

Press Release

Mediaset Group Interim 2003 Results

Record advertising revenues and ratings in Italy and Spain

Net revenues: €1,626.4 million (+25%)

Gross operating profit: €993.5 million (+24.2%)

Pre tax profit: €438,2 million (+22.7%)

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 results for the first half of 2003.

The first half of 2003 for the first time includes the complete consolidation of the companies of the Telecinco Group, of which Mediaset is now the majority shareholder with a 52% stake.

In an economic climate of continuing difficulty, conditioned above all in the early part of the year by the uncertainty that preceded the war in Iraq, both the Mediaset channels and Telecinco managed to achieve their sales and ratings objectives.

Publitalia 80's advertising revenues for Mediaset channels in the first half of 2003 came to **€1,416.6 million, an increase of 0.7%** compared with the previous year. This result runs not only against the trend in the Italian advertising market (-1.5%) but is also higher than that achieved by Mediaset in the first half of 2000, the last year to be characterised by a general expansion in the market.

The result is in contrast to the overall trend in the Italian advertising market, which in the first three months of the year 2003, recorded a generalised fall off.

Audience ratings for Mediaset channels also recorded growth in the period compared with 2002.

The first half of 2003 also saw excellent results in terms of ratings that had a driving effect on advertising revenues. Mediaset's channels reached, for the first time, prime time leadership with a share of **46.5%** (compared with 43.5% for RAI) and over the 24-hour period (44.6% against 44.5%), a result that was reached after five years of steady growth.

In **prime time**, Canale 5 and Italia 1 maintained their first and third positions (24.6% and 13.5% respectively) extending the lead over the first two RAI **networks** (22.4% and 11.1% respectively). While Retequattro achieved its best result over the last five years at 8.4%.

In the **24-hour period**, Canale 5 and Italia 1 achieved a share of 23.5% and 12.1%, extending the lead over competition. Retequattro was level with Rai 3 with an excellent share of 9%.

Mediaset also strengthened its leadership in the main **commercial targets**; in particular in the 15-34 age range, one of the most important for advertisers, where there was **a more than 18 point difference between Mediaset and RAI** in the guaranteed period over the 24-hours (**52.8% Mediaset** against 34.5% RAI).

The **Telecinco Group** recorded an excellent performance in the first half of 2003. In particular there was a sustained **growth of 9.7%** in **advertising revenues** in the period, compared with the first half of 2002. 24-hour ratings were also up, reaching **21.7%** (19.7% in same period of 2002). National leadership in the **commercial target** was also reinforced at 24,8% a marked increase on the 22.9% of the first six months of 2002.

CONSOLIDATED FINANCIAL HIGHLIGHTS

The Group's performance in the first six months of 2003 can be summarised as follows:

- **consolidated net revenues** came to **€1,626.4 million**, of which €320.6 million from the consolidation the Telecinco Group, an increase of 25% compared with the €1,301.6 million of the same period of the previous year.
- **gross operating profit (Ebitda)** rose to **€993,5 million** compared with €800.2 million in the first half of 2002 (**+24.2%**).
- **operating profit (Ebit)** before the amortisation of goodwill for Telecinco Group, came to **€494.3 million**, compared with €413.0 million for the same period last year, an increase of **19.7%**.
- **pre tax profit** and minority interests rose by 22.7% to **€438.2 million**, compared with €357.2 million in the first half of 2002.
- the Group's **net financial position**, which in the first half was affected by the payment of €276 million for the acquisition of a 12% stake of Telecinco and Publiespana, went from the -€170.8 million at 31 December 2002 to -€314.4 million at 30 June 2003, including the net liquidity of the Telecinco Group of €182,0 million.

What follows are the highlights for the television business in the two countries:

Italy

- the **consolidated net revenues** of the Group's activities in Italy in the first half of 2003 recorded an increase **(+0.3%)** compared with the same period of the previous year, rising from €1,301.6 million to **€1,305.8 million**.
- **operating costs** (net labour costs) for the Group's Italian activities recorded a **fall of €7.6 million (-2.2%)**, from €348.8 million to **€336,2 million** (-1.1 including labour costs). Total television costs, including labour costs and amortisations, registered a slight increase of 2.5%, the lowest level recorded in the last five years.
- thanks to an increase in revenues and containment in operating costs **gross operating profit** for the period (**Ebitda**) **grew by €9.8 million**, rising from €800.2 million in the first half of 2002 to **€810.0 million** this time.
- **operating profit (Ebit)** came to **€402.3 million**, compared with €413,0 million in the first half of 2002.
- **pre tax profit grew by 3.7%**, from the €353.8 million of the first half of 2002 to **€366.9 million** this time.
- in the first six months of the year, **investments in television rights fell** from the €310.1 million of the first half 2002 to **€194.9 million** in the first half 2003.

Spain

- in the first six months of 2003 the **consolidated net revenues** generated by the Telecinco Group came to **€320.6 million, an increase of 8.9%**, compared with the same period of the previous year.
- in the first half of 2003, **gross operating profit** grew by €19.8 million **(+12.1%)** to reach **€183.5 million**.
- compared with the first six months of the previous year, there was a 6.5% reduction in overall costs for the Telecinco Group, including all components related to labour costs and amortisations and depreciations.
- thanks to this performance, Telecinco's **operating profit** for the first half of 2003 grew by 83.6% to **€92.0 million**, compared with the €50.1 million of the first half 2002.

- **pre tax profit rose to €92.9 million**, compared with €48.5 million in the first half 2002, **an increase of 91.5%**.
- investments in television rights fell from the €153.4 million of the first half of last year to **€99.5 million** this time.

Forecast for the year

On the basis of currently available information concerning the trends in advertising sales and television costs for the two countries, it is reasonable to predict for the current year an improved operating result compared with the previous year, also thanks to the contribution resulting from the consolidation of the Telecinco Group.

Italy

- Advertising sales for the first 8 months of the year show an increase of 1.5%. Although estimates for growth in the advertising market as a whole remain uncertain, the trend in advertising sales for Mediaset's channels for the last four months of the year are expected to contribute to full-year revenues that are higher than those of 2000, 2001 and 2002.
- Ratings: Mediaset has just finished its best summer season in ten years, both in prime time (42.7%) and the 24-hour period (44.2%). Given the excellent results in July-August (usually the least brilliant months of the year), in **the first eight months of the year for the first time ever Mediaset has overtaken** public television.

Mediaset's prime time share was 45.8% (+1.9%), compared with 43.8% for RAI (-2.1%). In particular, Canale 5, with a 24.0% share maintains its clear lead among national networks, while Italia 1 (13.2%) overtook Rai 2 (11.5%) and comes in third. Retequattro also recorded an increase: 8.6% (+0.4%).

In the 24-hour period Mediaset grew by 1.4 points (44.4%).

Spain

- **Advertising sales for the first 8 months** of the year **grew by 9.3%**. On the basis of expected trends in advertising sales for the last four months of the

year, Publiespana should close the year with a significant increase in advertising revenues compared with the previous year. The rate of growth in advertising sales in 2003, while higher than the market average, is expected however to be lower than that recorded in the first half of the year, that was measured against a particularly difficult period at the beginning of 2002.

- Also after eight months, **Telecinco** confirms the positive trend recorded in the first half of the year, with an average **24-hour audience share of 21.2%**, compared with the 19.7% of the same period of 2002. Telecinco also strengthened its ratings leadership in the **commercial target** with a share of **24.1%** (22.8% in 2002).

Cologno Monzese, 9 September 2003

Highlights from the consolidated income statement

In € millions

31/12/2002		30/06/2003	30/06/2002
2,280.0	Revenues from sales and services	1.608,7	1.283,0
36.1	Other revenues and income	17,7	18,6
2.316.1	Total consolidated net revenues	1.626,4	1.301,6
300.2	Labour costs	191,6	157,6
662.3	Procurement, services and other costs	441,3	343,8
962.5	Operating costs	632,9	501,4
1,353.6	Gross operating profit	993,5	800,2
795.1	Amortisations and depreciations	499,2	387,2
558.5	Operating profit before amortisation of goodwill of Telecinco	494,3	413,0
-	Amortisation of goodwill Telecinco	21,6	-
558.5	Operating profit	472,7	413,0
(5.7)	Financial income /(charges)	(1,7)	(10,9)
(47.8)	Income/(charges) from investments	(21,5)	(43,8)
505.0	Profit before extraordinary items	449,5	358,3
(7.9)	Extraordinary income/(charges)	(11,3)	(1,1)
497.1	Pre-tax profit	438,2	357,2
-	Pre tax minority interest profit	(44,7)	-

Highlights from the consolidated balance sheet

In € millions

31/12/2002		30/06/2003	30/06/2002
1,834,0	Television rights	1.906,0	1.848,6
443,4	Other tangible/intangible assets	577,4	459,3
-	Financial assets	321,9	-
470,3	Net working capital & other assets/liabilities	187,6	471,1
(7,7)	Severance indemnity reserve	266,2	37,4
(100,5)	Net invested capital	(104,8)	(96,6)
2,639,5	Television rights	3.154,3	2.719,8
(170,8)	Net financial position	(314,4)	(256,0)
2,467,2	Shareholders' equity	2.613,1	2.642,2
1.5	Minority interest	226,8	1.6
2,468,7	Shareholders' equity and minority interest	2.839,9	2.643,8