



Strategic update on mid-term guidelines

London, March 13th, 2019

Agenda

- **Advertising**
 - **2017-2020 Advertising business plan**
 - 2017-2018 Advertising business plan implementation and results
 - 2019-2021 Advertising business plan development
- Video & Audio Content
- Distribution, User Experience and Data
- Organization & Process
- Final remarks

2017-2020 Advertising business plan

Vision, Mission, Key Areas & Key Drivers confirmed

1 Vision

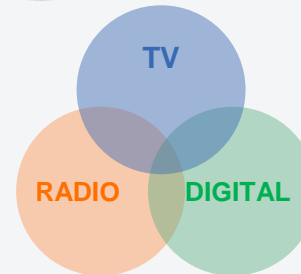
TV as Total Video:

- TV content through any device
- Total Audience is addressable through AdTech & Data
- Non-linear inventory on top of existing linear business

2 Mission

Be the unrivalled leader in Video Audio Digital offer delivering advertising on the best TV content across any screen and addressed to profiled audiences

3 Business Strategic Areas



- TV
- Digital
- Radio

4 Key Growth Drivers

- Content Multiplier
- Ad Tech Platform
- Audience Profiling
- Cross-Media Approach

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2017-2018 | Advertising business plan implementation and results

Facts

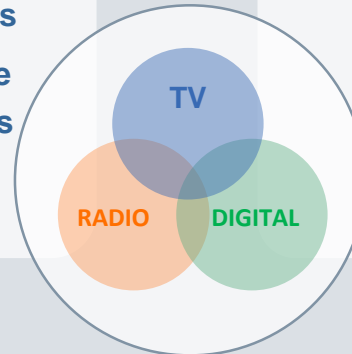
Implementation:

- TV content accessible via Mediaset Play on any device
- Audience profiling & addressability delivered via AdTech & Data
- Increasing non-linear inventory
- Enlarged FTA channel portfolio (new launches)
- Position in the radio market strengthened via network acquisitions
- Cross media approach enhanced by the in-house sales agencies, selling group's different media

Results

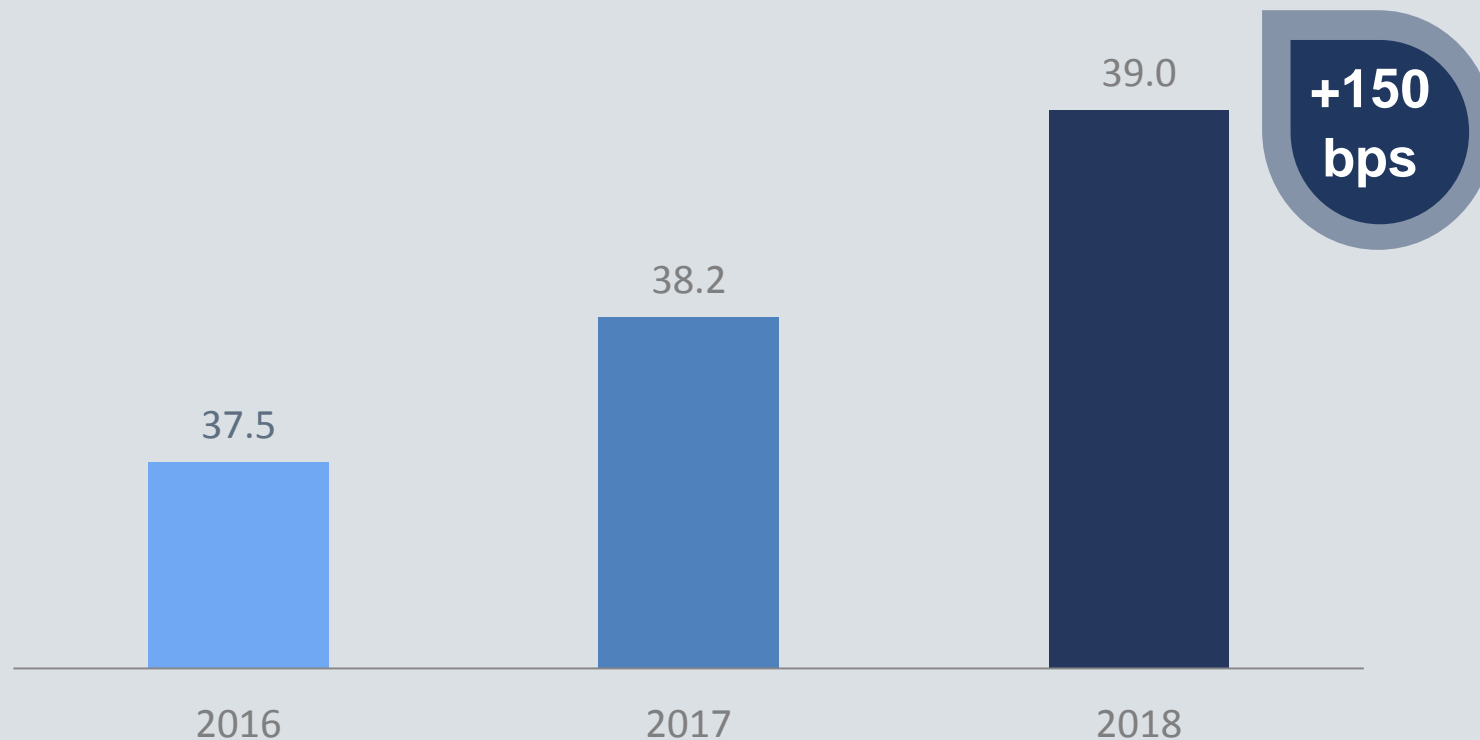
Business KPI 2018 vs 2016:

- TV market share increased from 56.4% in 2016 to 57.0% in 2018
- Digital outperformed the reference market, increasing the share by 80 BPS in 2 years
- Radio adv collection increased by 140% (via acquisitions) with a market share growth from 17.9% to 22.4%
- Total adv market share increased from 37.5% to 39.0%



2017-2018 | Advertising business plan implementation and results

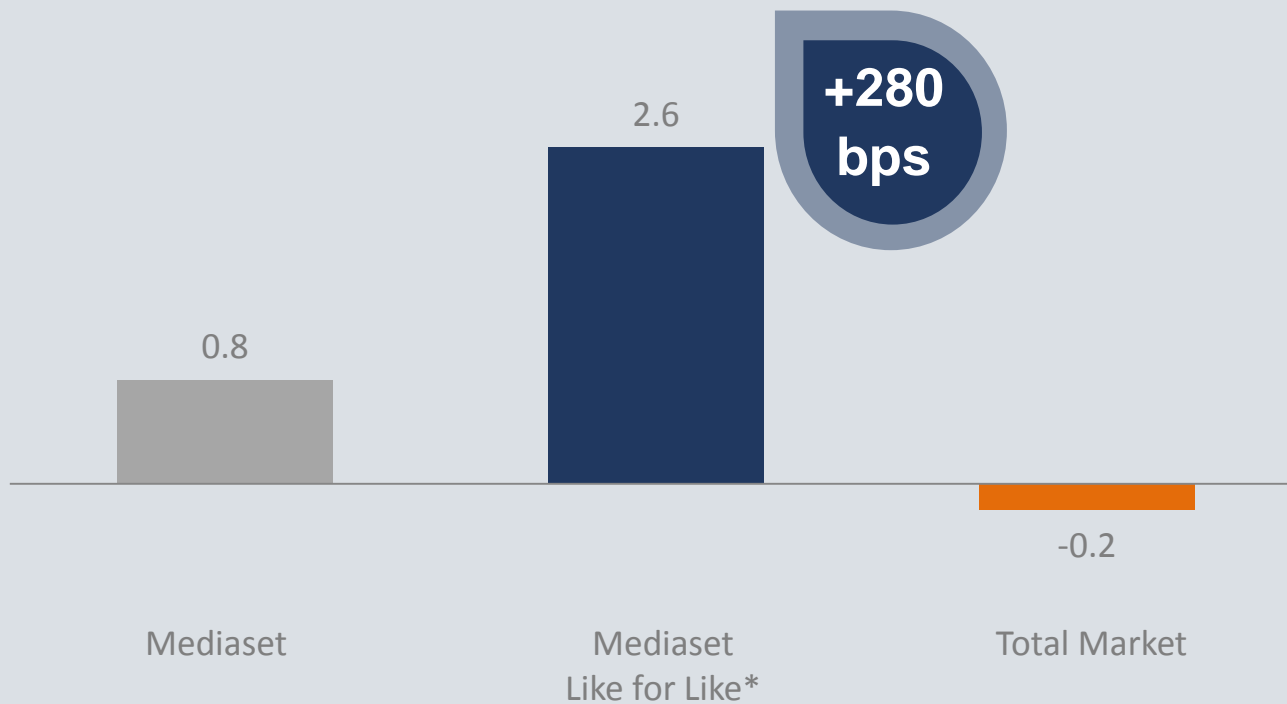
Mediaset advertising market share evolution (%)



Source: Internal elaborations on Nielsen data

2017-2018 | Advertising business plan implementation and results

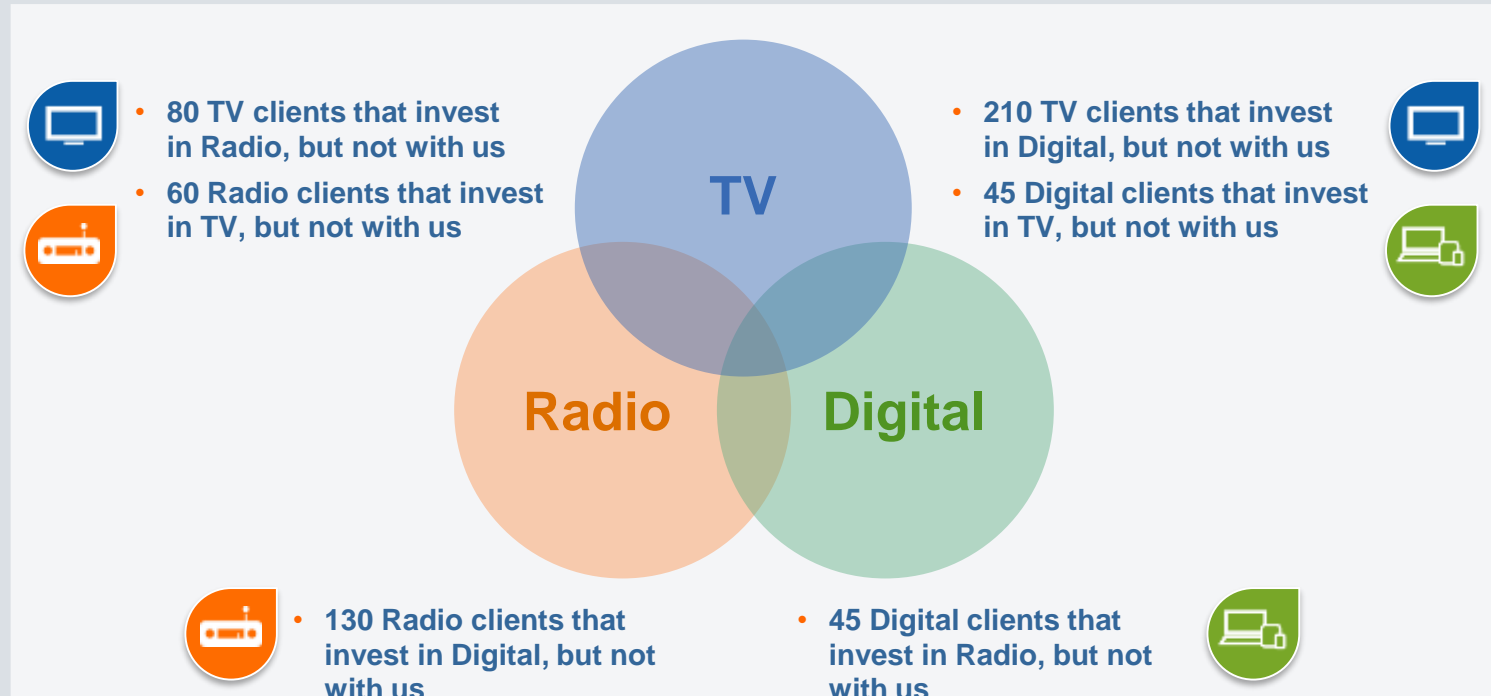
Mediaset advertising performance in 2018



*Excluding discontinuity of football (serieA & CHL)
Source: Nielsen

2017-2018 | Advertising business plan implementation and results

POTENTIAL CUSTOMER BASE FOR CROSS MEDIA APPROACH

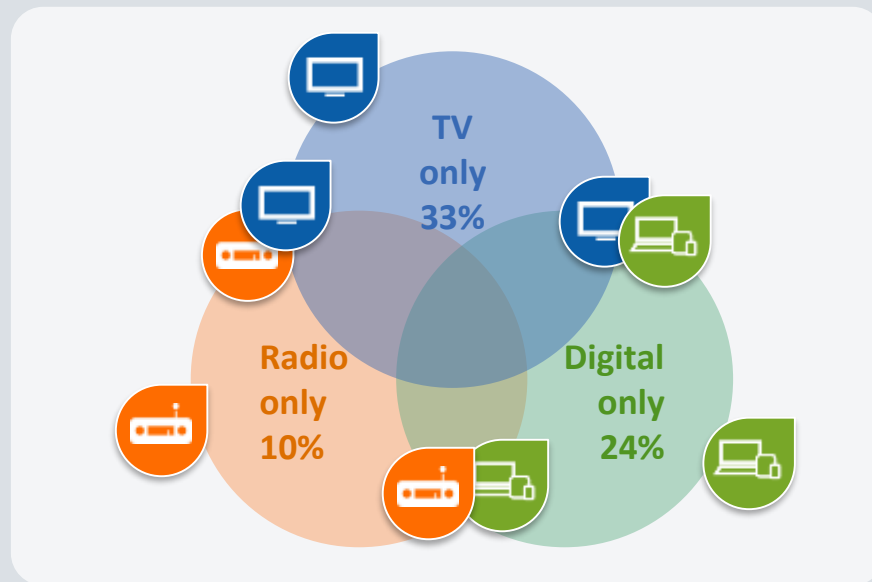
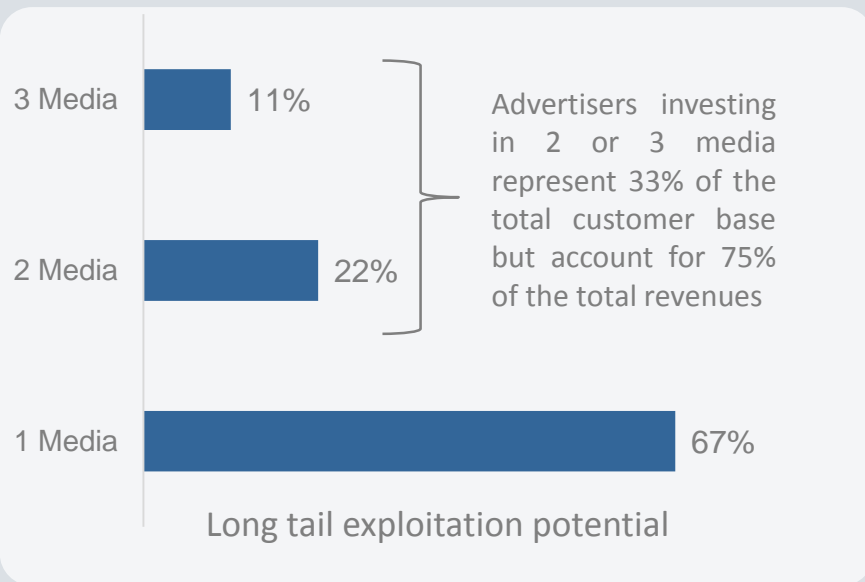


15-20% contribution to market share growth

2017-2018 | Advertising business plan implementation and results

A cross media customer base in good shape and still with potential growth

2018 CUSTOMER BASE COMPOSITION



Total number of clients: + 4% yoy

Cross media overlapped clients: + 5% yoy

Agenda

Advertising

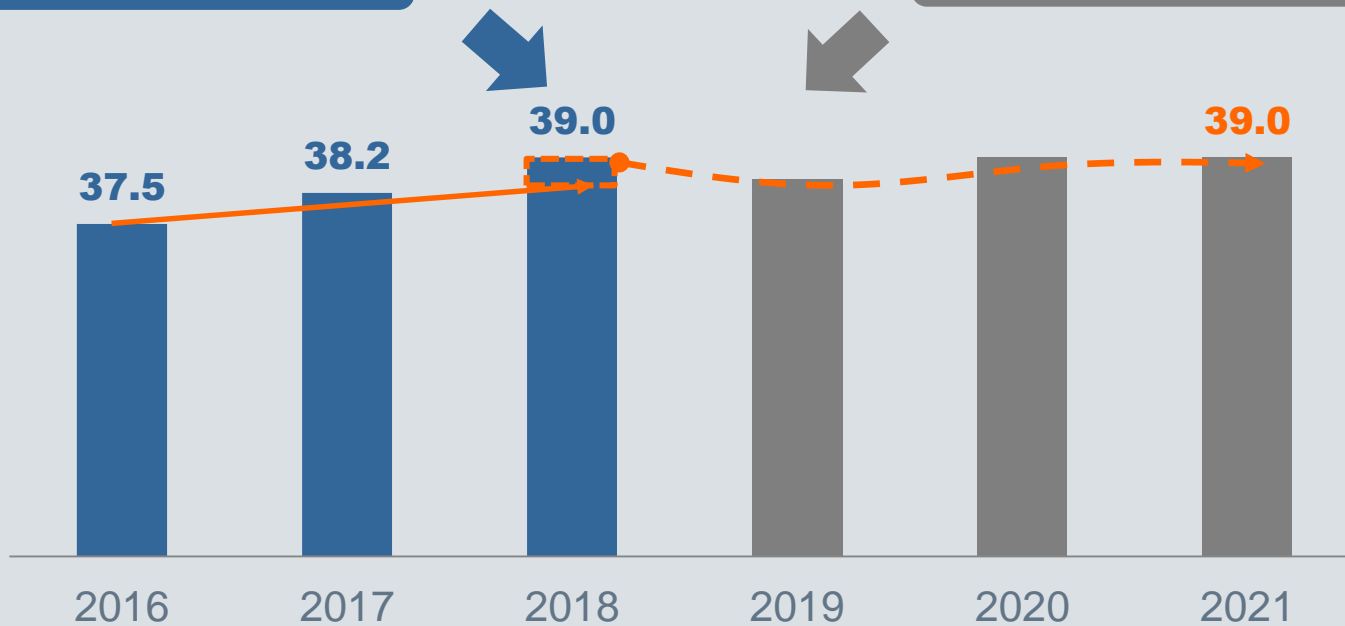
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- **2019-2021 Advertising business plan development**
 - **Market share consolidation**
 - An extended 3D business model

2019-2021 | Market share consolidation

Organic trend & Rationale expectations

Positive organic growth trend (even discounting net contribution of football discontinuities)

Why is it rational to expect a consolidation of our market share around 39%, after a «physiological» discontinuity in 2019 ?



2019-2021 | Market share consolidation

Organic trend & Rationale Expectations

Our 2020 Plan guidance for 39% market share was already including

- Discontinuity in Pay TV Football Business
- Maintenance in Pay TV Cinema & Series
- Opportunistic approach to FTA Sport Rights (implemented in WC2018 – margin accrutive)

In our 2019-2021 perspective we have these additional positive factors originally not included

- Sky-Mediaset Agreement delivering extended audience for FTA channels and Pay Cinema & Series
- An extended portfolio of FTA thematic channels, with a net addition of 2 channels
- Possible further positive addition in LCN competition in FTA (+1/+2 LCN)
- Extended implementation of opportunistic approach to FTA Sport Rights: Formula E, Nations League, Euro Qualifier....to achieve additional extended audience on male target
- Full Implementation of Cross Media approach in linear media will be extended to all addressable advertising offer across any media

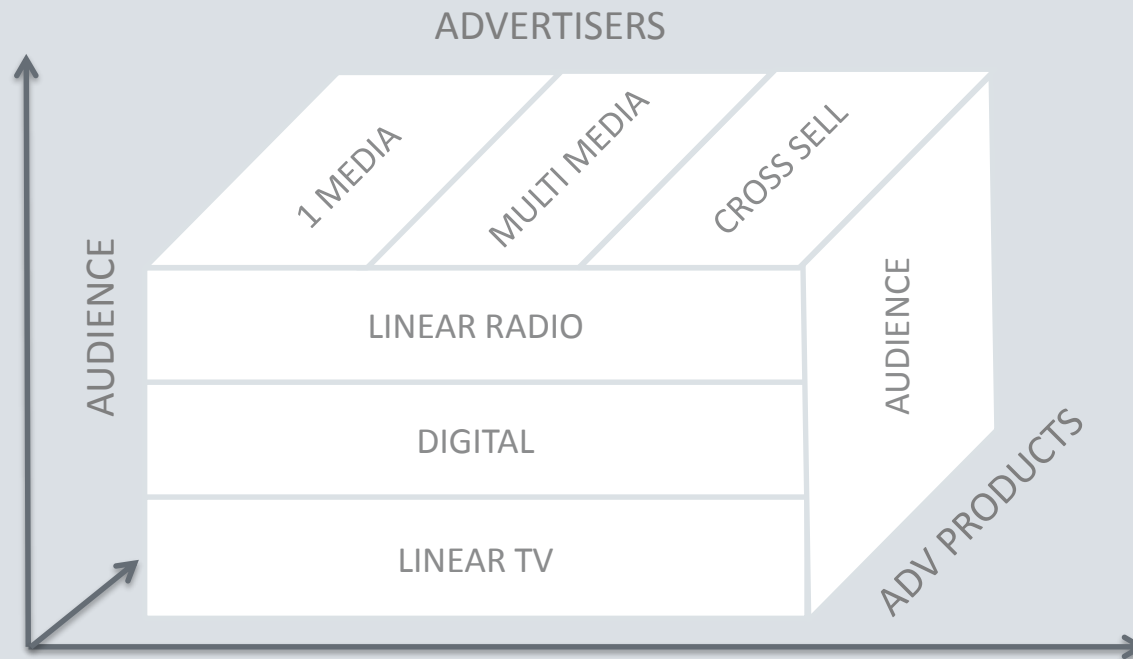
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 - **Market share consolidation**
 - **An extended 3D business model**

2019-2021 | A 3D business model

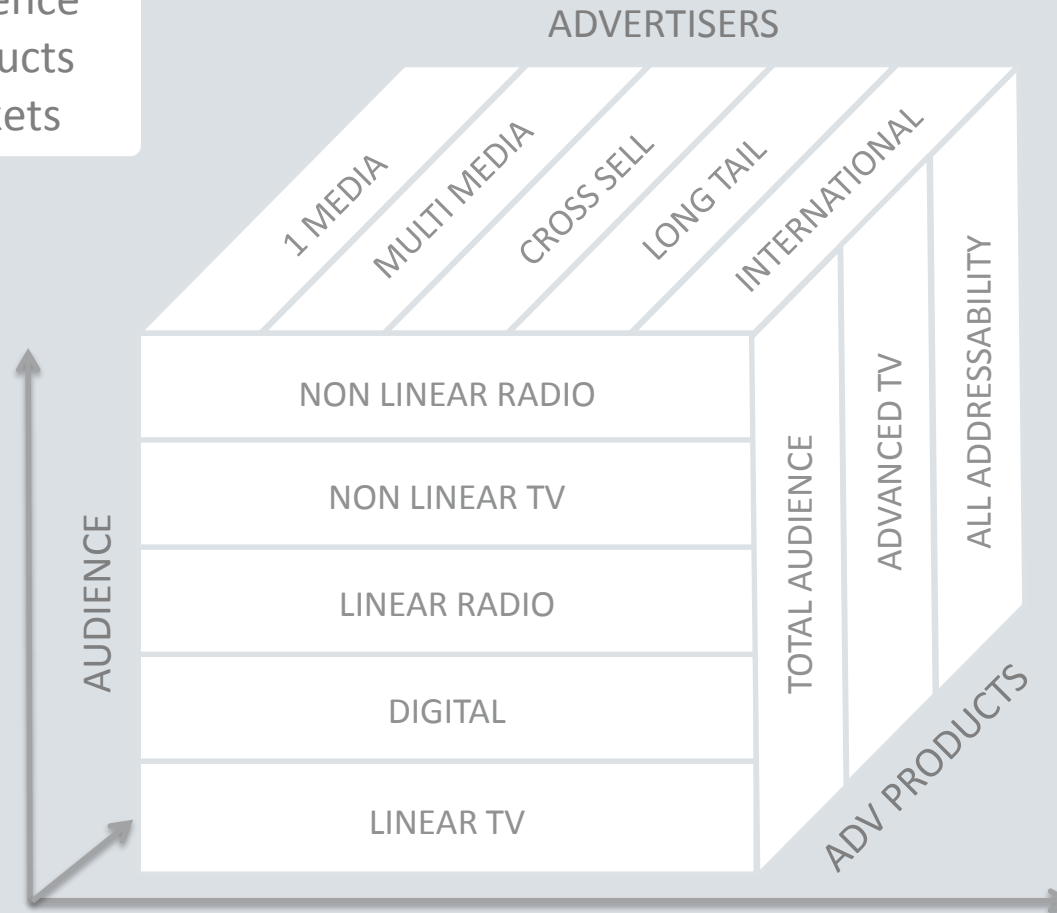
In 2015-2016 we started to implement our Cross Media approach...



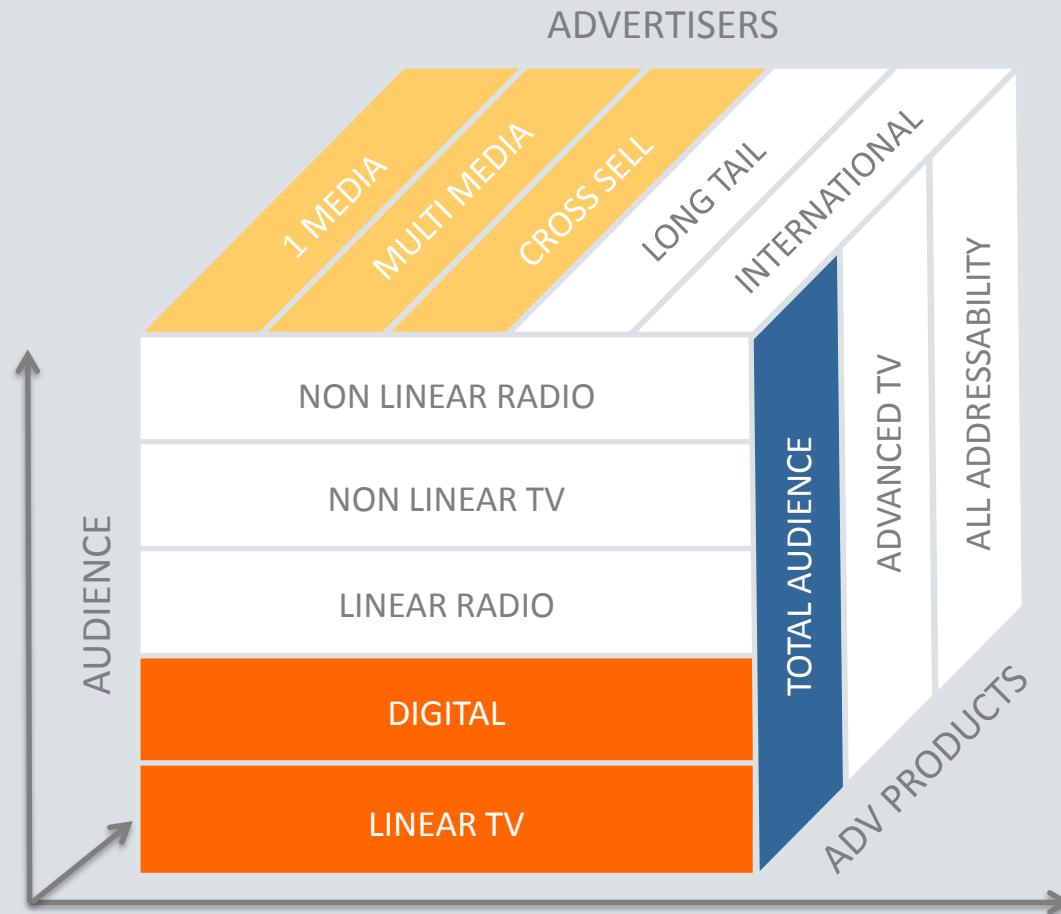
2019-2021 | An extended 3D business model

... while in 2018-2021 we are adopting an extended All Addressable Advertising Approach

- ✓ Extended audience
- ✓ Extended products
- ✓ Extended markets



2019-2021 | An extended 3D business model | Total audience



Total Audience Measure

Any content, any screen, any time

In spring 2019 Auditel will launch the Total Audience measurement, a new currency to value the audience generated by our programmes across all the devices

Live TV

Catch Up TV

Broadband

Broadcast

Snack

Full Episode

Any Screen Available

CORRIERE DELLA SERA

Corriere della Sera | Venerdì 1 Marzo 2018 | SPETTACOLI | 45

La rivoluzione dell'Auditel

16 mila
Le famiglie coinvolte, pari a
41 mila
persone.



Quando il televisore era un totem al centro della casa

Di Aldo Grossi

Da quando Auditel ha iniziato a misurare l'audience dei canali televisivi, il modo di guardare la tv è cambiato. Non solo perché ora si può guardare in streaming, ma perché il televisore è diventato un totem al centro della casa. Un tempo, il televisore era un oggetto di culto, un oggetto di desiderio. Ora è un oggetto di uso quotidiano. Un oggetto che è diventato un totem al centro della casa. Un totem che è diventato un oggetto di uso quotidiano. Un oggetto che è diventato un totem al centro della casa. Un totem che è diventato un oggetto di uso quotidiano.

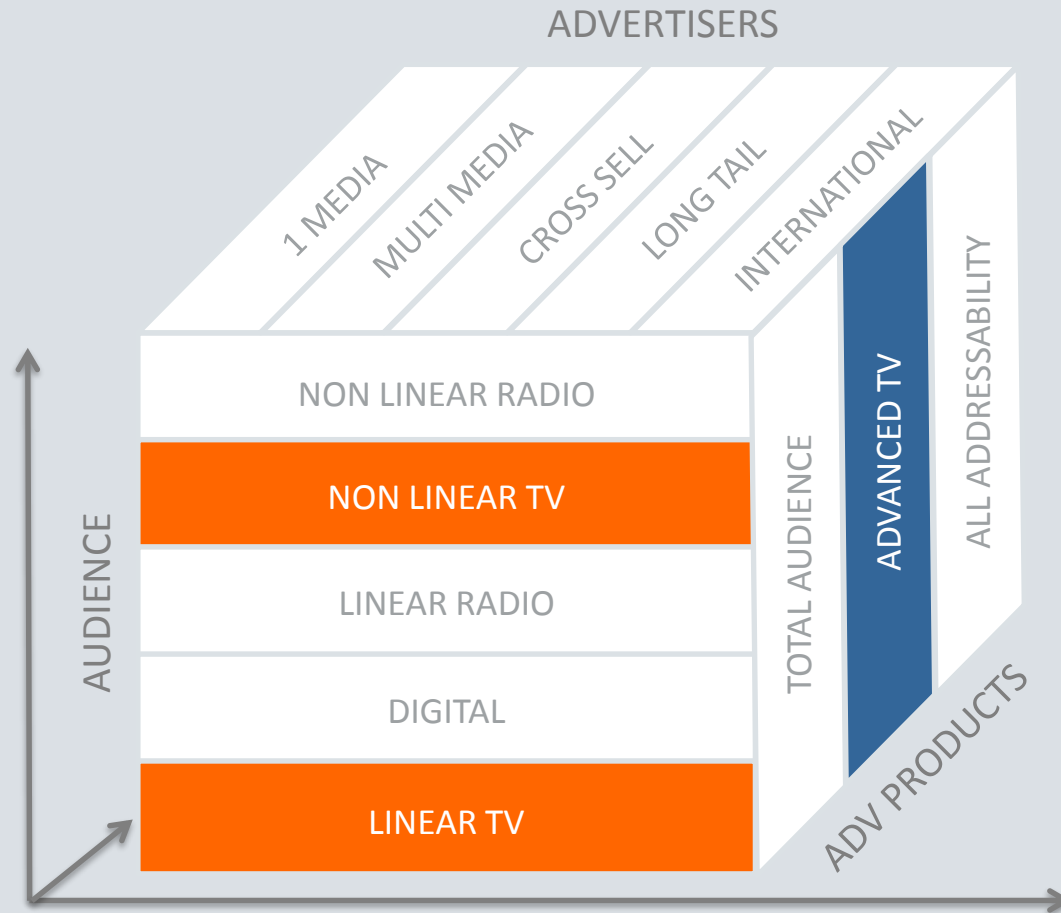
Cambia il modo di monitorare gli ascolti in arrivo le rilevazioni per smartphone e pc

Il Sole **24 ORE**

Economia & Imprese

Cellulari, tablet e smart tv:
debutta la nuova Auditel 4.0

2019-2021 | An extended 3D business model | Advanced TV



Non linear TV | Mediaset Play



One
Brand
Endless
Screens

Non linear TV | Mediaset Play



OUR NEW OTT FOR
MOBILE, TABLET,
DESKTOP AND
CONNECTED TVS

▶ **RESTART**

▶ **ON DEMAND**

▶ **EXTRA CONTENT**



Non linear TV | 3 years from now



3% REVENUE IN 2021

CAGR 2019 - 2021: 15%

DAILY REACH + 50%

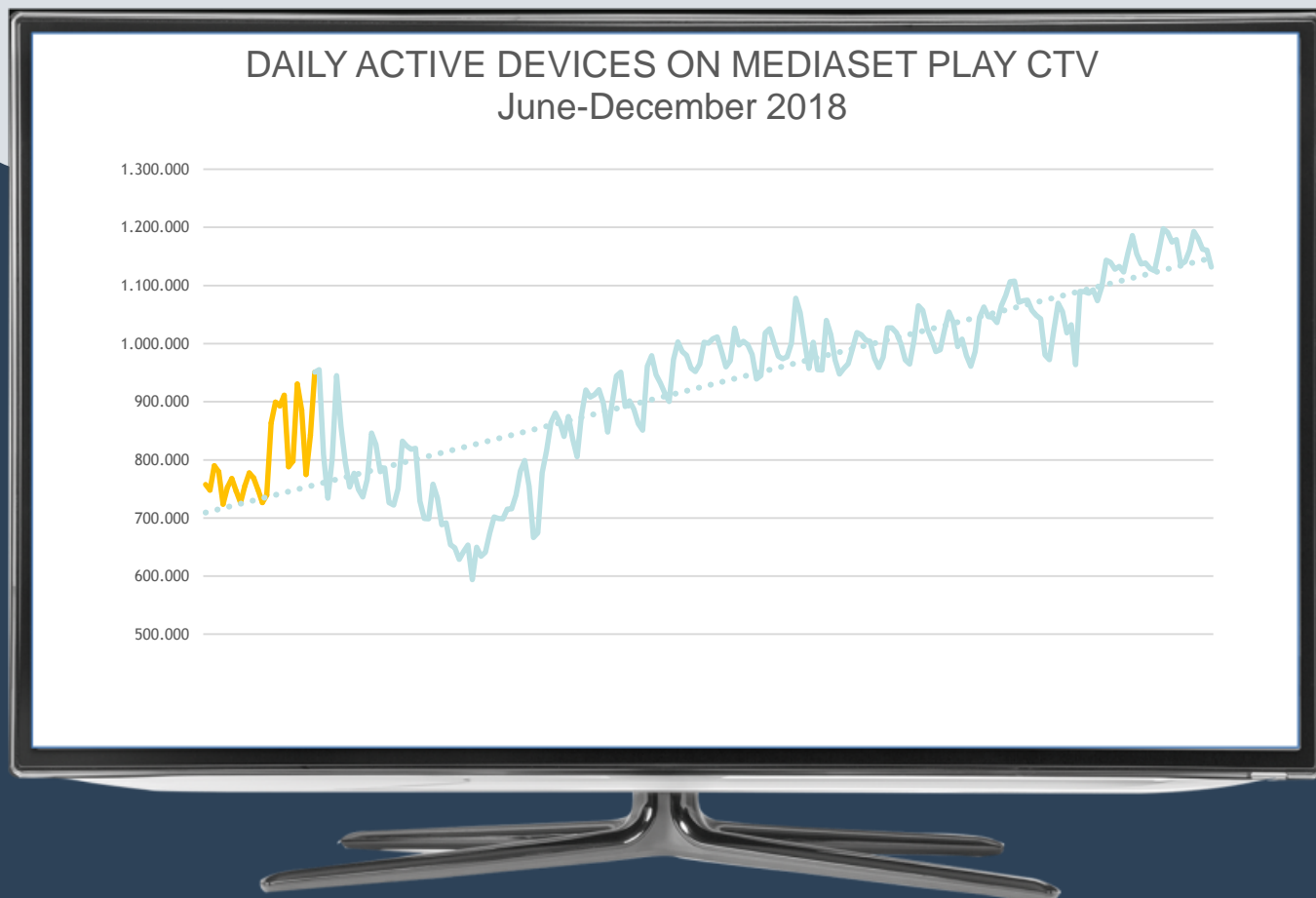
Non linear TV | Smart TVs growth



Connected TVs penetration to increase due to 2022 switch off

50% forecasted HH penetration in 2023

75% activations are driven by long form content



Non linear TV | Our addressable TV formats



LIVE

DISPLAY ON
FREE TO AIR
CHANNELS



ON DEMAND



Addressable TV



AD+ AD+
PLUS VIDEO

LAUNCHED IN JUL 17

13% REACH ON HH

75 ADVERTISERS

10 NEW TO TV ADVERTISERS



AD+
OVER



AD+
INSIDE



TV
SITE



INNOVATIVE ADVERTISING FORMATS FOR CONNECTED TV SETS

+ EFFICIENCY

INVENTORY

+ more communication opportunities

+ EFFECTIVENESS

BRAND

+ visibility
+ engagement
+ interaction
+ enhancement



IRIS



Focus

MEDIASET
TGCOM24



TOPcrime

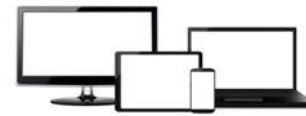
MEDIASET
EXTRA

Cross screen targeting and tracking

A proprietary algorithm designed to track and target our audience on any device anytime



IP 12131.1231.131.2



MEDIASET play M MEDIAMOND

-  ARCHITECTURE & DESIGN
-  ARTS & CULTURE
-  BEAUTY & COSMETICS
-  TRAVEL & TOURISM
-  FASHION & LIFESTYLE
-  PARENTING
-  COOKING
-  HEALTH & WELLBEING
-  MOTORS
-  TECHNOLOGY
-  FINANCE & BUSINESS

New addressable advertising solutions

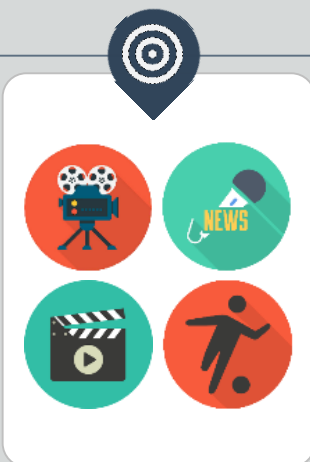
CUSTOMIZED TARGETING



GEOTARGETING



SOCIODEMO
TARGETING



CONTENT
TARGETING

ADVANCED RETARGETING

SPOT RETARGETING CROSS DEVICE RETARGETING



DIGITAL DATA

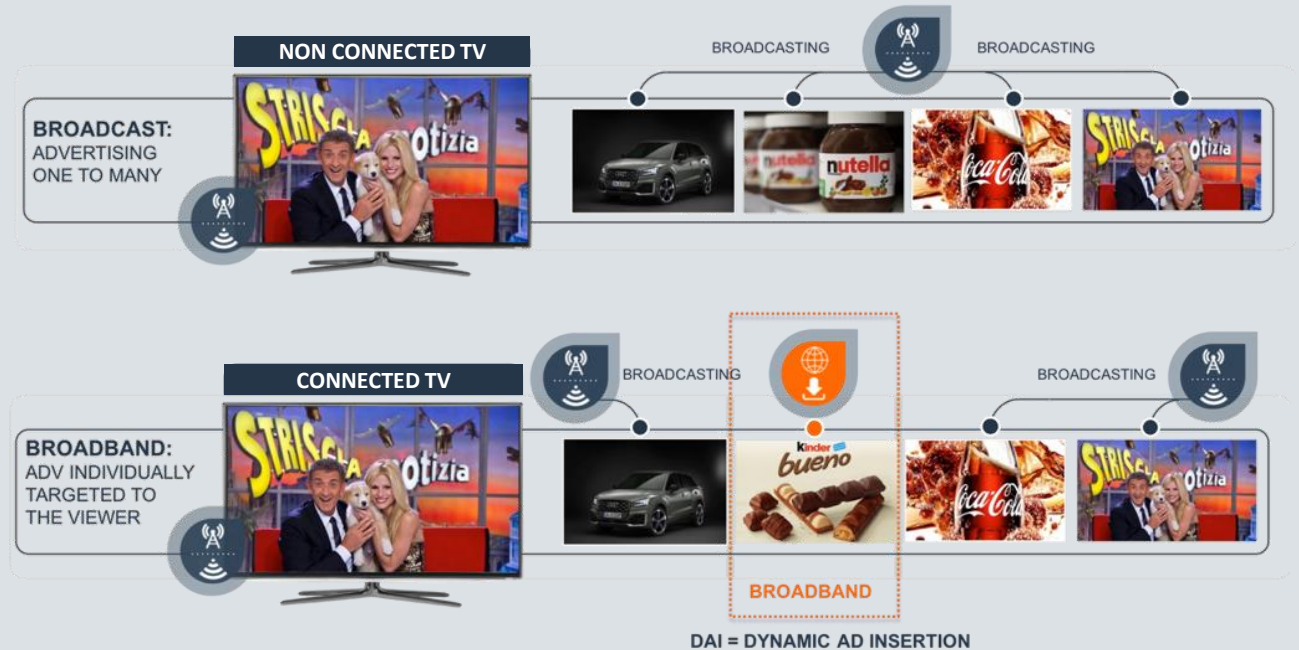
New addressable advertising solutions

Dynamic advertising insertions making linear tv addressable

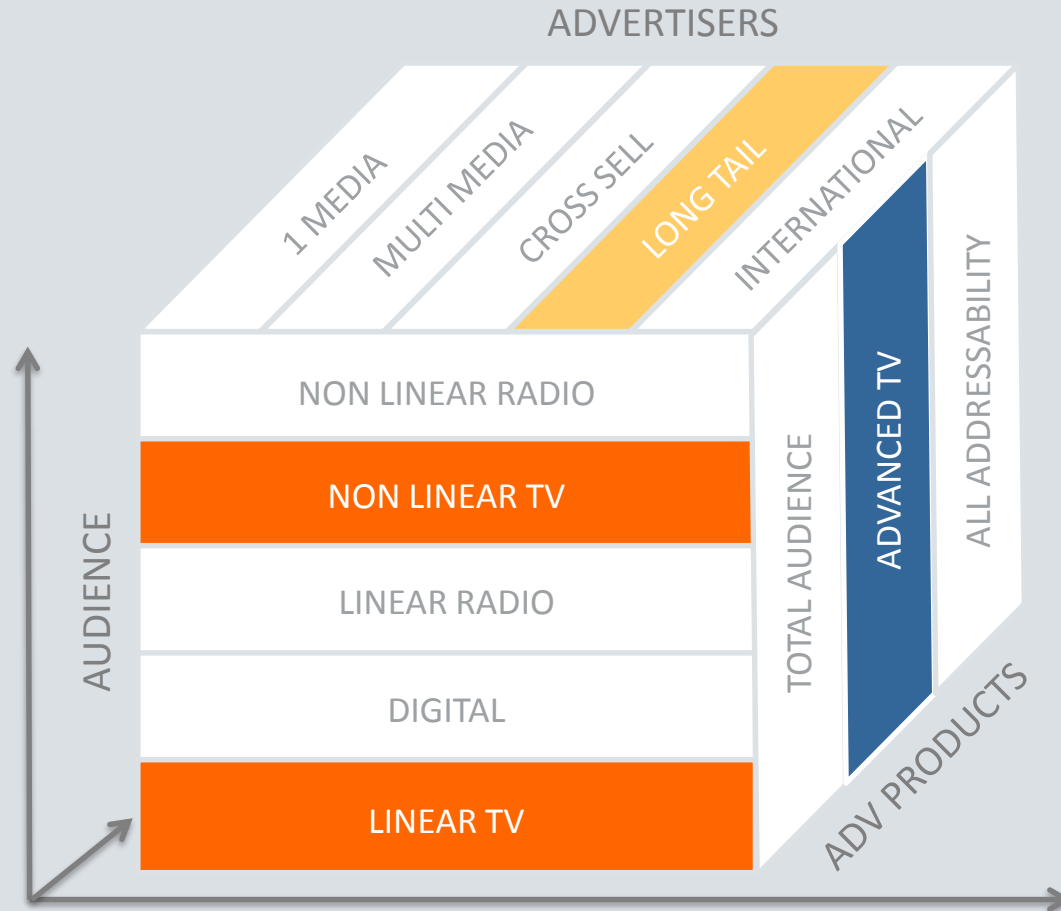
Broadcast delivered spots will be overlaid by broadband ads to make linear tv breaks addressable

Benefits:

- Increased addressable inventory
- New TV advertisers
- Higher yield for inventory



2019-2021 | An extended 3D business model | Advanced TV for the long tail



Advanced TV for the long tail

TARGET: GEOLOCAL

CONCESSIONARI C3 AIRCROSS

PER TUTTE LE INFORMAZIONI E L'ASSISTENZA DI CUI HAI BISOGNO, RIVOLGITI ALLA CONCESSIONARIA CITROËN PIÙ VICINA A TE.

INTERAUTO S.P.A. SALERNO VIA TERRE ISCAE 4/B TEL. 089 3061113 TEL. 089 3061109	AUTOMECC 92 S.R.L. AGRICOLI 156 VIA CORNETTELO SNC TEL. 0974 823574 TEL. 0974 828316	AUTO MOTOR SERVICE SRL AVE LINDO VIA PANDOLFO NE Z.L. TEL. 0825 626210 TEL. 0825 623054
AUTO SI S.R.L. NOCERA INFERIORE (SA) VIA MICHELE RICCIO 2 TEL. 081 7374873	CICENTER CASERTA (CA) VIA NAZIONALE DELLE PUGLIE 245 TEL. 081 7139276	CONTAUTO DUE TEVEROLA (CE) VIA CONSORTILE SAN AVESANA INDIR. TEL. 081 8914200
ROMEO (NA) VIA PIETRO 76 TEL. 081 8624010		CASERTA SP.135 KM 24,750 SAN MARCO EVANGELISTA TEL. 082 3224040

AD HOC WEBSITE

AD+
INSIDE

CITROËN

INTERAUTO
SALERNO
VIA TERRE ISCAE 4/B

CITROËN

Automecc92
AGRICOLI 156
VIA CORNETTELO SNC

CITROËN

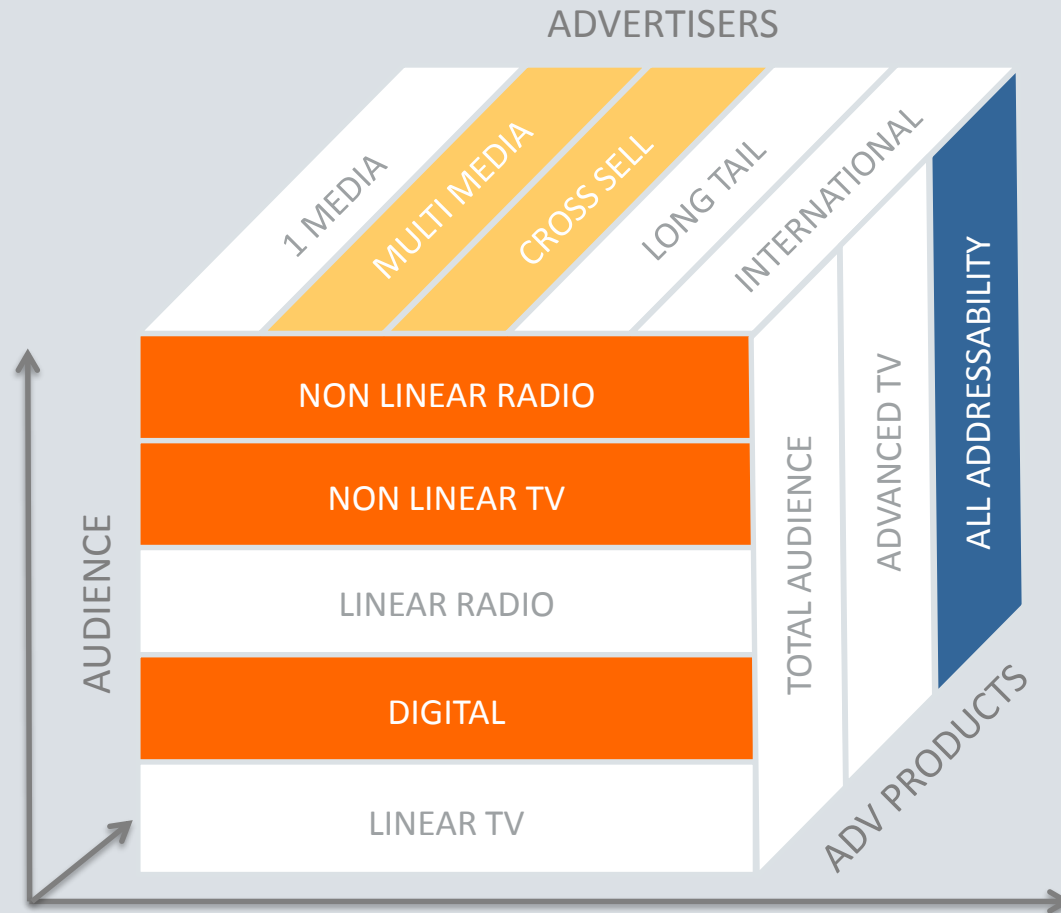
AUTO SI SRL
NOCERA INFERIORE (SA)
VIA MICHELE RICCIO 2
ROMEO (NA)
VIA PIETRO 76

CITROËN

Contaauto Due
TEVEROLA (CE)
VIA CONSORTILE SAN AVESANA INDIR.
CASERTA
SP.135 KM 24,750
SAN MARCO EVANGELISTA

NUOVO COMPACT SUV **CITROËN C3 AIRCROSS**
PREMI OK PER SCOPRIRE DI PIÙ

2019-2021 | An extended 3D business model | All Addressability



ALL OUR ADDRESSABLE PRODUCTS FOR ANY BUSINESS GOAL







◀◀ AWARENESS



PERFORMANCE ▶▶

Extending cross media campaigns through our “All Addressable” strategy

One target, three media

	 FREE TV 	 WEB RADIO 	 DIGITAL 
DEVICE			
ADV FORMAT	DISPLAY - VIDEO	AUDIO PREROLL /MIDROLL	DISPLAY VIDEO NATIVE
TARGETS	✓	✓	✓
AGE - GENDER	✓	✓	✓
LOCALIZATION	✓	✓	✓
INTEREST/PURCHASE INTENT/ VIEWING - LISTENING BEHAVIOURS	✓	✓	✓

Benefits:

- Unique proposition in the market
- Higher value for profiled inventory
- Activation of small medium clients
- More relevant consumer experience
- More effective

RadioMediaset: broadcast, DAB and online



A MULTI PLATFORM OFFERING:
MEDIAMOND RADIO
ON AIR | ON LINE | ON FIELD

7 RADIO
BRANDS

WEB RADIO
PODCASTS
WEBSITES

EVENTS
FESTIVALS
CONCERTS



- HOME DEVICES APP LAUNCHED
- MORE PODCASTS AND NON LINEAR PRODUCTS TO COME
- NON LINEAR RADIO REVENUE CAGR 2019-2021: 15%
- INTERNATIONAL EXPANSION ON DIGITAL RADIO



AUDIENCE



TARGET

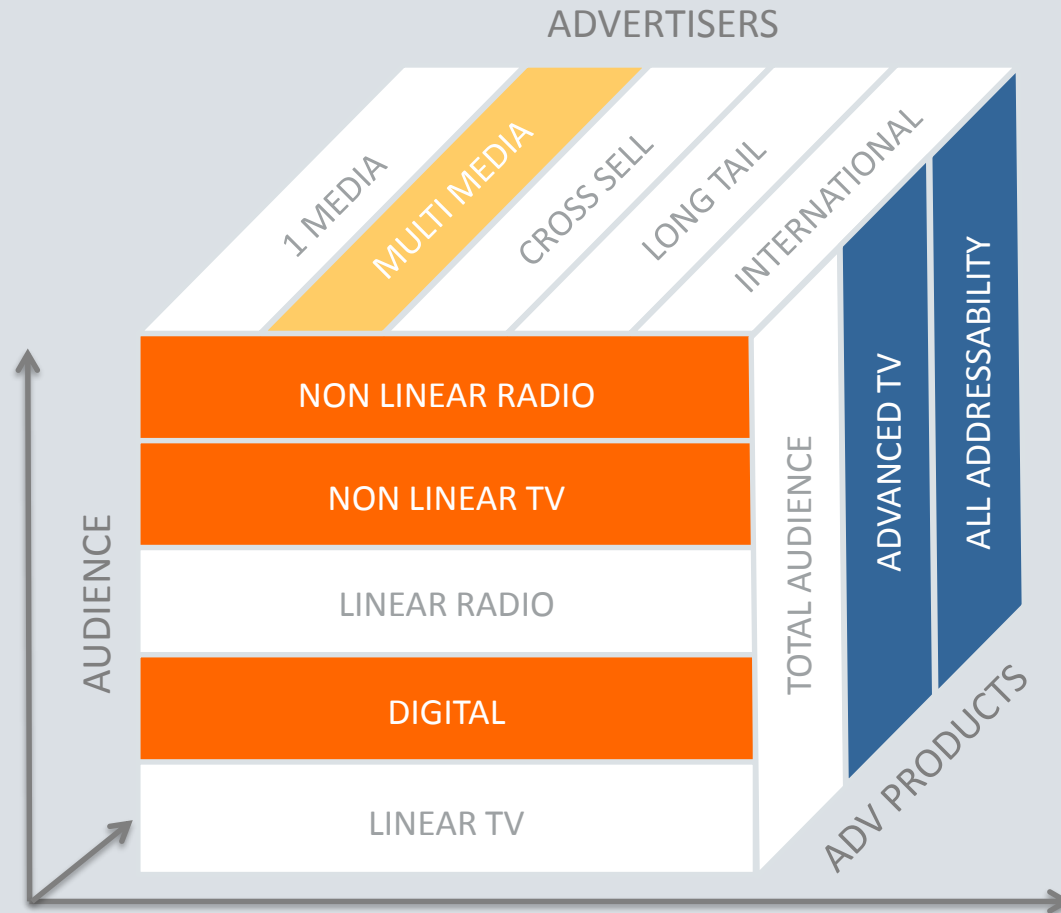


CONTENT



MEDIAMOND

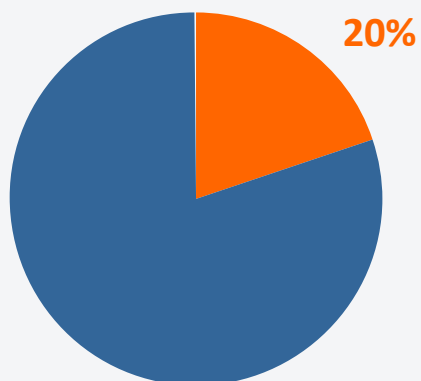
2019-2021 | An extended 3D business model | Automation



Automated buying: non linear programmatic advertising

2016

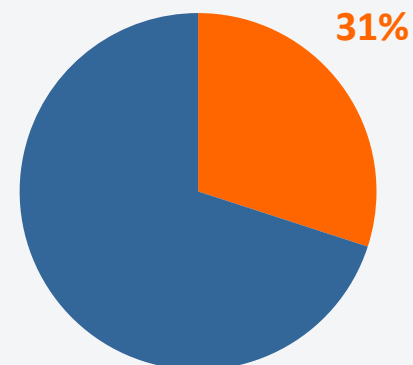
Non linear revenues
% of Programmatic



Spot Price +15-20%

2018

Non linear revenues
% of Programmatic



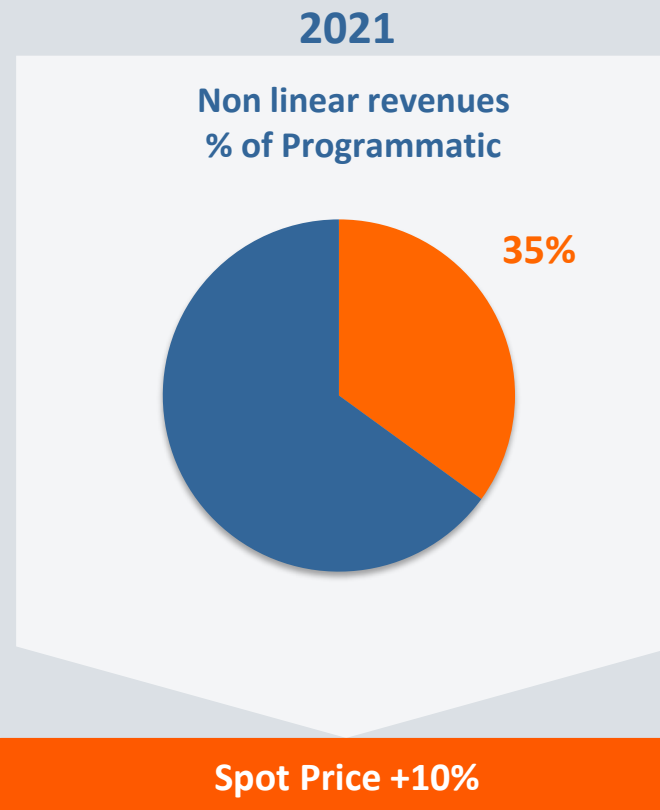
Growing yoy 70% more than the
rest of the market

Spot Price +26%

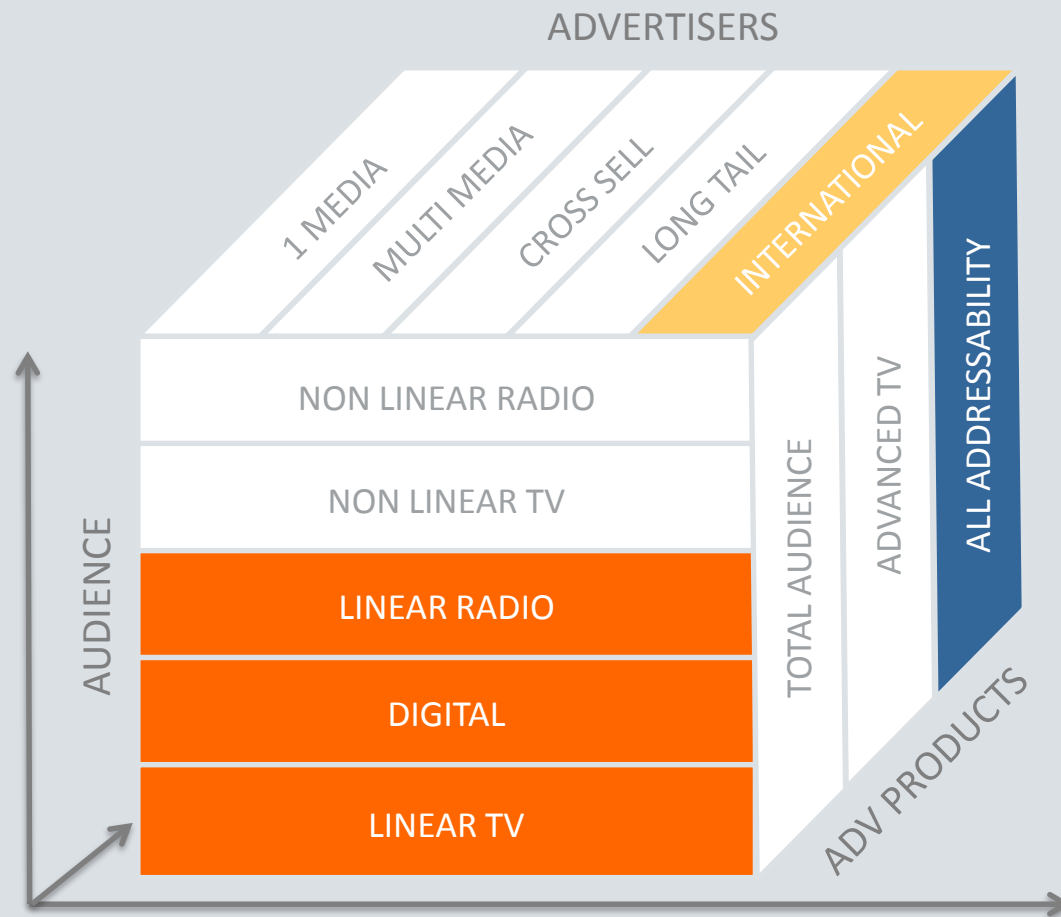
Source: Internal data

Automated buying: non linear programmatic advertising

- Programmatic adv will grow with a CAGR of 16%
- Wider client base and agency access
- Higher yield on adv campaigns thanks to data
- More flexible demand



2019-2021 | An extended 3D business model | International





International saleshouse representing Mediaset, Mediaset Espana, ProSieben, TF1, MTG and others

Established in 2000

25+ staff in 5 countries

202 Advertisers

61 New advertisers 2018



Pan European addressable broadcaster video marketplace

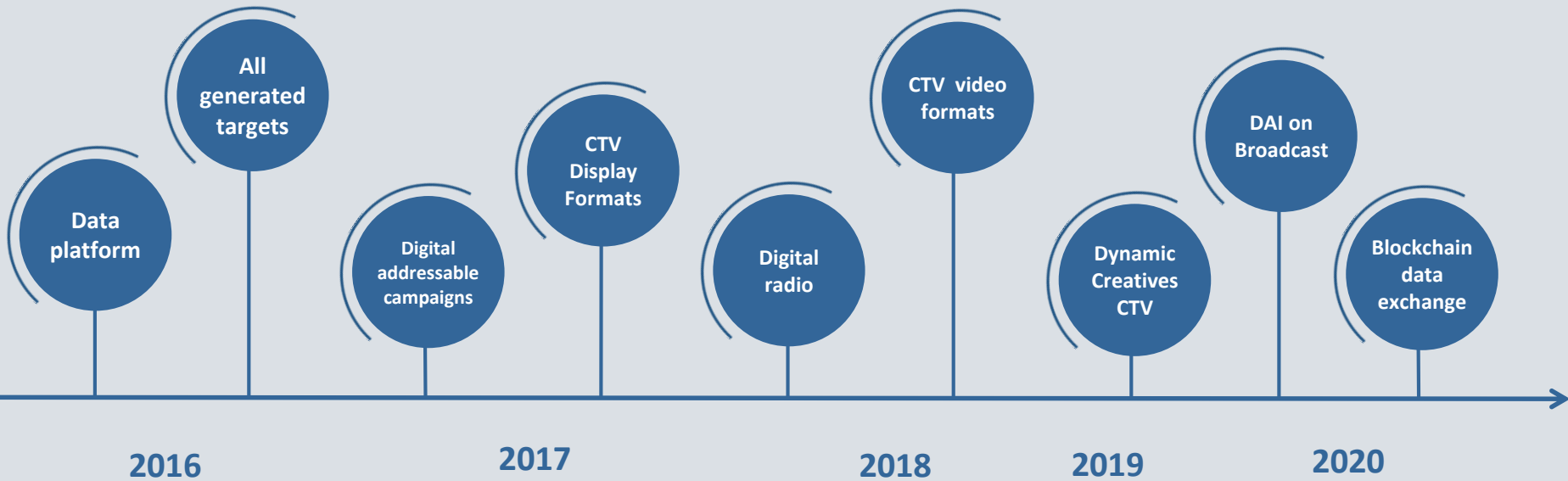
London office opened in 2018

JV between Mediaset, Mediaset Espana, Channel4, TF1 and ProSieben

15 global advertisers activated



Our road to addressability



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- **Video & Audio Content**
- Distribution, User Experience and Data
- Organization & Process
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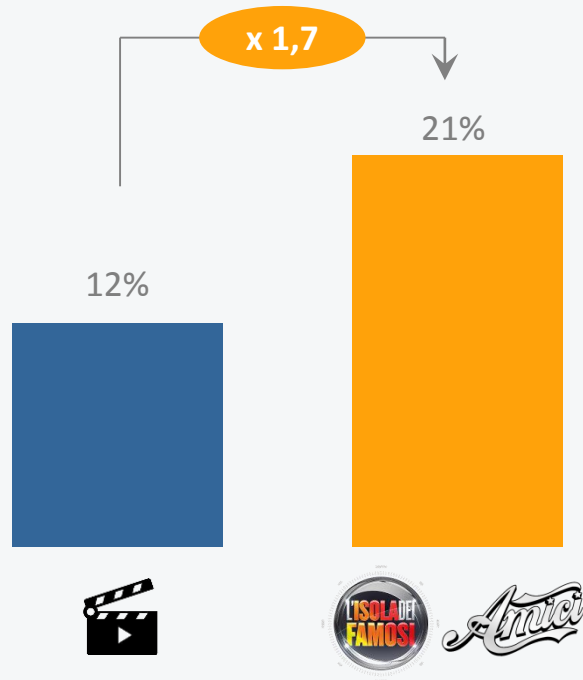
Mediaset | Content strategy in Free TV, Radio and Digital



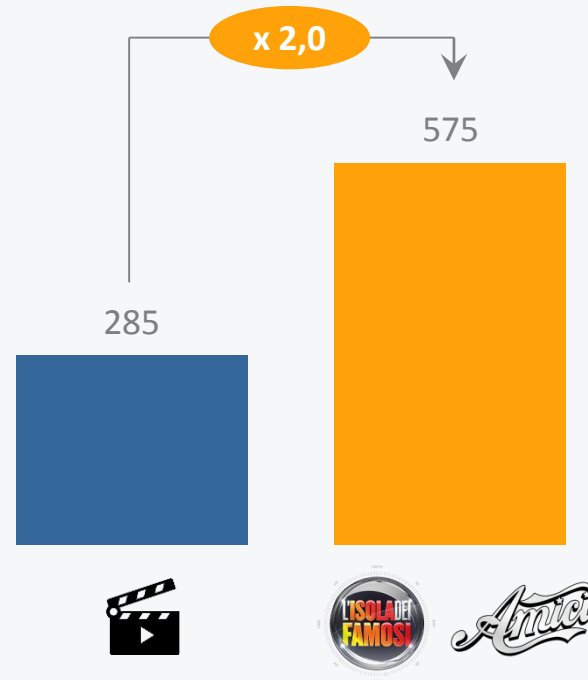
- Strengthen FTA and Radio programming schedule through focus on own productions to keep creating recurring "unmissable" appointments for the audience in the Italian market
- Increase Social and Digital attitude to support promotion and awareness
- International monetization of "*Mediaset Originals*" through global distribution platforms in order to finance part of the investments

Own and local content | The key differentiating element going forward

Audience Share, FTA



GRPs, FTA



Note: Comparison between an average episode of "Isola del Famosi", "Amici" and an average Film of the last season
Source: Auditel, Spring 2018

Mediaset | Content strategy in Free TV, Radio and Digital

Own and local

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Change in Mix in FTA

- Increase weight of own and exclusive local content
- Decrease investments on low-return content and rights acquisitions
- Extract maximum value from library content and *Mediaset Originals*

Change in mix | Stronger schedule, better economics

Relative Value in Linear

US cinema and series		Decreasing returns of FTA / Smart sourcing	
Unscripted		Areas of excellence: to be further strengthened	
Info News		Areas of excellence: to be further strengthened	
Hard News		Focus on productivity	
Scripted Originals		Renewed combination of formats and genres	
Calcio UCL / National League		Opportunistic approach	

Mediaset | Content strategy in Free TV, Radio and Digital

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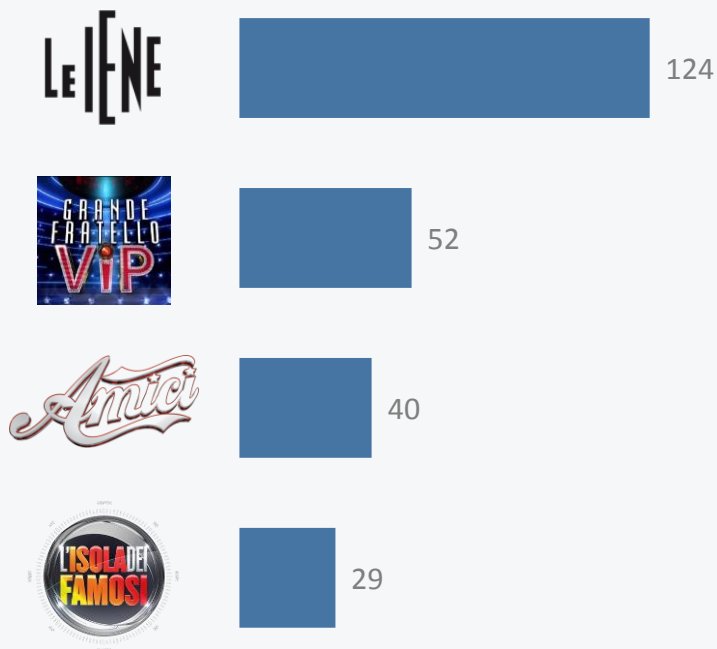
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Digital

- Full exploitation in digital of FTA content and TV brands
- Data-driven production and recommendation of digital content
- Manage the "Online first" content space through Studio 71 Italian OpCo

Digital | Increased focus on own Properties' potential in the digital space

Mediaset TV properties, Non-linear views this season (Mio)



Amici, Social Networks 2018

Amici



2.5M Page likes



Up to 963k followers



2M followers



Over 62M interactions
on social networks

Source: Nielsen data, internal elaboration

Mediaset | Content strategy in Free TV, Radio and Digital

Own and local

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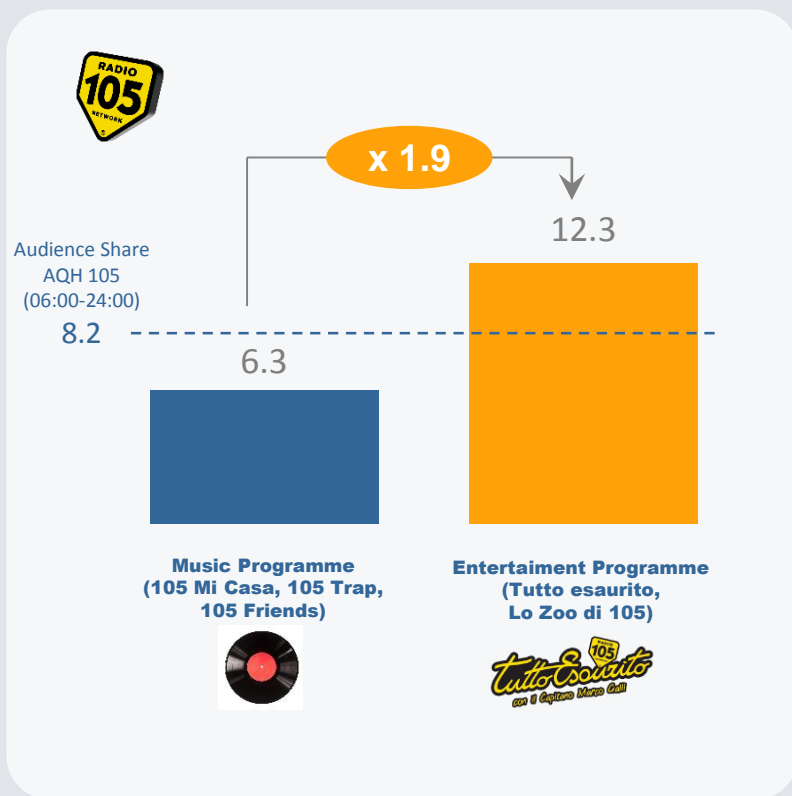
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Radio

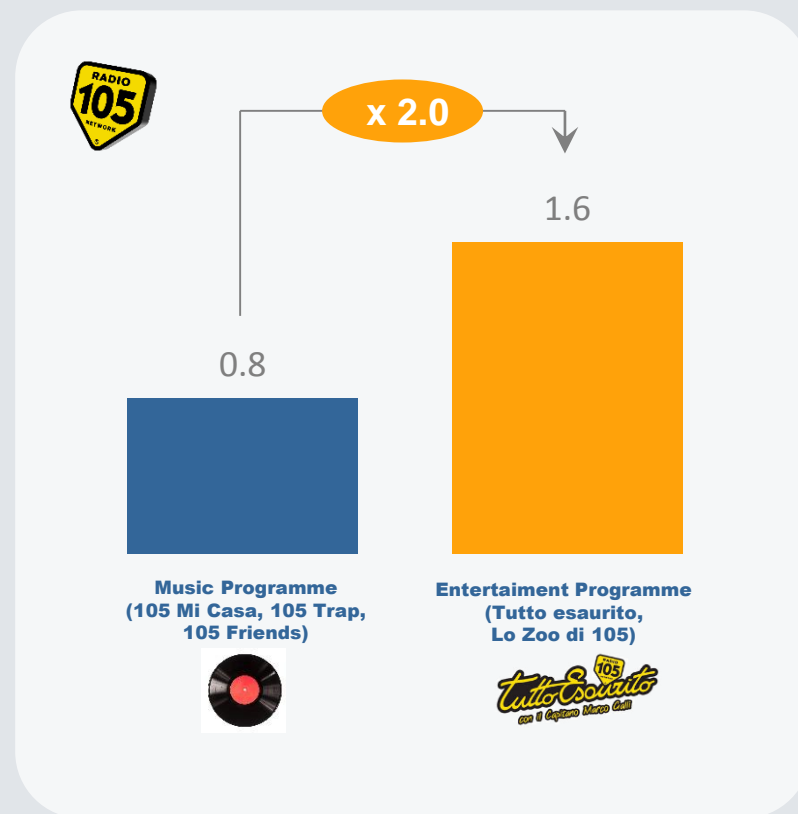
- Focus on local Italian Radio Star
- Branded Linear TV music Channels
- Full exploitation of brands cross media promotions
- Digital Radio
- Italian music Talents management
- Social and Digital to support promotion and awareness

Radio | Exploiting effectiveness re-focusing on the most successful formats

Audience Share, AQH RADIO



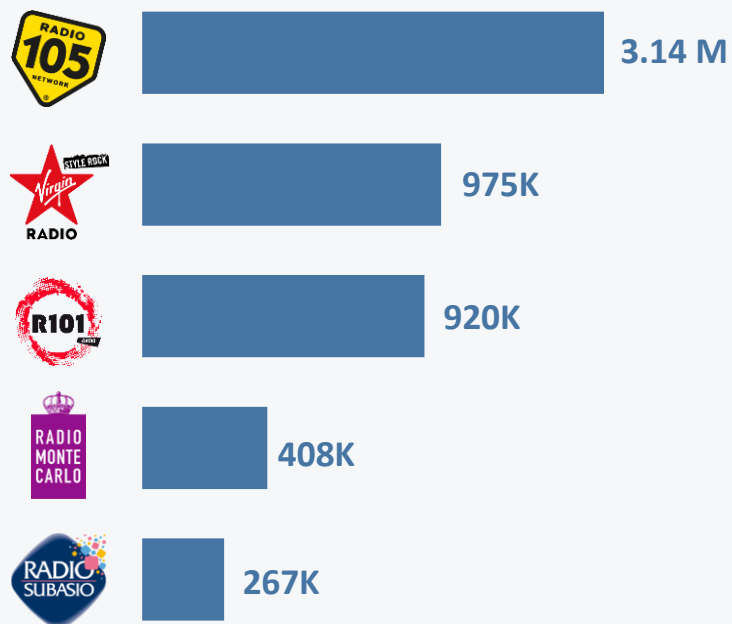
GRPs X 1 SPOT, Radio



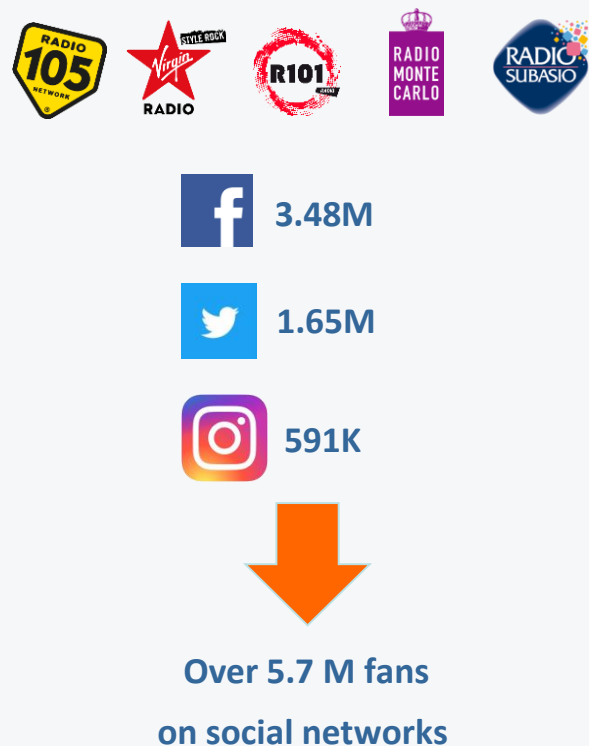
Note: Comparison between an average episode of "Lo Zoo di 105" and "Tutto Esaurito" and an average Music Programme of the last season
Source: RADIO TER, 2018 (Monday - Friday)

Radio | Digital communities on Social Networks

Mediaset Radio properties, Fanbase per Station



Mediaset Radio properties, Fanbase per Social Media



Source: Internal data

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Mediaset | Channel and Content Distribution Strategy

Linear DTT, SAT, IP

- Linear channels: DTT managed directly, SAT and IP through distribution/retransmission agreements
- HD upgrade for all Linear channels
- Linear Channel distribution extensions

Non Linear - AVOD

- Syndication agreements
- Upgrade to HD
- YT only for promotion and Branding
- Development of non linear “Audio” player

Pay Linear Channels

- Distribution agreements for all the platforms (SAT and DTT already implemented, IP to be evaluated)

Mediaset | New User Experience and Data management

UX – Linear Channel

- Improve linear audience through effective and target-oriented management of a portfolio of Channels (recent acquisition LCN 66, negotiation LCN 55)
- Channels portfolio reorganizations to protect unguarded areas (Doc&Fact - Focus, Male 25-54yrs –“20”)

UX – Personal devices

- Launch of “Mediaset Play” the new platform able to provide a state-of-the-art experience to all AVOD users (comparable to the one offered on SVOD Infinity)
- Main features: Catch up, live streaming, “digital first” content offer, etc.

UX – Smart Tv

- Mediaset Play platform launched also on smart TV: an interactive service providing a seamless UX for TV viewers across linear and non-linear content
- Main features: Catch up, Restart, “digital first” content, usage data consumption from TV sets, etc.

Data

- Creation of a Corporate DB (7.2 millions actionable user profiles) – GDPR compliant
- Management of a Digital Metadata Library
- Integrated system of Business Intelligence



New User Experience | Mediaset Play: a State-of-the-art Platform

A new platform for the ad-based digital offer



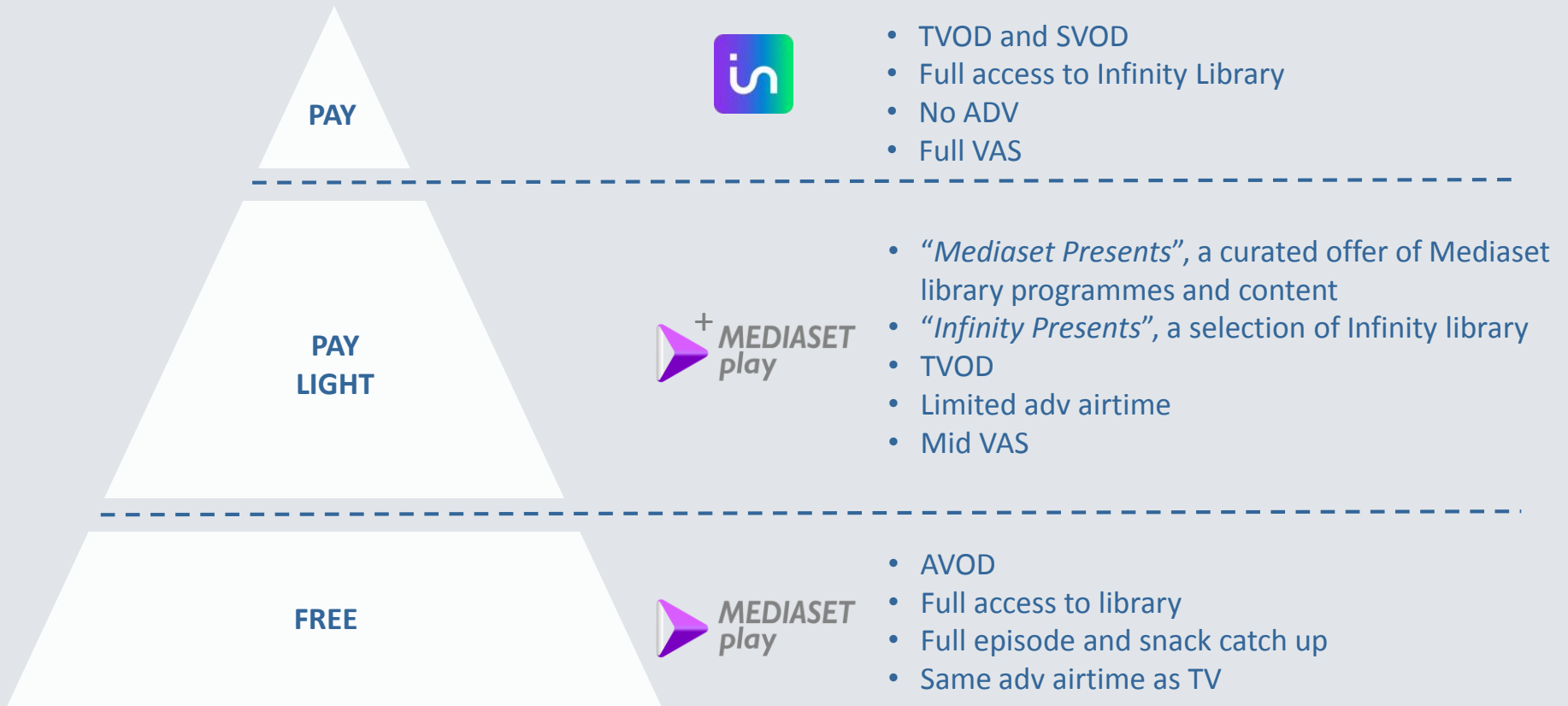
Enabling a best-in-class User Experience on all devices, included Smart Tv



Leveraging the experience in SVOD platform to create an integrated “customer journey” (free, freemium, SVOD/TVOD)



Mediaset Digital Transformation Ecosystem



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End-to-end review of operating model to reap the benefits of a focused & tech-enabled organization

Business model

- Tech-enabled business model & way of working review

Organization and Structure

- Simplification
- Optimization

Production, logistics and sourcing

- Optimization of broadcasting capabilities
- Tech-enabled Corporate procurement review

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Mediaset | Mid-term guidelines at glance

Advertising

- Adv market share objective achieved 2 years in advance, to be consolidated in next 2-3 years
- Successful implementation of Cross Media approach, with potential for further growth
- Cross Media approach extended to the “next level” of All Addressable Adv, powered by Ad Tech

Video & audio content

- Renewed focus on own, high quality, local content
- Improved TV schedule through smart change in content mix
- Full exploitation of the FTA contents and brands in digital
- Exploiting the value of radio properties through a Cross Media approach and digital extension

Distribution, UX and data

- Completed Mediaset Premium digital transformation
- Exploiting Mediaset FTA and Pay TV channels value on all the platforms
- Renewed User Experience on digital platforms
- Redefinition of a brand new digital ecosystem

Organization & process

- Business model review
- Organization redesign
- Tech-based ops improvement





Strategic update on mid-term guidelines

London, March 13th, 2019