<b>426.6</b>	<b>187.4</b>	<b>227.9</b>

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

	30/06/2006	31/12/2005
Television rights	2,474.8	2,086.5
Goodwill and consolidation differences	368.7	368.8
Other tangible/intangible assets	1,110.1	853.0
Financial assets	98.9	136.0
Net working capital & other assets/liabilities	(456.7)	(75.3)
Severance indemnity reserve	(132.8)	(132.0)
<b>Net invested capital</b>	<b>3,463.0</b>	<b>3,237.0</b>
Group net equity	2,461.8	2,593.9
Minority interest	236.5	285.1
<b>Net equity</b>	<b>2,698.3</b>	<b>2,879.0</b>
<b>Net financial position</b>	<b>(764.7)</b>	<b>(358.0)</b>

(\*) Reclassified outlines contained in the report are not subject to certification by external auditors

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