



PRESS RELEASE

Mediaset Board Meeting 30 September 2019

APPROVAL FOR FIRST HALF RESULTS 2019

Mediaset Group

Net revenues: of €1,482.5 million

Operating profit (EBIT) rises to €191.6 million (+55%)

Net profit goes up to €108.9 million (+155%)

TV ratings: Mediaset channels are the leaders in both in Italy and Spain. In Italy, Canale 5 the leading channel in the commercial target across all time bands

CROSS-BORDER MERGER

Update on the results of the exercise of the withdrawal right

The Board of Directors of Mediaset, which met today under the Chairmanship of Fedele Confalonieri, has approved the company's Interim Report of the First Half of 2019, the preliminary headline figures for which were previously communicated to the market on 24 July 2019 .

The Mediaset Group ended a first half of the year that confirmed the positive trends recorded in the first quarter, with EBIT and net profit results markedly up on the company's objectives at the beginning of the year. Of particular note – on a comparable basis in terms of the offer – was the stability in the advertising market share, in both Italy and Spain, despite the ongoing weakness of the sector and the absence, compared with the previous year, of the advertising revenues from the 2018 World Cup and, in Italy, sales linked to the pay TV football offer and free-to-air Champions League coverage.

A number of industrial development initiatives were launched during the first half of the year, the most important of which included:

- the acquisition on 29 May of a 9.6% stake of the German broadcaster ProSiebenSat. 1 Media. This friendly entry into the capital of the company is in line with the long-term strategy of creating value through an increasingly international approach.
- the proposal made to Shareholders made by the Board of Directors of Mediaset and Mediaset España on 7 June to create a new holding company by means of a cross-



border merger of Mediaset and Mediaset España into Mediaset Investment, a company incorporated under Dutch law and wholly owned by Mediaset. The new holding company, which will include the ProSiebenSat. 1 Media stake, will be known as “MFE MEDIAFOREUROPE N.V.”.

Returning to the results for the first half of 2019, the Group’s performance can be summarised as follows:

- **Net revenues** amounted to **€1,482.5 million**, compared with the €1,804.4 million of the first half of 2018. In Italy, total revenues came to **€1,002.2 million**, compared with €1,297.2 million in the same period last year, also as a result of the expected fall in revenues from Premium subscriptions. In Spain revenues came to **€482.5 million**, compared with the €507.9 million of 2018. Revenues in both countries were determined by trends in the advertising market and the absence of sales linked to the 2018 World Cup. In Spain gross TV advertising revenues totalled **€472.9 million**, a fall compared with the previous year (€502.3 million). In Italy, where the loss of pay TV football and the free-to-air coverage of the Champions League in 2018 had an impact, gross television advertising revenues came to **€985.2 million**, compared with €1,100.2 million in the first six months of 2018.
- Total **Operating Costs** (personnel costs, other operating costs, amortisations and depreciations) fell to **€1,290.8 million**, compared with €1,680.8 million for the first half of 2018 (-23%). In Spain the figure was **€328.2 million**, compared with €355.5 million in 2018, a fall attributable to the absence of costs related to the 2018 World Cup in Russia. In Italy total operating costs amounted to **€962.9 million**, down from €1,325.5 million in 2018, also as a result of the end of the pay TV football contracts in 2018 and, as mentioned, the acquisition costs for the World Cup.
- The Group’s **EBIT** for the period amounted to **€191.6 million**, a marked increase (+55%) on the €123.6 million for the same period of last year. In Italy EBIT rose to **€39.3 million**, a turnaround on the -€28.3 million of 2018. In Spain the figure was **€154.2 million**, compared with €152.3 million in the previous year.
- **Group consolidated net profit** for the period came to **€108.9 million**, more than double the figure (+155%) of €42.8 million in the same period of 2018.
- **Net financial debt** on 30 June 2019 amounted to **€1,194.7 million**, compared with €877.0 million on 31 December 2018, with characteristic cash generation of **€189.0 million**, a marked increase on the €84.0 million in the first half of 2018. The level of debt in 2019 was affected in particular by outlays for the acquisition of the ProSiebenSat. 1 Media stake (€349.1 million) as well as the share buy-back plan (€94.6 million), and the distribution of dividends (€46.6 million), the latter by the subsidiary Mediaset España SA.
- **TV ratings.** In the first six months of 2019 Mediaset’s channels confirmed their net leadership in the commercial target, both in Italy and Spain, in all time bands. In Italy, Mediaset is the market leader among the audience in the 15 to 64 age-range with a **34.7%** share in **prime time** and a **34.2%** share in the **24 hours**. **Canale 5** is



Italy's most popular channel in the commercial target, across all time bands, with a peak in prime time of **17.3%**.

In Spain, Mediaset España's TV channels maintained their absolute leadership in the commercial target in the **24 hours** with a **30.4%** share. While **Telecinco** remained Spain's most popular channel in **prime time** with a **14.8% share** of individual viewers.

FORECAST FOR THE YEAR

During the third quarter of the year, Mediaset's advertising sales (with the exception of the month of July which continued to be affected by comparison with sales for the World Cup in 2018) recorded, as expected, a progressive improvement compared with the same period of the previous year, remaining consistently above the estimated results of the overall market and the main competitors.

In particular in Italy, in a general context of persistently poor market visibility due to ongoing economic and political uncertainty, preliminary forecasts for sales in September – which coincides with the launch of the new TV season, indicate a slight improvement on the previous year and also initial signals for October appear to confirm this positive trend, alongside excellent ratings results.

The channels' rich autumn offer of programmes, enhanced by the exclusive free-to-air rights for the Champions League, should make it possible – together with the consolidated cross-media sales model and the good results from the Group's advertising sales on digital media and radio – to maintain the positive trend also for the remainder of the season..

Performance in terms of characteristic management in the third quarter - in both the geographic areas of reference - is expected to contribute to the consolidation, at the end of the first nine months of the year, of the growth in the Group's EBIT recorded at the end of the first half.

On an annual basis, the forecast for an improvement in EBIT and consolidated net profit is confirmed (excluding the impact of the net capital gain in 2018 deriving from the deconsolidation of El Towers and the writedown of pay TV assets), as well as consolidated cash generation.

The executive responsible for the preparation of the Mediaset S.p.A. accounts, Luca Marconcini, declares that, as per para. 2 art. 154-bis, of the Single Finance Bill, that the accounting information contained in this press release corresponds to that contained in the company's books.

CROSS-BORDER MERGER: UPDATE

In connection with the cross-border merger by absorption of Mediaset and Mediaset España Comunicación S.A. (Mediaset España) with and into Mediaset Investment N.V., as approved by the shareholders' meetings of the absorbed companies on 4 September 2019 (the Merger), it is hereby made known that Mediaset is nearing



completion of the process of determining the number of shares in relation to which the withdrawal right was validly exercised.

In particular, Mediaset is in the process of completing the matching of the withdrawal notifications, as received from its shareholders, with the required communications provided by intermediaries. Based on the matchings completed as at the date hereof, the withdrawal right was validly exercised in relation to No. 480,885 Mediaset shares, for an aggregate amount equal to Euro 1,332,051.45. Mediaset expects to publicly announce the number of shares in relation to which the withdrawal right was validly exercised no later than 4 October 2019.

It is hereby recalled that the completion of the Merger is subject to the satisfaction (or to the waiver) of, among others, the condition relating to the maximum amount (equal, in the aggregate, to Euro 180 million) to be paid to Mediaset and Mediaset España withdrawing shareholders and to creditors opposing the Merger pursuant to their respective applicable law.

The period provided for Mediaset España shareholders to exercise their withdrawal rights, as well as that provided for creditors of Mediaset España to oppose the Merger, will expire on 10 October 2019. The period provided for creditors of Mediaset to oppose the Merger will expire on 5 November 2019.

For further details, please refer to the documentation drawn up in relation to the Merger, which has been made available on the corporate website of Mediaset (www.mediaset.it).

Cologno Monzese, 30 September 2019

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US investors disclaimer

The Merger is made for the securities of a foreign company. The Merger is subject to disclosure requirements of a foreign country that are different from those of the United States. Financial statements included in the documents, if any, have been prepared in accordance with foreign accounting standards that may not be comparable to the financial statements of United States companies.

It may be difficult for you to enforce your rights and any claim you may have arising under the federal securities laws since the issuer is located in a foreign country, and some or all of its officers and directors may be residents of a foreign country. You may not be able to sue a foreign company or its officers or directors in a foreign court for violations of the U.S. securities laws. It may be difficult to compel a foreign company and its affiliates to subject themselves to a U.S. court's judgment.

You should be aware that the issuer may purchase securities otherwise than in the Merger, such as in open market or privately negotiated purchases.



Highlights from the consolidated income statement (*) in €m

	1 st half		Q2	
	2019	2018(*)	2019	2018(*)
Consolidated net revenues	1,482.5	1,804.4	764.3	965.2
Labour costs	(245.6)	(238.8)	(121.4)	(120.8)
Procurement, services and other costs	(762.8)	(965.6)	(390.1)	(527.8)
Operating costs	(1,008.4)	(1,204.4)	(511.6)	(648.5)
Gross operating profit (EBITDA)	474.1	600.0	252.7	316.7
Amortisation of rights	(234.2)	(430.7)	(114.7)	(197.7)
Other amortisation and depreciations	(48.2)	(45.7)	(24.9)	(24.1)
Total amortisation and depreciations	(282.4)	(476.4)	(139.6)	(221.8)
Operating profit (EBIT)	191.6	123.6	113.1	94.9
Financial income /(charges)	(16.7)	(8.9)	(16.8)	(3.8)
Income/(charges) from investments	42.0	9.7	37.5	5.3
Profit before taxation	217.0	124.4	133.8	96.4
Income taxes	(48.8)	(35.6)	(30.3)	(29.3)
(Profit)/loss for minority interest	(59.3)	(60.4)	(34.3)	(34.8)
Net profit from operations	108.9	28.4	69.2	32.3
Income/(charges) from discontinued operations	-	14.3	-	7.0
Net profit for the Mediaset Group	108.9	42.8	69.2	39.3

(*) restated in line with IFRS 5 (Non Current Assets Held for Sale and Discontinued Operations)

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

	30/06/2019	31/12/2018
Television & film rights	1,078.8	972.2
Goodwill	799.6	794.1
Other tangible/intangible assets	978.7	822.5
Financial assets	866.7	571.9
Net working capital & other assets/liabilities	409.8	500.9
Severance indemnity reserve	(71.8)	(68.9)
Net invested capital	4,061.8	3,592.6
Net Group assets	2,477.0	2,412.4
Shareholders' equity and minority interest	390.1	443.7
Net assets	2,867.1	2,856.2
Net financial position	1,194.7	736.4