

Mediaset Group Q1 2002 Results

Cost cutting efforts underway

Operating costs: - 4.6%

Net revenues: 633.6 million euros

Operating profit: 196.4 million euros

TV ratings: Canale 5 leader, Italia 1 overtakes RaiDue

The Board of Directors of Mediaset, which met today under the Chairmanship of Fedele Confalonieri, has approved the management's report on the Mediaset Group's 1st quarter 2002 results.

The results for the first three months of the year reflect a performance in advertising revenues and television costs in line with the objectives for the period.

Advertising sales for Mediaset's three channels in the first half of 2002 were slightly down compared with the same period of the previous year. However, it should be observed that the result is compared with the best period of the previous year and is markedly better than the overall trend in the national reference market.

During the first quarter, Mediaset's channels confirmed the positive trend in terms of **audience ratings** with a combined prime time share of 43.9%.

A result made possible by record performances by Canale 5 and Italia 1. In particular, Canale 5 confirmed its position as Italy's most popular prime time network with a 24.63% share, compared with 23.92% for RaiUno that had the benefit of the Sanremo Festival.

For the first time, Italia 1, with a prime time share of 11.72%, overtook RaiDue (11.69%) and established itself as Italy's third most popular channel.

After the threshold viewing figures see Mediaset (43.32%) outperforming Rai (42.64%).

CONSOLIDATED FINANCIAL HIGHLIGHTS

The Group's performance in the first three months of 2002 can be summarised as follows:

- **Consolidated net revenues** came to 633.6 million euros, compared with 672.1 million euros in the first quarter of 2001 (-5.7%). Net of the proportional consolidation of the Epsilon Group the percentage change is -4.1%.
 - In particular **advertising sales to third parties** totalled **683.1 million euros** compared with 705 million euros for the same period of the previous year (-3.2%). This result should be seen in the light of the fact that it is above that forecasted for the national reference market. It should also be remembered that the same period of the previous year was marked by exceptionally positive growth (+6.1% compared with Q1 2000).
 - **Other television revenues** came to 26,7 million euros, compared with 32,4 million euros in the first quarter of 2001. With a slight fall of 5.7 million euros, mostly due to a fall in advertising sales to a number of companies in the Group.

- **Operating costs** for the Mediaset Group recorded a **fall of 4.6%**, down from 260.8 million euros in the first quarter of 2001 to **248.7 million euros in the first three months of 2002**.

In particular **labour costs** came to **76.2 million euros**, compared with 73.5 million euros in the first quarter of 2001.

Other operating costs fell from 187.3 million euros in Q1 2001 to **172.5 million euros** for the first three months of this year, a **reduction of 7.9%**. Net of the effect of the consolidation, in the first quarter of 2001, of the Epsilon Group, the fall is of 5.5 million euros (-3.1%).

- **Gross operating profit (Ebitda)** came to **384.9 million euros**, a change of -6,4% on the 411.4 million euros of the first quarter of 2001.
- **Operating profit (Ebit)** went from 243.5 million euros to **196.4 million euros**. The trend in operating profit (-19.3%) should be read in the light of overall amortisations and depreciations that went from 167.9 million euros in Q1 2001 to 188.5 million euros this time. The increase in this item is mainly due to higher amortisations for TV rights and the impact of investments in drama series produced in-house.
- Operating profit as a proportion of consolidated net profit (**operating profitability**) remained high at **(31,0%)**.

- **Pre-tax profit** for the period came to **180,6 million euros**, compared with 214.4 million in Q1 2001 (-15.8%).
- The Group's **net financial position** went from -247.8 million euros at the end of December 2001 to -47.7 million euros at 31 March 2001. This improvement (+200.5 million euros) in liquidity is mainly due to a positive cash flow in the current year, the sale of the stake in Blu and lower investments in television rights.
In the first quarter of 2002, a lower level of investment in television rights was recorded, in line with the objective of cost savings for the year of 100 million euros.

FORECAST FOR THE YEAR

- The trend in **advertising sales in the first four months of 2002** confirm, in line with the trend of the first quarter, that the targets fixed for the first half of the year will be reached, a period in which advertising sales are expected to remain lower overall compared with the previous year. The main economic indicators appear, however, at the moment to confirm a possible recovery in advertising investment in the final months of the year, also in view of the particularly negative trend recorded in the final months of 2001.
- In the first four months of 2002 Mediaset's channels recorded a combined early evening share of 44.4% (43,9% in the same period last year). Considering the figures for the so-called 'guaranteed' season (from January 27 to May 4) Mediaset's channels improved their prime time average obtaining for the first time, with a share of 45.8%, leadership over Rai that remained at 44.6%.
In particular, Canale 5 confirmed its position as Italy's leading TV channel with a prime time audience share of 24.4% (compared with 23.7% for RaiUno). Meanwhile, Italia 1 became the Italy's third most popular channel with a prime time share of 12.9%, increasing the gap with RaiDue (11.8%).
- On the basis of current evidence concerning trends in advertising sales and television costs, the Group expects to be able to respect the objectives for the year, maintaining the level of operating profitability of 2001.

Cologno Monzese, 14 May 2002

Highlights from the consolidated income statement*

in millions of euros

31/12/2001	31/03/2002	31/03/2001
2,309.1 Revenues from sales and services	628.3	666.7
42.0 Other revenues and income	5.3	5.4
2.351.1 Total consolidated net revenues	633.6	672.1
285.7 Labour costs	76.2	73.5
744.9 Procurement, services and other	172.5	187.3
1,030.6 Operating costs	248.7	260.8
1,320.5 Gross operating profit	384.9	411.4
733.3 Amortisations and depreciations	188.5	167.9
587.2 Operating profit	196.4	243.5
(14.8) Financial income /(charges)	(6.0)	(19.0)
(183.7) Income/(charges) from investments	(10.1)	(10.0)
388.7 Profit before extraordinary items	180.3	214.5
29.4 Extraordinary income/(charges)	0.3	(0.1)
418.1 Pre-tax profit	180.6	214.4

Highlights from the consolidated balance sheet*

in millions of euros

	31/12/2001	31/12/2000
1,881.8 Television rights	1,828.3	1,853.3
430.1 Other tangible/intangible assets	444.8	455.0
687.6 Financial assets	677.5	575.5
(304.0) Net working capital & other	(273.0)	(391.4)
(93.1) Severance indemnity reserve	(95.1)	(87.4)
2,602.4 Net invested capital	2,582.5	2,405.0
(247.8) Net financial position	(47.3)	198.7
2,354.6 Shareholders' equity and minority	2,535.2	2,603.7

^(*)Uncertified and unaudited figures