
# Interim Financial Report as at 30 September 2019

MEDIASET

**MEDIASET S.p.A.** - via Paleocapa, 3 - 20121 Milan
Share Capital Euros 614,238,333.28 fully paid up
Tax Code, VAT number and inscription number in the
Milan Enterprises Register: 09032310154
Website: www.mediaset.it

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# CORPORATE BOARDS

| | |
|---|---|
| **Board of Directors** | **Chairman**<br>Fedele Confalonieri<br>**Deputy Chairman and**<br>**Chief Executive Officer**<br>Pier Silvio Berlusconi<br>**Directors**<br>Marina Berlusconi<br>Marina Brogi<br>Andrea Canepa<br>Raffaele Cappiello<br>Costanza Esclapon de Villeneuve<br>Giulio Gallazzi<br>Marco Giordani<br>Francesca Mariotti<br>Gina Nieri<br>Danilo Pellegrino<br>Niccolo' Querci<br>Stefano Sala<br>Carlo Secchi |
| **Executive Committee** | Fedele Confalonieri<br>Pier Silvio Berlusconi<br>Marco Giordani<br>Gina Nieri<br>Niccolo' Querci<br>Stefano Sala |
| **Risk and Control Committee** | **Carlo Secchi (Chairman)**<br>Marina Brogi<br>Costanza Esclapon de Villeneuve |
| **Compensation Committee** | **Andrea Canepa (Chairman)**<br>Marina Brogi<br>Francesca Mariotti |
| **Governance and Appointments Committee** | **Raffaele Cappiello (Chairman)**<br>Francesca Mariotti<br>Carlo Secchi |
| **Related Parties Committee** | **Marina Brogi (Chairman)**<br>Giulio Gallazzi<br>Carlo Secchi |
| **Board of Statutory Auditors** | **Mauro Lonardo (Chairman)**<br>Francesca Meneghel (*Regular Auditor*)<br>Ezio Maria Simonelli (*Regular Auditor*)<br>Stefano Sarubbi (*Alternate Auditor*)<br>Flavia Daunia Minutillo (*Alternate Auditor*)<br>Riccardo Perotta (*Alternate Auditor*) |
| **Independent Auditors** | **Deloitte & Touche S.p.A.** |

# MEDIASET GROUP: HIGHLIGHTS

## MAIN INCOME STATEMENT DATA

| FY 2018 mio € | % | | 9M 2019 mio € | % | 9M 2018 mio € | % |
|---|---|---|---|---|---|---|
| **3,401.5** | | **Total Net Consolidated Revenues** | **2,030.4** | | **2,433.5** | |
| 2,421.4 | *71.2%* | Italy | 1,371.9 | *67.6%* | 1,737.9 | *71.4%* |
| 981.6 | *28.9%* | Spain | 660.7 | *32.5%* | 696.4 | *28.6%* |
| **73.7** | | **EBIT** | **188.6** | | **114.5** | |
| (182.9) | | Italy | 0.2 | | (66.8) | |
| 256.9 | | Spain | 190.2 | | 181.7 | |
| **471.3** | | **Net Result** | **101.5** | | **27.0** | |

## MAIN BALANCE SHEET AND FINANCIAL DATA

| 31-Dec-18 mio € | | 30/09/2019 mio € | 30/09/2018 mio € |
|---|---|---|---|
| **3,592.6** | **Net Invested Capital** | **4,007.0** | **3,212.8** |
| **2,856.2** | **Total Net Shareholders' Equity** | **2,843.3** | **2,404.6** |
| 2,412.4 | Net Group shareholders' Equity | 2,450.5 | 1,968.1 |
| 443.7 | Minorities Shareholders' Equity | 392.7 | 436.5 |
| **736.4** | **Net Financial Position** Debt/(Liquidity) | **1,163.7** | **961.4** |
| **-** | **Net Assets/(Liabilities) held for sale** | **-** | **153.3** |

## PERSONNEL (1)

| FY 2018 | % | | 30/09/2019 | % | 30/09/2018 | % |
|---|---|---|---|---|---|---|
| **4,760** | | **Mediaset Group Personnel (headcount)** | **5,077** | | **5,499** | |
| 3,502 | *73.6%* | Italy | 3,513 | *69.2%* | 4,233 | *76.7%* |
| 1,258 | *26.4%* | Spain | 1,564 | *30.8%* | 1,266 | *23.3%* |

(1) The figure includes temporary and permanent employees; at 30 September 2018 it includes 555 employees of EI Towers.

## Introduction

Italian Legislative Decree no. 25 of 15 February 2016, implementing Directive 2013/50/EU containing amendments to Directive 2004/109/EC on the disclosures for listed issuers (the Transparency Directive), removed the obligation to publish management interim statements established in Article 154-ter, paragraph 5 of Legislative Decree no. 58/1998. This decree also gave Consob the authority to establish additional disclosure obligations to the annual and half-yearly financial reports. By Resolution no. 19770 of 26 October 2016, Consob (in accordance with the regulatory authorisation contained in the decree) made amendments to the Issuer Regulations regarding the additional interim financial disclosures applicable from 2 January 2017.

To ensure the continuity and regularity of information on the consolidated quarterly operating and financial performance, Mediaset's Board of Directors publishes, voluntarily, additional financial disclosures as at 31 March and 30 September.

As mentioned in previous interim reports, the information disclosed in this Report is not comparable to that of complete financial statements prepared in accordance with IAS 1. In line with previous periodical disclosures, this additional interim financial disclosure has the structure and content deemed most appropriate - in terms of factors that contribute to investor decisions - to describe the economic performance and financial position of the Group as a whole and of its main business segments, and to describe the key events and transactions that have occurred during the reporting period.

In particular, the presentation of the income statement and balance sheet figures shown below corresponds to those present in the Report on Operations accompanying the annual Consolidated Financial Statements. As such, the figures are presented in condensed form and restated to show the intermediate aggregates considered most significant for understanding the performance of the Group and of the main business segments. The description of the criteria adopted during their preparation and the annotations referring the reader to the relevant statutory financial statement items in the Half-Yearly and the Annual Financial Statements are contained in the Consolidated Financial Statements at 31 December 2018.

This interim report has been prepared in accordance with international accounting standards (IAS/IFRS) and in line with the measurement and estimation criteria applied in preparing the Consolidated Financial Statements at 31 December 2018 and the Interim Financial Report at 30 June 2019, to which readers are referred.

The economic and financial figures contained in this Report refer to progressive totals for the first nine months of 2019 and 2018 (economic figures also report progressive totals for the third quarter); balance sheet figures are stated at 30 September 2019 and at 31 December 2018.

Please also note that, for the purposes of IFRS 5 (*Non Current Assets Held for Sale and Discontinued Operations)*, and as previously reported in the financial statements at 30 September 2018, the net annual contribution generated by the EI Towers Group, which was deconsolidated during the fourth quarter of last year following the closing of the takeover by 2iTowers Holding S.p.A., is shown separately in the income statement and the cash flow statement contained in this Report.

On the other hand, the financial results for the first nine months of 2019 and the consolidated statement of financial position at 30 September 2019 incorporate the equity measurement of the 40%

minority interest held following that transaction by Mediaset in EI Towers S.p.A. (which, on 28 March, concluded a reverse merger takeover of 2i Towers Holding S.p.A and its subsidiary 2i Towers S.p.A.).

This Quarterly Report has not been audited.

## Significant third-quarter events and transactions

On **3 July 2019**, **Mediaset Italia S.p.A**, a direct wholly owned subsidiary of Mediaset S.p.A., was incorporated, and was subsequently registered in the Milan Companies Register on **9 July**. The operations and certain equity investments of Mediaset S.p.A in this company must be allocated as part of reorganisation processes anticipated to take place prior to the closing of the Cross-border Merger Project for the merger of Mediaset S.p.A. and Mediaset España Comunicación S.A. by Mediaset Investment N.V., which was approved by both Boards of Directors on 7 June 2019.

Following Newco 11 Srl (Sony group) having acquired licenses for the provision of audiovisual media services on the "Pop" and "Cinesony" channels and for their respective LCNs, as authorised by AGCOM and the Italian Ministry of Economic Development, two new channels began broadcasting on **10 July 2019**: **Boing Plus (Lcn 45) and Mediaset Extra 2 (Lcn55).**

On **15 July 2019**, the Court of Rome sentenced French website **Dailymotion**, which belongs to the Vivendi Group, to pay compensation of more than EUR 5.5 million to Mediaset for having uploaded 995 copyrighted videos to its website without authorisation from 2006 onward. In addition to this ruling, which was handed down in the first case brought in 2012, Mediaset has six further legal actions underway in the courts against the same website following subsequent repeated violations. the outcomes of which are expected shortly and which could give rise to total compensation in excess of EUR 200 million, in view of the economic criteria upheld in the first award.

On **18 July 2019**, the Court of Rome also sentenced the website **Vimeo**, for the second time in a matter of months, to pay compensation of approximately EUR 5 million to Mediaset for having uploaded 498 copyrighted videos to its website without authorisation.

These rulings are of significance for all publishing houses and audiovisual companies in Italy, as they help reset the balance of relationships between content producers and the operators of online platforms. Both rulings also anticipate a hefty penalty (EUR 5,000) for each day of delay in deleting the videos, which the website will automatically be subject to if unauthorised Mediaset material is uploaded in future.

Both sentences, which are provisionally enforceable, have been appealed by the counterpart. In these appeals, Dailymotion and Vimeo requested and were granted a suspension on the enforcement of their compensation obligations arising from the judgment of the first-instance court until the appeals proceedings are complete. On the other hand, the injunctions on the undue use of Mediaset video content and the associated fines for breach events were upheld.

**Refarming of the 700 MHz band** In compliance with Italian Law No. 145/2018, also known as the Budget Law 2019 (as already reported in the Directors' Report on Operations contained in the Consolidated Financial Statements at 31 December 2018) and, more particularly, in accordance with the Road Map setting forth the dates for the staged local switchover to digital terrestrial by 2022, on **5 August 2019** the Ministry of Economic Development allocated two frequency rights of use to Elettronica Industriale to broadcast digital terrestrial television services in the DVB-T2 standard over channels 36 and 28, in addition to a further non-frequency-specific right of use over half of a nationwide multiplex.

In **July, Vivendi S.A. and Simon Fiduciaria S.p.A.** served Mediaset with two separate writs of summons filed with the Court of Milan, in which it appealed against the resolutions passed by the Extraordinary Shareholders' Meeting of Mediaset held on 18 April of this year. In its writ, Simon Fiduciaria also contested the resolution of the ordinary Shareholders' Meeting, held on the same date, concerning the purchase of treasury shares. The claims presented by the plaintiffs also included a request to recognise their rights to participate in future Shareholders' Meetings of Mediaset. The hearing is scheduled for 26 November 2019. Later this year, on 26 August, Vivendi filed for preventative measures to be brought in relation to its claim, with a view to the Shareholders' Meeting due to be held on 4 September. On 31 August, the Court granted this claim on the assumption that Simon Fiduciaria was restricted from exercising "at least its management" rights, as referred to in the Court of Milan's prior decisions dated 27 November 2018 and 25 January 2019.

On **4 September 2019**, the requisite majorities of the **Extraordinary Shareholders' Meetings of Mediaset S.p.A. and Mediaset España Comunicación S.A.** approved the cross-border joint merger (the Merger) of Mediaset S.p.A. and Mediaset España Comunicación S.A., a Spanish law-governed direct wholly owned subsidiary of Mediaset S.p.A., by Mediaset Investment N.V., a Dutch law-governed direct wholly owned subsidiary of Mediaset S.p.A. This transaction had previously been approved by both Boards of Directors on 7 June 2019.

In September, Mediaset executed the resolution of the Board of Directors of Mediaset S.p.A. dated 4 September 2019, which authorised investments of up to EUR 50 million to be realised by 31 October 2019, by embarking on a **direct stock market purchase plan in its subsidiary Mediaset España**, in conformance with the recommendations issued by the CNMV (*Comision Nacional del Mercado de Valores*). As at the date of this report, it has disbursed EUR 19.3 million in total. As a result of these purchases, the Group's stake in Mediaset España had increased to 55.0% by the same date (compared to 53.98% at 30 June).

On **16 September 2019**, after having heard from Remuneration Committee, the Board of Directors of Mediaset S.p.A. completed its assessment of the terms and conditions set forth in the **2015-2017 medium-long term incentive plan** regulation for the year 2016.

On **19 September**, Mediaset signed an **agreement with Peninsula Holding S.a.r.l.** (Peninsula), subject to the resolution of the Board of Directors, aimed at limiting the potential expense of the companies involved in the Merger caused by the purchase of withdrawn shares that are not otherwise allocated. Under this agreement, Peninsula must purchase, at the request of Mediaset, up to 355 million MFE shares deriving from (i) withdrawals by holders of at least a 5% stake in Mediaset's share capital and (ii) withdrawals of up to 17.8 million MFE shares by Mediaset España shareholders. Among other things, Peninsula's commitment is conditional upon the closing of the Merger and on the total number of withdrawn Mediaset and Mediaset España shares being exchanged amounting to no more than EUR 470 million (save for the restoration of floating capital on the first day of MFE listing). This agreement provides that a commission shall be paid and that the purchase price will be equal to the withdrawal price per share less a discount. Mediaset will have the right to call in Peninsula's commitment. If the commitment is called in, which will be conditional on the closing of Merger, then Peninsula shall purchase the shares of the merging company MFE (following the exchange of Mediaset and Mediaset España as a result of the Merger) on the date of settlement of withdrawn shares. Under the agreement, Peninsula has taken on a stand-still commitment, as well as a lock-up commitment over all MFE shares purchased. The Board of Directors of Mediaset was assisted by a leading financial institution, which issued an opinion supporting the financial fairness of the financial terms and conditions of the transaction. Peninsula Holding Sarl is a Luxembourg law-governed holding company that engages in the European equity sector (Private and Public Equity). Peninsula manages the equity of a number of leading Sovereign Funds and international institutional investors.

Following the approval by the Extraordinary Shareholders' Meetings of Mediaset S.p.A. and Mediaset España Comunicación S.A, held on 4 September 2019, of the project for the merger of Mediaset S.p.A. and Mediaset España Comunicación S.A. by Mediaset Investment NV, **Vivendi S.A.** took legal action in the Spanish courts to challenge the resolution of the Shareholders' Meeting. At the same time, Vivendi filed interlocutory legal action in the Netherlands, calling upon the court to prevent Mediaset Investment NV from introducing a number of Bylaws envisaged under the merger plan, including Articles 13 (Provisions on special voting shares), 42 (Shareholders' obligations) and 43 (Mandatory invitation to bid). Vivendi subsequently abandoned this action on 15 October.

## Group performances and financial results

## Television audience

In Italy, total audience over the 24-hour period in the first 9 months of 2019 was an average of 9.619 million viewers.

Auditel statistics show that, during the period reported, Mediaset networks as a whole, including semi-generalist channels, obtained an audience share of 31.3% over the 24-hour period, 31.2% in the Day Time slot and 32.1% in Prime Time.

Mediaset confirmed its leadership over the first 9 months of 2019 with the commercial target audience (15–64 years) over the 24-hour period (33.5%), in the Day Time slot (33.5%) and in Prime Time (34.6%). In particular, Canale 5 was the number one network in all time slots among the commercial target, while Italia 1 was third in all time slots

The audience share of Mediaset networks among the commercial target audience in the autumn ratings season (starting 8 September 2019) reached 25.3% in the 24-hour period, 25.3% in the Day Time slot and 27.0% in Prime Time. Considering the contribution of semi-generalist channels, total audience share over the 24-hour period came to 33.3%, 33.1% in the Day Time slot and 34.8% in Prime Time.

In **Spain**, the Mediaset España Group maintained its leadership in terms of audience figures with a total audience share of 28.8% over the 24-hour period, and a 30.5% share among the commercial target audience. In the Prime Time slot, the Mediaset España Group achieved a 28.4% share of the total audience and 29.0% of the commercial target audience. In the first 9 months of 2019, Telecinco achieved 14.5% over the 24-hour period, and among the commercial target audience it achieved an average share in the period of 13.7%.

## Main financial results

At the end of the first nine months of the year, the year-on-year growth already posted in the Group's EBIT and Net Profit at the end of the first quarter had been consolidated.

Compared with the strong growth in income margins posted in the first half of the year, which had benefitted year on year from the impacts caused by the digital transformation process of Italian pay channels, which began in the second half of the previous year, and by the termination of the long-term agreements for Premium Calcio content in particular, the contribution of core operations to this strong performance was more modest during the third quarter, as was anticipated due to the structural impact of lower seasonal audience figures for core content during the summer months, also bearing in mind that the results for the third quarter of the previous year had been influenced by Mediaset having exclusive broadcasting rights in Italy and Spain to the FIFA World Cup Finals during the month of July.

The key consolidated financial results for the period analysed here, compared to those for the same period in 2018, are summarised below.

- **Consolidated net revenues** amounted to **EUR 2,030.4 million**, as compared to the EUR 2,433.5 million for 2018.
- **EBIT** amounted to **EUR 188.6 million**, compared to EUR 114.5 million for the same period in 2018, with operating profitability at 9.3%, compared to the 4.7% reported for the same period in 2018;
- **Earnings from operating activities, before tax and minority interests and earnings from discontinued operations,** amounted to **EUR 220.3 million**, compared to EUR 110.6 million for the same period in 2018. As well as being boosted by the above-mentioned improvement in EBIT, this increase was aided by the improved contribution from *Profit/(loss) of investments*, including in 2019, from dividend income paid out at the half-year-end by investee ProsiebenSat1 Media SE and from the corresponding profits of the 40% minority shareholding in Ei Towers, whose contribution to consolidated profits had instead been reported in *Earnings from discontinued operations* for the same period of the previous year.
- **Net earnings attributable to the Group** amounted to **EUR 101.5 million**, compared to the EUR 27.0 million reported in the same period of 2018. In the third quarter of 2019, the Group's Net Earnings were up +EUR 8.3 million year on year.
- **Consolidated net financial debt** amounted to **EUR 1,163.7 million** at 30 September 2019, compared to EUR 877 million at the beginning of the financial year (including net financial liabilities of EUR 140.6 million from the adoption of the new accounting model for operating lease agreements due to the accounting standard IFRS 16 - *Leases* taking effect in 2019). Against the backdrop of significant **free cash flow** of **EUR 243.4 million**, showing a marked increase compared to the EUR 178.6 million for the same period of 2018, the change for the period was mainly due to the disbursements made by Mediaset during the first half-year in acquiring the equity investment in ProSiebenSat.1 Media (EUR 349.1 million), by Mediaset España for the treasury share buy-back plan (EUR 94.6 million) and for the distribution of dividends (EUR 46.6 million), as well as the share purchases made by Mediaset in its subsidiary Mediaset España during the third quarter against consideration of EUR 19.3 million, representing 1.0% of its working capital. It should be noted that as at 30 September 2019 the **adjusted net financial debt** (not including liabilities recognized under

IFRS 16 and the financial liability coming from the acquisition of the stake in ProSiebenSat.1 Media) amounted to **EUR 735.8 million**.

Breaking down income results by geographical area:

In **Italy**

- In the first nine months of 2019, **consolidated net revenues** from the Group's Italian operations amounted to **EUR 1,371.9 million**, a year-on-year decrease of -21.1%. A significant reduction in total **costs** was also recorded (-24,0%), leading to a marked improvement in **EBIT**, which, despite the typical low seasonal figures during the third quarter, remained in the black at **EUR 0.2 million** at the end of the first nine months, compared to EUR -66,8 million for the first nine months of 2018.
- As anticipated, the performance of **revenues** shows lower advertising sales due to strong discontinuity, particularly represented by the absence of the FIFA World Cup, which was broadcast exclusively by Mediaset in June and July 2018, and due to the gradual contraction in the Premium customer base following the termination of the Premium Calcio offering in the second half of 2018 and the termination of the Premium Cinema and Serie offering on digital terrestrial in June 2019. To counter these developments, further third-quarter growth was recorded in proceeds from the commercial agreements with Sky for the sub-licensing of pay-TV channels and the Premium technological platform, and from multiplatform re-broadcasting agreements for free channels and free content in place with other operators.
- **Gross advertising revenues** from the total licensed media, generated from sales in the free and pay television channels and the revenues from the Group's websites and radio stations operated under sub-license by the subsidiary Mediamond, decreased by -8.7% to **EUR 1,332.4 million** compared to the same period in 2018 (-10.4% at the end of the first half). As anticipated, this performance was mainly affected by the loss of television advertising sales components relating to the Premium Calcio offering, which was still active in the first half of 2018, and the absence of the FIFA World Cup, which had been exclusively broadcast by Mediaset in June/July 2018. On a like-for-like basis, advertising revenues were down -1.3% during the first nine months of 2019. By contrast, the performance of advertising sales gradually improved during the third quarter (except in July, which was still affected year on year by the absence of the FIFA World Cup), in particular during September, which coincided with the start of the new free-to-air TV season, which had been boosted by the free-to-air broadcasting rights to the 2019/20 UEFA Champions League, with a slight improvement recorded compared to the same month of the previous year. The latest Nielsen figures show that in the first nine months of the year, the overall advertising market in Italy dropped by -5.3% compared to the same period of 2018.
- **Total operating costs** for integrated television operations (personnel expenses, purchasing and service costs and other expenses, amortisation and write-downs of television broadcasting rights and other fixed assets) amounted to **EUR 1,371.7 million**, for a decrease of -24% year on year. This was mainly due to the termination of long-term contracts for Premium Calcio content that were still active in the first half of the previous financial year.
- The **EBIT** from overall Italian operations was in the black.

In **Spain**:

- **Consolidated net revenues** for Mediaset España Group amounted to **EUR 660.7 million**, showing a fall of -5.1% year on year.
- **Gross television advertising revenues** amounted to **EUR 644.0 million,** showing a fall of -6.3% year on year. The latest Infoadex statistics show that television advertising investments over the nine-month period fell by -6.3%, whereas the digital advertising market grew by 9.2% year on year. According to Infoadex, Mediaset España had a television market share 43.3% and a television+digital market share of 32.0% for the period.
- Total costs (personnel costs, other operating costs, amortisation and depreciation) amounted to **EUR 470.5 million**, a reduction of -8.6% year on year thanks to cost optimisation policies and good audience figures. During the third quarter, total costs decreased by -10.6% compared to the same period in 2018.
- Thanks to these performance figures, **EBIT** reached **EUR 190.2 million**, up from EUR 181.7 million for the same period in 2018, leading to an increase in operating profitability to **28.8%** compared to the 26.1% recorded for the first nine months of 2018.

## Events and developments after 30 September 2019

In relation to **the cross-border merger (the "Merger")** of Mediaset S.p.A. and Mediaset España Comunicación S.A. by Mediaset Investment N.V. (a Dutch law-governed direct wholly owned subsidiary of Mediaset which, upon the closing of the Merger, will take the name *MFE - MEDIAFOREUROPE N.V.*), which was approved by the Extraordinary Shareholders' Meetings of Mediaset and Mediaset España held on 4 September 2019, which in turn was followed by Vivendi, a shareholder of Mediaset and Mediaset España, filing legal action against these resolutions in the courts of Spain and Holland during the month of September, we highlight the following key events that occurred subsequent to the reporting date:

On **October 11**, Mediaset España reached an **agreement with Credit Suisse Securities** (Europe) Limited to guarantee that the condition precedent would be met for the closing of the Merger; namely, this related to a maximum total amount of EUR 180 million being incurred by Mediaset and Mediaset España in the event of shareholder withdrawals and creditors' objections. Under this agreement, any withdrawn shares exceeding this threshold will be sold to Credit Suisse at a discount on the market price.

Once the deadlines anticipated for **exercising the right of withdrawal** under the applicable laws of Italy (21 September) and Spain (10 October) had passed, this right had been exercised as follows:

- in **Italy**, 492,691 shares in Mediaset, equal to approximately 0.0417% of outstanding shares, at the settlement price of EUR 2.770 per share (as determined under Article 2437-ter, paragraph 3 of the Italian Civil Code), against a total consideration of approximately EUR 1.4 million. The legal deadline for the opposition of creditors has expired on 5 November. At that date no opposition has been received.
- in **Spain**, 39,025,777 shares in Mediaset España, equal to approximately 12.5% of outstanding shares, at the settlement price of EUR 6.5444 per share, for a total consideration of approximately EUR 255.4 million.

In **Italy**, upon **expiration of the rights' offer period** (on **6 November 2019**), Mediaset shareholders elected to purchase - through the exercise of both the option right and the pre-emptive right pursuant to Article 2437-quater of the Italian Civil Code - No. 239,092 shares in relation to which the withdrawal right was exercised (the Withdrawn Shares) at a price per share equal to Euro 2.770. In particular, in the context of the offer, option rights were exercised in relation to No. 226,763 Withdrawn Shares and pre-emptive rights were exercised in relation to No. 12,329 Withdrawn Shares. Given that the number of Withdrawn Shares purchased in the context of the offer is lower than the aggregate number of Mediaset shares in relation to which the withdrawal right was exercised, the outstanding No. 253,599 Mediaset shares which remained unsold will be purchased by MFE upon completion of the Merger. The completion of the procedure and the settlement of the shares purchased in the context of offer are conditional upon completion of the Merger.

On **3 October 2019**, Vivendi S.A. served Mediaset with a writ of summons, in which, among other things, it called upon the Court of Milan to:

1. cancel the resolution passed by the Extraordinary Shareholders' Meeting of Mediaset on 4 September 2019 and any preliminary, associated or consequent measures;

2. cancel and, in any case, invalidate the resolutions passed by the corporate bodies of Mediaset in relation to and in execution of the resolutions mentioned in point 1 above, including resolutions of the

Board of Directors and the Chairman of the Shareholders' Meeting preventing Simon Fiduciaria S.p.A. from exercising the management rights attached to its 19.19% stake.

3. ascertain and declare that Fininvest S.p.A. exercises the management and control of Mediaset;

4. ascertain and declare that Vivendi is the legitimate holder and may exercise all ownership and management rights attached to its 9.61% stake in Mediaset;

5. order Mediaset and the persons chairing its next shareholders' meetings to recognise the shares referred to in point 4 above and allow Vivendi to participate and exercise all of its management rights attached to its shareholding mentioned in point 4 above;

6. ascertain and declare that Vivendi may exercise its ownership rights attached to Simon Fiduciaria's 19.19% stake in Mediaset.

7. ascertain and declare that Vivendi may issue voting instructions to Simon Fiduciaria on the issues and within the limits set forth in Article 4.2 of the "Special Instructions" with regard to the shares mentioned in point 6 and ascertain and declare that the latter may exercise all related management rights;

8. ascertain and declare that the conduct of Mediaset and Fininvest was unlawful, without prejudice to any action that may be brought against their directors under Article 2395 of the Italian Civil Code;

9. sentence Mediaset and Fininvest, generally, under Article 278 of the Civil Procedure Code to compensate the damage already incurred and being incurred by Vivendi, and for the lost profits and harm to the value of its equity investment in Mediaset, including through its abusive management and coordination. The hearing to discuss the summons has been scheduled for 10 January 2020.

On **11 October 2019**, Simon Fiduciaria S.p.A. served Mediaset with a writ of summons, in which, among other things, it called upon the Court of Milan to:

1. as an interim measure, and after scheduling a hearing for the parties under Article 669-*sexies* of the Civil Procedure Code, suspend the execution of the resolutions passed at Mediaset's Extraordinary Shareholders' Meeting held on 4 September 2019;

2. as an interim measure, join these proceedings with those brought by Vivendi in its writ of summons served on 1 October 2019 against the resolution passed at Mediaset's Extraordinary Shareholders' Meeting held on 4 September 2019;

3. as principal measures,

(i) cancel the resolution passed by Mediaset's Extraordinary Shareholders' Meeting held on 4 September 2019; (ii) cancel and, in any case, invalidate the resolutions passed by the corporate bodies of Mediaset in execution of the resolution passed by Mediaset's Extraordinary Shareholders' Meeting held on 4 September 2019.

The hearing to discuss the summons has been scheduled for 10 January 2020.

On **11 October 2019**, the Court of Madrid ordered the temporary suspension of the resolution approving the Merger, passed by the Shareholders' Meeting. Mediaset and Mediaset España have appealed. On **15 October 2019**, Vivendi served Mediaset with an application for interim relief under Article 2378 of the Italian Civil Code and Article 700 of the Civil Procedure Code, in which, among other things, it called upon the Court of Milan to do as follows before 5 November 2019:

1. as a primary measure, suspend the execution and validity of the resolution passed by Mediaset's Extraordinary Shareholders' Meeting on 4 September 2019, as well as any preliminary, associated and/or consequent resolutions, until a decision is taken on the substance of the matter under Article 2378 of the Italian Civil Code;

2. as a secondary measure, suspend the execution and validity of the above-mentioned resolutions at least until the proceedings pending before the EU Court of Justice and the Regional Administrative Court for the Lazio Region relating to AGCom Resolution No. 178/17 are complete;

3. in any case, take all other suitable measures to protect the position of the appellant and to prevent any conduct by the defendants aimed at and/or causing it to be prevented from exercising its participation, voting and any other rights attached to its shares held in Mediaset.

These interim proceedings have been joined with the analogous proceedings brought by Simon Fiduciaria. During the hearing held on **4 November**, the Court of Milan, in an attempt to reach a friendly settlement as provided for in Article 2378, paragraph 4 of the Italian Civil Code, suspended the hearing until 22 November 2019 to allow the parties the opportunity to consider the option of reaching a friendly settlement ton the dispute, therefore ordering the interim suspension of the resolution appealed until the date of that hearing.

On **30 October 2019**, Vivendi S.A. served Mediaset Investment N.V. with a writ of summons instituting ordinary civil proceedings with the Court of Amsterdam, which contained the same applications as had been filed in the interim proceedings which were dropped on 15 October, namely for an injunction on the adoption of bylaws containing Articles 13, 42 and 43. The parties must enter an appearance on 27 November 2019. The first hearing will take place within 6/8 weeks of that date.

In case of positive exit of the pending proceedings in Italy and Spain, it is understood that the Merger may be closed in early 2020.

By **31 October**, the **stock market purchase plan in the subsidiary Mediaset España**, authorised by the Board of Directors of Mediaset S.p.A. on 4 September 2019, had been brought to an end. By the end of this plan, a 1.63% stake in Mediaset España had been purchased, with a total disbursement of EUR 31.6 million on the part of Mediaset. As a result of these purchases, the Group's stake in the working capital of Mediaset España rose to 55.69%. The acquisition of Mediaset España shares by Mediaset does not affect the maximum value of EUR 180 million payable by Mediaset and Mediaset España for shareholder withdrawals or creditors' objections under the merger plan, nor does it affect the EUR 100 million cash dividend or the envisaged post-Merger share buy-back plan capped at EUR 280 million (less the amount actually paid to withdrawing shareholders or creditors objecting to the Merger).

On **11 November** the subsidiary **Mediaset España** notified the **purchase** of a **5.5%** stake in the share capital of **ProSiebenSat.1 Media**. As a result of this purchase, the stake hold by Mediaset Group in the share capital of the major german private tv broadcaster reached a quota of 15.1% Like the purchase of the 9.6% stake made by Mediaset on the latest May, Mediaset España has also closed with the financial counterpart that has intermediated the operation a *collar* agreement (purchase of *put options* and sale of *call options*).

TV ratings figures for September and October were up and confirm the excellent performance of Mediaset's new television season which is further enhanced by the offer of exclusive coverage of the matches of the Champions League. A result that improves when we consider the so-called "total audience", which records also the consumption of TV on a range of digital devices.

With regard to the business results, the final part of the year, despite a general market context that is still characterised by enduring poor visibility, the underlying trend in normal business will make it possible to improve on the positive results recorded at the end of the first nine months of 2019.

Consequently, for the full year, the expectations for an improvement in consolidated cash generation, operating profit (EBIT) and consolidated net profit (excluding in the comparison with the previous year the impact of the capital gains deriving from the deconsolidation of Ei Towers and the impairment of Pay TV assets booked at the end of 2018) are confirmed.

*Consolidated accounting tables and business segments information*

*(values in EUR million)*

| **MEDIASET GROUP** *Income Statement* | **9M 2019** | **9M 2018** | **3rd Quarter 2019** | **3rd Quarter 2018** |
|---|---|---|---|---|
| **Total consolidated net revenues** | **2,030.4** | **2,433.5** | **548.0** | **629.1** |
| Personnel expenses | 363.0 | 359.5 | 117.4 | 120.7 |
| Purchases, services, other costs | 1,069.3 | 1,320.3 | 306.4 | 354.7 |
| **Operating costs** | **1,432.2** | **1,679.8** | **423.8** | **475.4** |
| **EBITDA** | **598.2** | **753.7** | **124.1** | **153.7** |
| TV and movie rights amortization | 335.8 | 565.0 | 101.6 | 134.3 |
| Other amortization and depreciation | 73.7 | 74.2 | 25.5 | 28.5 |
| **Amortization and depreciation** | **409.6** | **639.2** | **127.1** | **162.8** |
| **EBIT** | **188.6** | **114.5** | **(3.0)** | **(9.1)** |
| Financial income/(losses) | (16.5) | (13.4) | 0.2 | (4.4) |
| Income/(expenses) from equity investments | 48.2 | 9.4 | 6.1 | (0.3) |
| **EBT** | **220.3** | **110.6** | **3.3** | **(13.9)** |
| Income taxes | (46.0) | (34.3) | 2.8 | 1.3 |
| Minority interests in net (profit)/loss | (72.8) | (70.6) | (13.5) | (10.3) |
| **Net result from continuing operations** | **101.5** | **5.6** | **(7.4)** | **(22.8)** |
| Net profit from discontinued operations | - | 21.4 | - | 7.0 |
| **Group net result** | **101.5** | **27.0** | **(7.4)** | **(15.8)** |

*(values in EUR million)*

| **MEDIASET GROUP** *Balance Sheet Summary* | **30/09/2019** | **31/12/2018** |
|---|---|---|
| TV and movie rights | 1,053.3 | 972.2 |
| Goodwill | 799.6 | 794.1 |
| Other tangible and intangible non current assets | 974.3 | 822.5 |
| Equity investments and other financial assets | 837.7 | 571.9 |
| Net working capital and other assets/liabilities | 414.7 | 500.9 |
| Post-employment benefit plans | (72.7) | (68.9) |
| **Net invested capital** | **4,007.0** | **3,592.6** |
| Group shareholders' equity | 2,450.5 | 2,412.4 |
| Minority interests | 392.7 | 443.7 |
| **Total Shareholders' equity** | **2,843.3** | **2,856.2** |
| **Net financial debt** | **1,163.7** | **736.4** |

*(values in EUR million)*

| ITALY<br>Income Statement | 9M<br>2019 | 2018 | 3rd Quarter<br>2019 | 2018 |
|---|---|---|---|---|
| **Consolidated net revenues** | **1,371.9** | **1,737.9** | **369.7** | **440.7** |
| Personnel expenses | 274.5 | 282.9 | 87.7 | 95.6 |
| Purchases, services, other costs | 781.4 | 981.1 | 218.8 | 257.2 |
| **Operating costs** | **1,055.9** | **1,263.9** | **306.5** | **352.8** |
| **EBITDA** | **316.1** | **473.9** | **63.2** | **87.9** |
| TV and movie rights amortization | 255.8 | 478.5 | 81.8 | 103.1 |
| Other amortization and depreciation | 60.0 | 62.2 | 20.5 | 23.3 |
| **Amortization and depreciation** | **315.9** | **540.8** | **102.3** | **126.5** |
| **EBIT** | **0.2** | **(66.8)** | **(39.1)** | **(38.6)** |
| Financial income/(losses) | (16.5) | (13.2) | 0.2 | (4.4) |
| Income/(expenses) fromequity investments | 42.7 | (1.4) | 5.8 | (0.9) |
| **EBT** | **26.4** | **(81.4)** | **(33.1)** | **(43.9)** |
| Income taxes | (9.2) | 11.1 | 8.9 | 9.6 |
| Minority interests in net result | 1.0 | 0.4 | 0.4 | 0.2 |
| **Net result from continuing operations** | **18.2** | **(69.9)** | **(23.8)** | **(34.1)** |
| Net result from discontinued operations | - | 21.4 | - | 7.0 |
| **Net result** | **18.2** | **(48.6)** | **(23.8)** | **(27.0)** |

*(values in EUR million)*

| ITALY<br>Consolidated net revenues | 9M<br>2019 | 2018 | 3rd Quarter<br>2019 | 2018 |
|---|---|---|---|---|
| Gross advertising revenues | 1,332.4 | 1,458.7 | 347.2 | 358.6 |
| Agency discounts | (188.1) | (208.2) | (48.8) | (50.4) |
| **Total net advertising revenues** | **1,144.3** | **1,250.5** | **298.4** | **308.2** |
| Other revenues | 227.6 | 487.3 | 71.3 | 132.5 |
| **Total net consolidated revenues** | **1,371.9** | **1,737.9** | **369.7** | **440.7** |

*(values in EUR million)*

| **SPAIN** *Income Statement* | **9M** **2019** | **2018** | **3rd Quarter** **2019** | **2018** |
|---|---|---|---|---|
| **Total consolidated net revenues** | **660.7** | **696.4** | **178.3** | **188.6** |
| Personnel expenses | 88.4 | 76.6 | 29.7 | 25.0 |
| Purchases, services, other costs | 288.0 | 339.4 | 87.7 | 97.7 |
| **Operating costs** | **376.4** | **416.1** | **117.4** | **122.8** |
| **EBITDA** | **284.3** | **280.4** | **60.9** | **65.8** |
| TV and movie rights amortization | 80.4 | 86.7 | 20.0 | 31.3 |
| Other amortization and depreciation | 13.7 | 12.0 | 5.0 | 5.2 |
| **Amortization and depreciation** | **94.1** | **98.7** | **25.0** | **36.4** |
| **EBIT** | **190.2** | **181.7** | **36.0** | **29.4** |
| Financial income/(losses) | (0.1) | (0.2) | (0.1) | (0.0) |
| Income/(expenses) from equity investments | 5.3 | 10.8 | 0.4 | 0.6 |
| **EBT** | **195.5** | **192.3** | **36.3** | **29.9** |
| Income taxes | (37.3) | (45.4) | (6.1) | (8.2) |
| **Net profit from continuing operations** | **158.2** | **146.9** | **30.2** | **21.7** |
| Minority interests in net profit | (1.2) | - | (0.6) | - |
| **Net profit** | **157.0** | **146.9** | **29.6** | **21.7** |

*(values in EUR million)*

| **SPAIN** *Consolidated Revenues* | **9M** **2019** | **2018** | **3rd Quarter** **2019** | **2018** |
|---|---|---|---|---|
| **Gross advertising revenues** | **644.0** | **687.1** | **171.2** | **184.8** |
| Agency discounts | (27.6) | (29.9) | (7.1) | (8.1) |
| **Net advertising revenues** | **616.5** | **657.2** | **164.1** | **176.8** |
| Other revenues | 44.3 | 39.1 | 14.2 | 11.7 |
| **Total net consolidated revenues** | **660.7** | **696.4** | **178.3** | **188.6** |

*(values in EUR million)*

| **MEDIASET GROUP**<br>*Cash Flow Statement*<br>*(geographical breakdown)* | **Italy**<br>**9M 2019** | <br>**9M 2018** | **Spain**<br>**9M 2019** | <br>**9M 2018** |
|---|---|---|---|---|
| **Net Financial Position at the beginning of the year (*)** | **(1,042.5)** | **(1,527.5)** | **165.5** | **135.3** |
| | | | | |
| **Free Cash Flow** | **75.1** | **(1.6)** | **168.3** | **180.2** |
| Cash Flow from operating activities (**) | 289.0 | 440.0 | 269.7 | 261.7 |
| Investments in fixed assets | (354.0) | (402.8) | (151.5) | (131.3) |
| Disposals of fixed assets | 5.6 | 0.0 | 4.7 | 2.7 |
| Changes in net working capital and other current assets/liabilities | 134.5 | (38.9) | 45.5 | 47.2 |
| Change in the consolidation area | (13.4) | 0.1 | (6.3) | - |
| Own share's sell/(buyback) of the parent company and subsidiaries | - | - | (94.6) | - |
| Equity investments/Investments in other financial assets and change of stake in subsidiaries | (406.8) | (8.6) | (0.4) | 8.8 |
| Cashed-in dividends | 89.6 | 129.2 | 1.7 | 2.4 |
| Dividends paid | - | (0.0) | (100.0) | (197.5) |
| | | | | |
| **Financial Surplus/(Deficit) from continuing operations** | **(255.5)** | **119.1** | **(31.2)** | **(6.1)** |
| Financial Surplus/(Deficit) from discontinued operations | - | (40.1) | - | - |
| Net Financial Position adjustments concerning assets held for sale | - | 357.8 | - | - |
| | | | | |
| **Net Financial Position at the end of the period** | **(1,298.0)** | **(1,090.6)** | **134.3** | **129.2** |

(*) 2019 figures include financial liabilities recognized under IFRS 16.
(**) Net result +/- minority interests + amortisation/depreciation +/- net provisions +/- gains from the accounting of investments under the equity method + changes in valuation reserves - gains/losses on equity investments.

## Company Executive Responsible Declaration

The Company Executive responsible for the preparation of the company accounting documents of Mediaset S.p.A., Luca Marconcini, herewith declares, pursuant to paragraph 2, article 154, second part, of the Consolidated Finance Act that the accounting information contained in this document corresponds to the contents of accounting documents, books and postings of the company.

for the Board of Directors
the Chairman