

PRESS RELEASE

Mediaset Board Meeting 27 July 2018

APPROVAL FOR FIRST HALF RESULTS 2018

Mediaset Group

Net revenues: €1,847.6 million

Operating profit (EBIT): €173.0 million

Net profit: €42.8 million

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

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 2018.

The Mediaset Group ended a first half of the year that consolidate the positive trends recorded in the first quarter and reaching the targets fixed for both operating and net profit.

Of particular note is the growth in the advertising market share, both in Italy and Spain, despite continuing weakness in the sector. The increase was also due to the excellent revenues generated in June by the company's exclusive rights to the Russia 2018 World Cup acquired for both countries.

Also of note is that, after 30 June, in addition to the final phases of the World Cup, which recorded excellent results in terms of both coverage and audience, another significant event occurred with a positive impact on the company's situation.

On 16 July 2018, Mediaset signed a partnership agreement with the infrastructure fund F2i SGR that foresees involvement in a new company that will promote a public offering for the entire share capital of EI Towers SpA, a listed subsidiary of which Mediaset has a controlling stake. If successful, on conclusion of the operation, Mediaset will make a significant capital gain, providing not only a cash injection but also and improvement in the Group's net financial position.

Returning to the first half results approved today, the Group's performance can be summarised as follows:

- **Net revenues** amounted to **€1,847.6 million**, compared with the €1,845.7 million of the first half of 2017.

In Italy, total revenues came to **€1,340.4 million**, compared with €1,337.8 million in the same period last year. In Spain revenues came to **€507.9 million**, in line with the €508.5 million in 2017.

Revenues in both countries were determined by trends in the advertising market. In Spain gross TV advertising revenues totalled **€502.3 million** in line with the previous year (€501.0 million).

In Italy, gross television advertising revenues came to **€1,100.2 million**, an increase of **2.2%** on the first half of 2017 (€1,076.8 million). This result is even more significant when compared to the fall of 1.4% in the total Italian advertising, a figure calculated by Nielsen for the first five months of the year (January to May), compared with the same period of 2017.

- **Total Operating Costs** (personnel costs, other operating costs, amortisations and depreciations) came to **€1,674.7 million**, compared with €1,633.6 million for the first half of 2017. In Spain the figure was €355.5 million, compared with €349.3 million in 2017. In Italy total operating costs amounted to **€1,319.3 million**, compared with €1,284.9 million in 2017, an increase of 2.7% due to the cost of rights and TV production for the first phase of the Russia 2018 World Cup.
- The Group's EBIT for the period amounted to **€173.0 million**, compared with €212.1 million for the same period of last year. In Italy EBIT came to **€21.1 million**, compared with €52.9 million in 2017. In Spain the figure was **€152.3 million**, compared with €159.2 million in the previous year.
- The **consolidated net result** for the period came to **€42.8 million**, compared with the €74.5 million in the same period of 2017.
- **Net financial debt** on 30 June 2018 amounted to **€1,413.5 million**, compared with €1,392.2 million on the same date of last year, with a cash generation of **€132.7 million**, compared with €199.4 million in the first half of 2017. The difference was due in particular to the time gap between the upfront costs of the World Cup and the inflow of cash from the sale of advertising that will arrive in the second half of the year. During the period, investments were also made in business combinations by El Towers for a total of €36.5 million, as well as €127.5 million for the distribution of dividends, in both Italy and Spain, by El Towers and Mediaset España.
- **TV ratings.** In the first six months of 2018 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 **36.3%** share in prime time and a **34.7%** 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 day time of **18.1%**. In Spain, Mediaset España's TV channels maintained their absolute leadership in the commercial target in the **24 hours** with a **31.2%** share. While **Telecinco** remained Spain's most popular channel across the **whole day** with a **14.2% share**.

FORECAST FOR THE YEAR

In the first seven months of the year, in Italy advertising revenue performance has consolidated a positive trend, thanks to the excellent contribution of sales in July during the final stages of the Russia 2018 World Cup. Current estimates for the January-July period is for a 4% increase compared with the same period of 2017.

For the rest of the year, general visibility is still very low. However, sector organisations foresee a recovery in the advertising market, provided there are no external issues such as political uncertainties in Italy and Spain or international crises.

Mediaset will also benefit from the first positive effects of the digital transformation of the pay-TV offer launched during the first half of the year, in line with what was announced to the market in 2020 Guidelines.

On this basis, we can confirm the objective of achieving positive operating profit and a consolidated net result at the end of the year.

It should also be noted that the net result could further increase as a result of the capital gains generated, should the aforementioned total Public Offer for the entire share capital of EI Towers be successfully completed.

MEDIUM-LONG TERM INCENTIVE AND LOYALTY PLAN

Today's Board also approved the Regulations governing the company's medium-long term incentive and loyalty plan (2018 - 2020), put in place by a Shareholders' resolution on 27 June 2018.

For more details, reference should be made to the Prospectus prepared in compliance with outline 7 of attachment 3A of the Issuers' Regulations. The new text completes and updates for issues subject to Board decisions, the previous version of the Prospectus published on 28 May 2018, pursuant to art. 84-*bis*, para 1, of the Issuers' Regulations.

The document is available from the corporate offices, on the company's web site <http://www.mediaset.it/> and on the authorised storage mechanism eMarket Storage at www.emarketstorage.com.

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.

Cologno Monzese, 27 July 2018

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

	1 st half		Q2	
	2018	2017	2018	2017
Consolidated net revenues	1,847.6	1,845.7	987.0	956.4
Labour costs	(261.4)	(270.5)	(132.0)	(137.4)
Procurement, services and other costs	(917.8)	(830.8)	(504.5)	(426.3)
Operating costs	(1,179.2)	(1,101.4)	(636.5)	(563.7)
Gross operating profit (EBITDA)	668.5	744.3	350.6	392.7
Amortisation of rights	(430.7)	(467.5)	(197.7)	(223.9)
Other amortisation and depreciations	(64.8)	(64.8)	(33.9)	(33.0)
Total amortisation and depreciations	(495.5)	(532.2)	(231.5)	(256.9)
Operating profit (EBIT)	173.0	212.1	119.1	135.8
Financial income /(charges)	(10.3)	(10.5)	(4.5)	(5.3)
Income/(charges) from investments	9.7	2.4	5.3	0.9
Profit before taxation	172.4	203.9	119.9	131.4
Income taxes	(49.5)	(54.6)	(36.2)	(34.7)
Net profit from operations	122.9	149.2	83.7	96.7
Assets destined to be closed or sold		-		-
Minority interest (profit)/loss	(80.1)	(74.7)	(44.4)	(38.0)
Profit for the Mediaset Group	42.8	74.5	39.3	58.8

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

	30/06/2018	31/12/2017
Television & film rights	1,237.7	1,273.2
Goodwill and consolidation differences	978.1	968.5
Other tangible/intangible assets	1,231.7	1,272.7
Financial assets	116.6	117.8
Net working capital & other assets/liabilities	324.8	227.9
Severance indemnity reserve	(82.5)	(85.5)
Net invested capital	3,806.3	3,774.6
Net Group assets	1,977.0	1,916.6
Shareholders' equity and minority interest	415.7	465.9
Net assets	2,392.8	2,382.5
Net financial position	1,413.5	1,392.2