

A NEW EUROPEAN ALLIANCE FOR ONLINE VIDEO IS BORN

MEDIASET, THE GERMAN MEDIA GROUP PROSIEBENSAT.1 AND FRANCE'S TF1 GROUP TOGETHER IN "STUDIO 71": THE LEADING EUROPEAN MANAGER OF DIGITAL TALENT

Mediaset has acquired a stake in Studio 71, Europe's leading Multi-channel Network – and among the top five in the world – controlled by the German Media Group ProSiebenSat.1.

Multi-channel Networks like Studio 71 operate on the main free video distribution platforms (the key one being YouTube), ensuring greater visibility and monetisation for the creative talent behind the content thanks to the network's critical mass. Studio 71 generates more than 6 billion video views per month and operates in five countries with a staff of around 200 people. In Italy, it already manages an inventory of over 40 million video views per month.

Mediaset (which will take an initial stake of 5.5%) and the French TF1 Group (6.1%) will become partners in the company – with an aggregate investment of around €50 million at a valuation of €400 million - with the aim of creating Europe's most important operator in digital talent in close synergy with generalist television.

In fact the world of online video is moving increasingly towards the AVoD (Advertising Video on Demand) business model, with free access, big audiences and revenues deriving exclusively from advertising. This is a context in which Europe's big broadcasters have an undisputed competitive advantage, both in terms of their capacity to produce entertainment content and enhance the talent of performers, and in terms of advertising sales.

In fact, in Italy, advertising for the network will be managed exclusively by Mediaset's subsidiary, Publitalia '80, strengthening its increasingly cross-media vocation which will be reinforced by an unparalleled quantity of big data.

The inclusion of the Italian and French broadcasters in a business built around a global standard for online video such as YouTube on the one hand guarantees to the new partners the expertise developed by Studio 71 and, on the other hand, provides the network with resources to develop new markets in addition to Studio 71's established ones in Germany, the US, Canada, Great Britain and Austria. An expansion that will allow Studio 71 – whose main bases are in Berlin and Los Angeles and which has offices in New York, London, Vienna, Toronto, San Francisco and Chicago – to maintain the rapid rate of growth that has characterised it in recent years.

In accordance with the agreement, during the first quarter of 2017 a new joint venture - "Studio 71 Italia" - will be set up of which Mediaset will be a significant partner (49%) and through which all the Italian activities of Studio 71 will be managed. The company will have its Italian offices in Milan.

This European Avod alliance, which is of a new generation compared with the traditional offer of monthly subscriptions for scripted content, is the first step in the new positioning of Mediaset's Digital Area under the management of its Chief Digital Officer, Pier Paolo Cervi.