PRESS RELEASE

Mediaset Board of Directors Meeting 8 November 2016

UPDATE ON EFFORTS TO PROTECT THE COMPANY AGAINST CONTRACTUAL VIOLATIONS BY VIVENDI

BOARD APPROVES THE GROUP'S RESULTS FOR THE FIRST NINE MONTHS OF 2016

The Board of Directors of Mediaset, which met today under the Chairmanship of Fedele Confalonieri, examined the developments concerning the dispute with Vivendi resulting from the latter's failure to respect the terms of the binding agreement signed between the two companies on 8 April 2016.

Among other things, the Board noted that the application for the seizure of the Vivendi treasury shares covered by the agreement has been judged admissible by the Court of Milan with an initial hearing fixed for 23 November 2016.
The Board consequently re-confirmed that maximum attention would continue to be paid to the evolution of the ongoing legal proceedings. A constant and prompt assessment of all appropriate measure required to protect the company's interests, as well as the judicially requested compensation for the extensive damage suffered by the Mediaset Group following the failure, by Vivendi, to comply with the terms of the strategically significant agreement of 8 April 2016. On top of this should be added extraordinary expenses of €50 million, already incurred by Mediaset between 8 April and 30 September 2016, obviously not foreseen in the budget and related to the stipulation of the binding agreement between Mediaset and Vivendi and the result also of the timely fulfilment by Mediaset Spa of its obligations as a party to that contract.

With regard to the performance of the subsidiary Mediaset Premium SpA, the Board examined the main events of 2016: both the budget forecast approved by the Board of Directors of Mediaset Premium SpA in February, and the Group's multi-year plan for the pay-TV activities prepared for the purpose of an impairment test, the results of which were approved by the Board of Mediaset in March 2016. To this was added an examination of the results to 30 September 2016.
While the results at the end of the first half of the year showed an operating performance in line with the budget for the period, the third quarter was heavily influenced by Vivendi's failure to respect the terms of the binding contract of 8 April.
On the one hand, there was the impact of the significant decision-making deadlock that occurred during the period of interim management - foreseen by the binding contract signed on April 8 between Mediaset and Vivendi - due to the latter's inertia that, from mid-June, was in default of its contractual obligations regarding the authorisation and sharing of the major operational decisions with the management of the company.
On the other hand, there was the effect of editorial decisions taken by Mediaset Premium as a result of the prompt fulfilment by Mediaset of contractual provisions concerning the interim management, editorial decisions indicated by Vivendi that resulted in the acquisition of linear content, not foreseen by the budget, that impacted costs from the third quarter. Such costs that have not been naturally offset by the trend in revenues due to the intervening failure by Vivendi (from the middle of June) to respect its contractual obligations in terms of "interim management".

The combined effect of these two issues - despite the characteristic revenues of Mediaset's pay business having increased by 12.6% in the first nine months of 2016 compared with the same period of 2015 – has been a weakening of the entire current pay-TV season, something that is clearly visible from the trend in Premium's revenues: up by around 16% in the first six months of the year and then slowing in the third quarter to around +5%.

However, the Board accepted that the gradual normalisation that followed the ending of the aforementioned management deadlock should make it possible (also through new promotional campaigns and communication initiatives during the crucial phase of the group stage of the Champions League and the Christmas period) to support in the closing months of the year, the consolidation of growth trend in the customer base and revenues begun following the purchase of exclusive rights to the UEFA Champions League.

The Board also noted that recent capital increases made by Mediaset Premium SpA, and included in the budget forecast, were to date been subscribed pro quota also by the minority shareholder Telefonica.

Finally, on the basis of an analysis of the trends in the principal internal and external indicators related to the Group's pay-TV activities in the first nine months of 2016, a sensitivity analysis was conducted - in the context of regular interim monitoring - to verify the existence of any signs of an impairment of the carrying value of such assets in comparison with the latest plan approved as part of the preparation of the financial statements for 2015. These analyses confirmed, for all of the sensitivity scenarios considered, the sustainability and correctness of the existing carrying value. A similar examination will, as is standard, be repeated during the preparation of the annual financial statements for the current year.

The Board subsequently approved the Group's interim report for the period to 30 September 2016, the highlights of which are voluntarily outlined below, also in the interests of a stable communication policy in line with the past

Mediaset Group: main results

Net revenues: €2,563.9 million (+€149.5 million)
Operating profit (EBITDA): €892.9 million (+€21.5 million)
Operating profit (EBIT): €32.7 million
Ratings: leadership in the commercial target in both Italy and Spain

Despite ongoing international economic uncertainty, the Mediaset Group ended the quarter with growing advertising revenues and EBITDA compared with the first nine months of 2015.

- **Consolidated net revenues** came to **€2,563.9 million**, an increase on the €2,414.4 million of the first nine months of 2015 (+€149.5 million).
  In particular, revenues in Italy were up to **€1,853.0 million**, compared with €1,741.0 million in the same period of the previous year. In Spain revenues rose to **€711.7 million**, compared with €674.7 million in 2015. Advertising sales in both countries were positive. In Spain, where the economic recovery is even more marked by the stabilised political context, gross TV advertising revenues amounted to **€693.0 million**, compared with €659.2 million the previous year. In Italy, despite the European Football Championship and the Olympic Games being broadcast by the main competitors in July and August, gross TV advertising revenues rose to **€1,397.3 million**, compared with €1.362.5 million in the first nine months of 2015 (+2.6%).
  Mediaset Premium revenues were up to €457.4 million, with an increase of **12.6%**, compared with €406.1 million in the same period in 2015.

- The Group's **gross operating profit (EBITDA)** rose to **€892.9 million**, compared with €871.4 million, in the previous year.

- The Group's **operating profit (EBIT)** amounted to **€32.7 million**, compared with €82.4 million in same period of the previous year. In Italy the EBIT result was **-€138.0 million**, compared with -€48.4 in 2015. In Spain the figure rose to **€170.7 million**, compared with €131.4 million in the first nine months of last year.

- **Consolidation of RadioMediaset**. From the third quarter of 2016 the companies of the RadioMediaset Group (formerly Finelco) consolidated on a net equity basis until 30 June 2016, were fully consolidated. The consolidation of these assets had no significant impact on the results of the third quarter. However, the contribution of these assets will have a positive impact from the fourth quarter of 2016.

- **One-off extraordinary charges**. In the second and third quarters of 2016 one-off extraordinary charges were met as a result of commitments undertaken following the signing of the binding contract with Vivendi for a total of **€50 million**.

- There was consequently a fall in **consolidated net result to -€116.6 million**, compared with -€36.1 million in the same period of 2015**.**

- The **Group's net debt** went from €859.4 million on 31 December 2015 to **€1,123.2 million** on 30 September 2016. The change was affected by the investment of €91.4 million, in the first quarter of the year, to increase the controlling interest in Mediaset España through the completion of the company's share buy-back plan. To this should be added the financial impact, amounting to €75.3 million, for the completion of the acquisition of RadioMediaset Group (formerly Finelco Group) and its full consolidated from 1 July and investments worth €27.3 million related to the M&A activities of EI Towers Group. It should also be noted that a total of €106.1 million in dividend payments were made by Mediaset S.p.A. and Mediaset España, in addition to the previously mentioned one-off charges related to the Vivendi contract. Operational free cash flow in Italy and Spain amounted to a total of **€69.3 million**.

- **Ratings:** In the first nine months of the 2016 Mediaset channels confirmed their net leadership among viewers in the commercial target, both in Italy and Spain. In Italy, Mediaset is the leader in the 15-64-age-range with a **33.0% share in the 24-hours** with **Canale 5** the most popular channel across the whole day **(15.7%)**. In Spain, the TV channels of Mediaset España maintained their absolute leadership in the **24-hours** with a **30.5%** share. **Telecinco** also confirmed its position as the most popular channel both in the whole day (**14.7%**) and in prime time (**15.8%**).

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, 8 November 2016

Department of Communications and Media Relations
Tel. +39 0225149251
Fax +39 0225149271
e-mail: direzionecomunicazione@mediaset.it
www.mediaset.it/corporate/

Investor Relations Department
Tel. +39 0225147008
Fax +39 0225148535
e-mail: investor.relations@mediaset.it
http://www.mediaset.it/investor

Highlights from the consolidated income statement *in €m*

	To 30 settembre		Q3	
	2016	**2015**	**2016**	**2015**
Consolidated net revenues	**2,563.9**	**2,414.4**	**693.3**	**693.3**
Labour costs	390.6	389.7	121.6	120.0
Procurement, services and other costs	1,280.4	1,153.2	393.1	369.0
Operating costs	**1,671.0**	**1,543.0**	**514.7**	**489.0**
Gross operating profit (EBITDA)	**892.9**	**871.4**	**178.7**	**204.3**
Amortisation of rights	764.0	689.5	214.8	224.8
Other amortisation and depreciations	96.3	99.5	28.5	34.2
Total amortisation and depreciations	**860.2**	**789.0**	**243.3**	**258.9**
Operating profit (EBIT)	**32.7**	**82.4**	**(64.6)**	**(54.6)**
Financial income /(charges)	(74.1)	(33.0)	(31.1)	(9.7)
Income/(charges) from investments	(4.8)	14.0	(6.5)	(1.6)
Profit before taxation	**(46.1)**	**63.5**	**(102.2)**	**(66.0)**
Income taxes	1.1	(23.9)	24.2	17.0
Net profit from operations	**(45.0)**	**39.5**	**(78.0)**	**(49.0)**
Net result from discontinued operations	-	-	-	-
Minority interest (profit)/loss	(71.6)	(75.6)	(10.8)	(11.3)
Profit for the Mediaset Group	**(116.6)**	**(36.1)**	**(88.8)**	**(60.2)**

Highlights from the consolidated balance sheet *in €m*

	30/09/2016	**31/12/2015**
Television and film rights	2,011.9	2,205.9
Goodwill	1,047.7	975.1
Other tangible/intangible assets	1,178.0	1,166.5
Financial assets	82.0	105.7
Net working capital & other assets/liabilities	(411.8)	(556.8)
Severance indemnity reserve	(95.5)	(89.1)
Net invested capital	**3,812.2**	**3,807.1**
Net Group assets	2,099.8	2,293.9
Shareholders' equity and minority interest	589.2	653.8
Net assets	**2,689.0**	**2,947.8**
Net financial debt	**1,123.2**	**859.4**