

Mediaset Board of Directors' Meeting 10 March 2020

**THE BOARD OF DIRECTORS OF MEDIASET
VERIFIES ALL OF THE MEASURES IMPLEMENTED
TO FACE THE CURRENT HEALTH EMERGENCY AND
APPROVES THE GROUP'S 2019 RESULTS**

Consolidated results

Net revenues: €2,925.7 million

Increased operating profit (EBIT): €354.6 million

Cash generation growth: €263.5 million

Reduced costs: -20.6%

Increase in Net profit: €190.3 million

TV ratings: Mediaset channels are leaders in both Italy and Spain
Canale 5 and Telecinco the top channels in their respective countries
in the commercial target

<p>International development: launch of the MFE-MEDIAFOREUROPE project Process completed making Mediaset the major shareholder of ProSiebenSat.1Media</p>
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The Board of Directors of Mediaset, which met under the chairmanship of Fedele Confalonieri, began by verifying and updating all of the measures put in place by the Group to effectively deal with the current health emergency in the country and then proceeded to examine and approve the Group's Consolidated Annual Report for the year to 31 December 2019, as well as the Annual Report of the parent company Mediaset SpA.

The year 2019 was characterised by the launch of the international development project MFE-MEDIAFOREUROPE, the investment in the German broadcaster ProSiebenSat.1Media and management of the year that led to an increase in profit, net of extraordinary charges in 2018, despite the objective difficulties in the media sector, both nationally and internationally.

Three of the structural indicators were also decidedly up on the company's forecasts, with marked increases in "Operating profit", and "Cash generation", while there was also a significant reduction in "Total costs".

Finally, 2019 was also the year in which, in Italy, Mediaset redefined the scope of its core business, with the result that, on the revenues side, it is worth the Group's performance compared with 2018 on a comparable basis, i.e. net of the advertising revenues contribution deriving from big sports events in the schedule that year, such as the Champions League Free, the Calcio Pay offer and, above all, in both Italy and Spain, the impact of the absolutely exclusive rights to the football World Cup.

Highlights from the Group's 2019 Results, approved by the Board of Directors, are as follows:

- **Consolidated net revenues** totalled **€2,925.7 million**, compared with €3,401.5 million in 2018. A performance which, as indicated, is the result of the new scope of the core business defined during 2019.

In particular, revenues in Italy amounted to **€1,982.1 million**, compared with €2,421.4 million in the previous year, a figure that reflects the marked reduction in the characteristic revenues generated by Premium and absent in the second half. In Spain, the figure was **€946.2 million**, compared with €981.6 million of 2018. Both figures reflect the downturn in the advertising market in Italy and Spain, where, in any case, the two companies recorded results that were better than the market.

Mediaset España's gross advertising revenues came to **€916.5 million**, compared with €963.6 million in the previous year, confirming the company's leadership in the country. In Italy, where the total advertising market in 2019 was down by -5.1%, Mediaset's gross television advertising revenues came to **€1,939.0 million**, compared with €2,112.2 million in 2018. On a comparable basis (taking account of the abovementioned changes) the organic trend in Mediaset's advertising sales in 2019 were down by -3.6%, which was better than the market which - excluding the revenues generated by the World Cup - was down by -4.2%.

- **Total costs** (labour costs, other operating costs, amortisation and depreciations) fell in Italy to **€1,890.8 million**, compared with €2,604.3 million in 2018 (-20.6%). There was also a 6.0% fall in total costs in Spain (from €724.7 million in 2018 to **€681.3 million**).

- There was a marked increase in the Group's **consolidated operating profit (EBIT)** which came to **€354.6 million**, compared with €73.7 in 2018. In Italy, the EBIT result turned positive, at **€91,3 million**, compared with -€182.9 million for the previous year, which was affected by the writedown of pay-TV rights for a total of €162.7 million. Meanwhile, in Spain there was a further rise in EBIT, up to **€264.9 million**, compared with €256.9 million in 2018.

- The Group's **consolidated net profit** came to **€190.3 million**, compared with €97.4 million in 2018, net of the extraordinary operations that characterised the previous year (e.g. the capital gains deriving from the EiTowers operation) which resulted in a result for 2018 of €468.2 million.

A breakdown by geographic area shows that in Italy net profit came to **€76.3 million**, compared with the €364,8 million for 2018, which included the aforementioned extraordinary contributions. In Spain there was a further improvement, taking the figure to **€211.7 million**, from the €200.3 million of the previous year.

- **Consolidated net financial debt**, excluding investments for the acquisition of a 15.1% stake in the German broadcaster ProSiebenSat.1Media and losses attributed by IFRS 16 in force from 2019, amounted to **€768.8 million**, compared with €736.4 million on 31 December 2018. Given the aforementioned components, the net financial position came to €1,348.3 million.

The Group's characteristic **cash generation** in the period amounted to **€263.5 million**, a marked improvement compared with 2018 (€211.7 million).

- **TV ratings.** In the increasingly competitive multiplatform landscape, Mediaset's channels managed to improve their ratings compared with 2018 and reinforced their leadership in the premium targets both Italy and Spain.

In Italy, Mediaset is the leader in the commercial target with a **prime time share** of **35.1%** (+0.3 points on 2018) and **34.0%** in the **24 hours** (+0.5 points). **Canale 5** was the most popular channel in the commercial target in both **prime time (16.6%)** and the **24 hours (16.0%)**. **Italia 1** was Italy's third channel – the most popular after the two flagship channels – in **prime time (7.2%)** and the **24 hours (6.8%)**; and also of note was the increase in the

total audience of **Retequattro**, which, thanks to original **prime time** content gained a 4.7% share, an increase of **+15%** compared with 2018.

In Spain, the Mediaset España channels maintained their absolute leadership in the **24 hours** with a **28.9%** share. **Telecinco** confirmed its position as Spain's most popular channel across the **entire day (14.8%)** and in **prime time (14.8%)**.

RESULTS OF THE PARENT COMPANY MEDIASET S.P.A.

The parent company Mediaset Spa also ended 2019 positively, with a **net profit of €126.0 million**, compared with €111.8 million in 2018.

With regard to the allocation of profit for the period, amounting to **€126.0 million**, given that on completion of the cross-border merger by incorporation of Mediaset and Mediaset España into MFE-MEDIAFOREUROPE (the "**Merger**") it is foreseen that the sum be transferred to the former as a component of Mediaset's total net assets. In fact, in order to ensure greater solidity for the assets and financial structure of the company, also after the merger, and to have full access to adequate resources in order to seize all eventual opportunities in the international market, the Board of Directors believes that, it is appropriate that the sum corresponding to the profit remains part of the net assets of the company, and be converted into a component of the extraordinary reserve.

OPERATIONS IN 2019 FOR THE INTERNATIONAL EXPANSION OF THE GROUP

- **The launch of the MFE-MEDIAFOREUROPE project.** In the context of the Group's international development, on 7 June 2019 the process began for the cross-border merger by incorporation of Mediaset SpA and Mediaset España into MFE-MEDIAFOREUROPE. The aim of the operation was the creation of a pan-European group operating in the entertainment and media sector that can benefit from a scale that will enable it to compete and expand its reach to other European countries. The creation of a holding company, incorporated under Dutch legislation, meets the need for a neutral headquarters able to realise an international project. The creation of MFE marks an important step forward in the development of a fully integrated media company able to become a leader in the linear and non-linear European entertainment market. Strong points include the ownership of the technological platforms and the aggregation of customer data profiling that will make it possible to compete on equal terms in a continuously evolving media market.

- **Completion of the operation making the Group the major shareholder of ProSiebenSat.1Media.** During the year, Mediaset SpA acquired 9.6% of the share capital of ProSiebenSat.1Media and Mediaset España subsequently acquired a further 5.5%. As a result, the Mediaset Group's stake, as of 31 December 2019, reached 15.1%, making it the major shareholder in Germany's leading private commercial broadcaster with a broad-based shareholder structure.

SUSTAINABILITY REPORT

The Board of Directors also approved the Sustainability Report (the so-called "Consolidated non-financial declaration), pursuant to Legislative Decree 254/2016.

FORECAST FOR THE FULL YEAR

The positive performance recorded in 2019 has made possible a structural strengthening of the Group compared with the previous year. In addition, the first months of 2020 Mediaset in Italy recorded a marked rise in TV, radio and online ratings which, in turn, generated positive results in terms of advertising revenues (+2.1%).

However, visibility has diminished significantly in recent weeks due to the Covid-19 emergency. Great uncertainty and concerns about the social and economic impact of the health crisis will depend to a great extent on how rapidly and effectively monetary and fiscal policies will be implemented to support the most exposed sectors and operators. As things stand, it is not

currently possible to make reliable forecasts about the duration or the effects of the emergency on the management and results of the Group.

Consequently, the Group is operating on two complementary fronts: on the one hand, pursuing international development with determination, alongside other mid-term structural projects, and, on the other, putting in place all the necessary measures to contain the eventual negative impact on the advertising market with a view to safeguarding the Group's results and cash generation.

Finally, it should be noted that, following the completion of the MFE, the timing of which is dependent on ongoing legal proceedings brought by Vivendi, the Group expects to benefit from both synergies and the new opportunities offered by the pan-European scale.

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, 11 March 2020

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Highlights from the consolidated income statement

in €m

	2019	2018 (*)
Consolidated net revenues	2,925.7	3,401.5
Labour costs	(498.2)	(497.0)
Procurement, services and other costs	(1,490.2)	(1,838.4)
Operating costs	(1,988.4)	(2,335.4)
Gross operating profit (EBITDA)	937.3	1,066.1
Amortisation of rights	(479.0)	(884.2)
Other amortisation and depreciations	(103.7)	(108.2)
Total amortisation and depreciations	(582.7)	(992.4)
Operating profit (EBIT)	354.6	73.7
Financial income /(charges)	10.0	(16.2)
Income/(charges) from investments	17.1	6.4
Profit before taxation	381.7	64.0
Income taxes	(93.9)	(19.3)
Minority interest (profit)/loss	(97.5)	(96.5)
Net profit from operations	190.3	(51.8)
Net result from discontinued operations		520.0
Profit/Loss for the Mediaset Group	190.3	468.2

(*) 2018 results and balance sheet values restated to retroactively acknowledge the impacts of the accounting allocation process on the goodwill of stakes held

Highlights from the consolidated balance sheet

in €m

	31/12/2019	31/12/2018
Television and film rights	974.7	972.2
Goodwill	796.7	794.1
Other tangible/intangible assets	968.8	822.5
Financial assets	1,026.6	568.9
Net working capital & other assets/liabilities	541.0	500.9
Severance indemnity reserve	(69.2)	(68.9)
Net invested capital	4,238.7	3,589.6
Net Group assets	2,477.9	2,409.4
Shareholders' equity and minority interest	412.5	443.7
Net assets	2,890.4	2,853.1
Net financial position Debt/(Liquidity)	1,348.3	736.4