

PRESS RELEASE

Mediaset Group: Consolidated 2005 Results

Net revenues: €3,678.0 million
Operating profit: €1,244.1 million
Net profit: €603.4 million
Operating profitability: 33.8%
Proposed dividend of €0.43 per share

Advertising Revenues and Ratings

ITALY

Publitalia's TV advertising revenues: +3.0%
Ratings: Mediaset channels lead in the 15-64 age range

SPAIN

Publiespana's TV advertising revenues: +15.7%
Ratings: Telecinco Spain's leading channel

The Board of Directors of Mediaset, which met today under the Chairmanship of Fedele Confalonieri, has approved the consolidated annual report of the Mediaset Group for the year ended 31 December 2004, prepared in conformity with new obligatory international standards (IAS/IFRS) for the preparation of the consolidated accounts of European listed companies introduced in 2005.

2005 produced the Mediaset Group's best results since its stock exchange listing in 1996.

This was largely due to the performance of the television activities of Mediaset and Telecinco in the company's two reference markets (Italy and Spain).

In Italy, in particular, **Publitalia 80's television advertising sales** for Mediaset's three channels grew in 2005 **by 3.0%** to reach **€2,955.9 million**, compared with the €2,869.1 million of the previous year, a result that was markedly better than the growth in the television market as a whole which, excluding Publitalia, grew by 1.9%.

There were also excellent results in terms of ratings. In **the early evening slot** Mediaset channels achieved a **share of 42.8%**, an improvement on the figure for 2004 (+0.5%).

Mediaset also strengthened its **national leadership** among its reference audience **viewers in the 15 to 64-age range**, that comprise 70% of the Italian population and on whom 80% of advertising investments are targeted. **Mediaset's three channels are the overall leader in this premium audience band with 44.7% in prime time and 43.9% over the 24-hours**. Canale 5 as also the overall leader with ratings of 24.1% in prime time and 23.5% in the 24-hours.

On the digital terrestrial front, the new **pay-per-view** resulted in the sale during 2005 of more than **1.7 new re-chargeable pre-paid "Mediaset Premium" cards** and around **2 million re-charges**, for a total amount of **€80 million**.

Also in **Spain** the **Telecinco Group** generated excellent results in 2005.

In particular, the advertising arm, Publiespana, saw **advertising sales grow by 15.7%** compared with 2004, reaching **€910.0 million**, a result that was markedly above both the Spanish advertising market average (+8.0%) and the television average (+10.1%). In terms of ratings, Telecinco confirmed its leadership position with an average share over the **24-hours of 22.3%**.

In the commercial target (16-59-year-olds) Telecinco consolidated its undisputed leadership, with a **24.7% share in the 24-hours and 26.2% in prime time**.

CONSOLIDATED FINANCIAL HIGHLIGHTS

The following results give a brief overview of the Group's performance in 2004:

- **Consolidated net revenues** rose by **7.5%** to **€3,678.0 million** compared with the €3,421.6 million in 2004.
- **Operating profit (EBIT)** came to **€1,244.1 million, an increase of 14.1%**, net of amortisation and depreciations of €808.7 million (€1,090.5 million in 2004). Operating profit as a proportion of total consolidated revenues (**operating profitability**) rose from 31.9% in 2004 to **33.8%** this time.
- **Net profit grew by 9,8%** from the €549.6 million of 2004 to **€603.4 million** for 2005.
- The Group's **consolidated net financial position** went from +€62.0 million at 31 December 2004 to -€358 million at 31 December 2005. The change was due to the €400 million used to exercise the share buy back plan.
In particular the Group's characteristic **cash generation**, net of equity investments, share buy backs and dividend payouts, was **€506.9 million** (€708,2 million in 2004).

A BREAKDOWN OF RESULTS BY GEOGRAPHIC AREA

Italy

- the **consolidated net revenues** of the Group's activities in Italy in 2005 recorded **an increase of 4.5%** compared with the previous year, rising from €2,629.4 million to **€2,748.1 million**.
- **operating profit (EBIT), including a capital gain** of €40.9 million deriving from the sale of a 1.9% stake in Telecinco, **grew by 4.1%** to **€828.7 million**, compared with the €795.7 million of 2004.
- **pre-tax profit** grew by 4.6%, from the €744.4 million of 2004 to **€778.6 million** this time, including the write down of the 2.73% stake in Hopa SpA effected to bring into line the cost with the sum realised by the sale of the stake in December 2005.
- **net profit** totalled **€454.8 million** compared with €438.3 million for 2004, (+3.8%).

Spain

- in 2005 the **consolidated net revenues** generated by the Telecinco Group came to **€931.1 million, an increase of 17.4%**, compared with the previous year.
- **operating profit (EBIT)** rose from the €294.9 million of 2004 to **€413.3 million** for 2005 (+40.1%).
- **pre-tax profit** for the period came to **€421.5 million**, compared with the €301.8 million of the previous year (+39.7%).
- **net profit** rose from the €214.2 million of 2004 to **€290.3 million** for 2005 (+35.5%).

RESULTS OF THE PARENT COMPANY: MEDIASET S.p.A.

The parent company, Mediaset S.p.A., ended the year 2005 with a **net profit of €1,411.8 million**, compared with the €401.9 million of 2004, after amortisation and depreciations for €38.3 million. The marked increase is in large part due to the capital gain (€851.0 million of the more than one thousand euro increase) from the inter-group transfer of 25% of Gestelevision Telecinco to Mediaset Investimenti SpA. This operation, approved by the Board of directors on 8 November 2005, was aimed at simplifying the chain of control in Telecinco and the consequent concentration of the entire stake in a single Italian company, wholly-owned and controlled by Mediaset S.p.A..

DIVIDEND PROPOSAL

The Board of Directors agreed to propose to the Company's Annual General Meeting, to be held on April 19, on first calling, or, if necessary, on second calling, on April 20, a **dividend of €0.43 per share (+13%)**.

The dividend will be payable from 25 May 2005, with coupons available from 22 May 2003 (Coupon N°. 10).

FORECAST FOR THE YEAR

On the basis of indications regarding the trend in revenues and costs in the main areas of business in the first months of the year, the Group is expected to end 2006 with a further improvement, both in terms of operating profit and cash generation.

Italy

- **Revenues:** Trends in the advertising market in the first months of 2006 show a certain continuity with the situation in 2005. In fact. Many of the difficulties noted in the last year persist, in particular in the FMCG sector and a fall in consumer spending.
Nevertheless, a comparison of the **first quarter** for **Publitalia** is positive and should lead to an **increase in advertising sales of between 2% and 3%**. In fact, if initial signs of a recovery in consumer spending are confirmed, this could form the basis for an even more dynamic situation in the second half of the year. A positive performance is also foreseen for **Mediaset Premium**, as a result of the pay-per-view offer for Serie A football matches, *Grande Fratello 24 ore* and *la Fattoria*: since its launch in July 2005 1.9 re-chargeable cards and 2.1 million re-charges have been sold.
- **Ratings:** in the first two months of 2006 the Mediaset channels obtained a 42.5% prime time share and 41.2% in the 24-hours.
Mediaset's channels confirmed their undisputed leadership in the commercial target (15-64-year-olds) beating its rival Rai in all the time bands. In the same target Canale 5 maintained its advantage over Rai1 with a gap of more than 4 points in the share in all the reference bands.

Spain

- In **Spain**, in a context that continues to be characterised by positive trends in the advertising market, Telecinco, with a renewed offer of programmes that has been successfully launched in the first two months of 2006, aims to consolidate its leadership on the advertising side and in terms of audience in all the targets in the main time bands.

CORPORATE GOVERNANCE

The Board of Directors, in the context of a review of its governance, aimed also at encouraging greater shareholder participation, has agreed that the time is right, at the forthcoming AGM, to modify the company's statute to ensure conformity with new norms introduced by the law on savings.

Such modifications will include a reduction to 2.5% of the share capital as the minimum level for the presentation of lists of nominations to the Board and the new role of director responsible for the preparation of corporate accounts. The statute will also be modified, bringing it into line with the aforementioned law, only subsequent to the issue by Consob of norms concerning implementation.

SHARE BUY BACKS

The Board of Directors of Mediaset will ask the forthcoming AGM to renew authorisation to effect share buy backs in order to pursue, in the interests of the company, the aims foreseen by relevant regulations, including:

- a) the availability of shares to be sold to employees of the company, its subsidiaries and holding, as part of the Stock Option Plan for 2000-2002, 2003-2005 and 2006-2008;
- b) to conduct operations for trading, coverage or arbitrage purposes.
- c) conduct investment operations in liquidity.

Given the importance of operating in the company's shares, the Board of Directors has agreed that it will ask the shareholders for the cancellation of shares in the portfolio only when the total reaches 10% of the share capital,

Buy back operations will be conducted in accordance with Artt. 2357 ff. of the Civil Code, Art. 132 of D. Lgs. 58/98, Art. 144-bis of the Consob Regulations implementing the legislative decree of 24 February 1998, n. 58, regarding the regulation of issuers and all other applicable norms, including those of the Directive 2003/6 and relative national and European norms.

The company's current share capital of €614,238,333.28, is divided into 1,181,227,564 ordinary shares and, on 27 February 2006 the company had in its portfolio. 43,674,000 shares, corresponding to 3.71% of the share capital; Mediaset's subsidiary companies do not hold shares in the parent company.

The proposal foresees the attribution to the Board of Directors of the power to buy, also through options trading or financial instruments and derivatives of Mediaset stock, up to a maximum of 118,122,756 and, in any case, within the legal limit, of ordinary company shares with a nominal value of €0.52 each (equal to 10% of the company's share capital), in one or more operations, up until the approval of the Company's Annual Report for the year ended 31 December 2006, and, in any case, for a period of not more than 18 months from the date of Shareholders' approval. The

above sum is guaranteed by existing reserves deriving from the last approved balance sheet.

Buy back operations will follow the following procedure:

- i) buy backs destined to facilitate the Stock Option Plans for 200/2002 and 2003/2005, as approved by the Shareholders on 20 April 2000 and 16 April 2003 respectively, must be made on the listing Stock Exchange at a price that is not greater than the reference price of the stock on the day prior to each single operation and not less than 20% less than the price recorded by the stock on the day prior to each single operation.
- ii) any other eventual buy backs must be made on the listing stock exchange according to the procedures foreseen by Art 144- *bis* b) and c) of the Regulations for Issuers at a price not greater than 20% and not less than 20% of the reference price of the stock on the day before any such operation. Such parameters are considered adequate to identify the range of value within which any acquisition is in the interest of the company.

The Shareholders will also be asked to authorise, as per Art: 2357 *ter* of the Civil Code, the Board of Directors, within the terms of the law and norms that may be introduced from time to time, and the regulations issued by Borsa Italiana and in conformity with relevant European norms, to:

- a) transfer company shares acquired on the basis of the present authorisation, or already held in the portfolio, to employees of the company, its subsidiaries or holding, for the exercise of options to buy such shares held by the said employees at the prices, on the terms and in the manner foreseen by the conditions of each of the Stock Option Plans for 2000/2002, 2003/2005 and 2006/2008. The present authorisation applies to the period of validity established by the stock option plans;
- b) transfer company shares acquired on the basis of the present authorisation, or already held in the portfolio, in the following alternative procedures:
 - i) in cash; in such cases, sales will be effected on the listing stock exchange and/or off market, at a price of not less than 90% of the reference price of the stock on the day before any such operation;
 - ii) by trading, exchange, contribution or other operations, in the context of industrial plans or extraordinary financial operations. In such cases, the economic terms of the transfer, including the evaluation of the shares that are involved in the exchange, will be determined with the assistance of independent adjudicators, given the nature and the characteristics of the deal, also taking account of the market performance of Mediaset shares.

The authorisation as at b) above is agreed for a period of not more than 18 months from the date of the resolution.

Cologno Monzese, 14 March 2006

Department of Communications and Media Relations

Tel. +39 0225149579

Fax +39 0225149286

e-mail: ufficiostampa@mediaset.it

<http://www.gruppomediaset.it>

Investor Relations Department

Tel. +39 0225147008

Fax +39 0225148535

e-mail: ir@mediaset.it

<http://www.mediaset.it/investor>

Highlights from the consolidated income statement
in €m

	2005	2004
Consolidated net revenues	3,678.0	3,421.6
Labour costs	441.0	406.7
Procurement, services and other costs	1,227.3	1,046.2
Operating costs	1,668.3	1,452.9
Gross operating profit	2,009.7	1,968.7
Amortisation and depreciations	808.7	878.2
Operating profit	1,201.0	1,090.5
((Losses)/gains from equity disposals)	43.1	-
EBIT	1,244.1	1,090.5
Financial income /(charges)	1.9	18.0
Income/(charges) from investments	(43.8)	(62.4)
Profit before taxation	1,202.2	1,046.1
Income taxes	(454.6)	(393.6)
Net profit from operations	747.6	652.5
(Net profit from discontinued activities)	-	-
(Minority interest (profit)/loss)	(144.2)	(102.9)
Profit for the Mediaset Group Mediaset	603.4	549.6

Highlights from the consolidated balance sheet
in €m

	31/12/2005	31/12/2004
Television rights	2,086.5	1,996.5
Goodwill and consolidation differences	368.8	396.4
Other tangible/intangible assets	852.8	621.9
Financial assets	216.3	249.0
Net working capital & other assets/liabilities	(155.4)	(113.5)
Severance indemnity reserve	(132.0)	(115.9)
Net invested capital	3,237.0	3,034.4
Net Group assets	2,593.9	2,865.3
Shareholders' equity and minority interest	285.1	231.1
Net assets	2,879.0	3,096.4
Net financial position	(358.0)	62.0