



MEDIASETespaña.

MFE – MEDIAFOREUROPE
Shifting Towards the New Paradigm

London, 10th June 2019

The logo for MFE Mediaforeurope. It features the letters "MFE" in a large, bold, blue, sans-serif font. Below "MFE", the words "MEDIAFOREUROPE" are written in a smaller, blue, sans-serif font, with all letters in uppercase and wide letter spacing.

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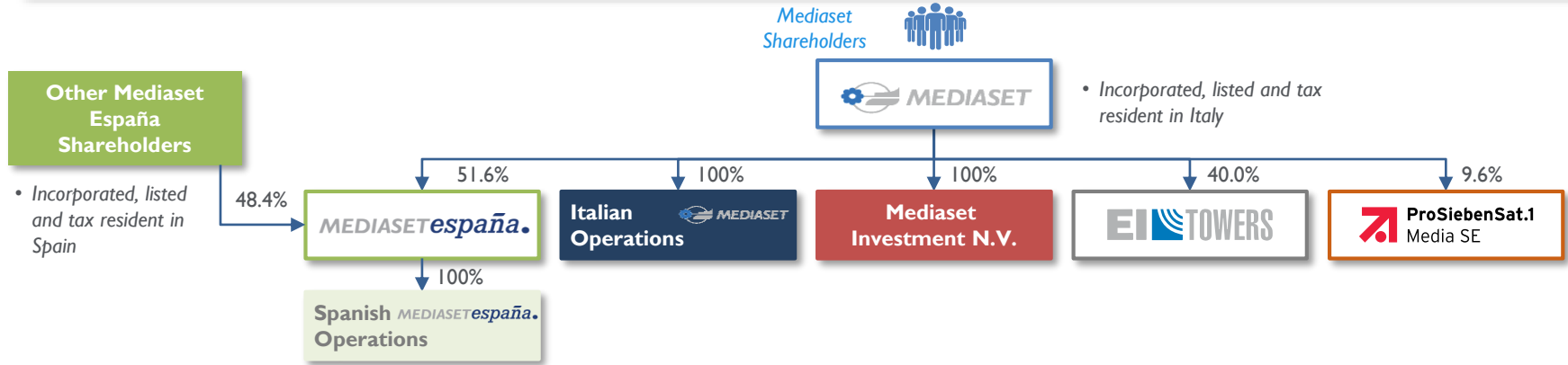
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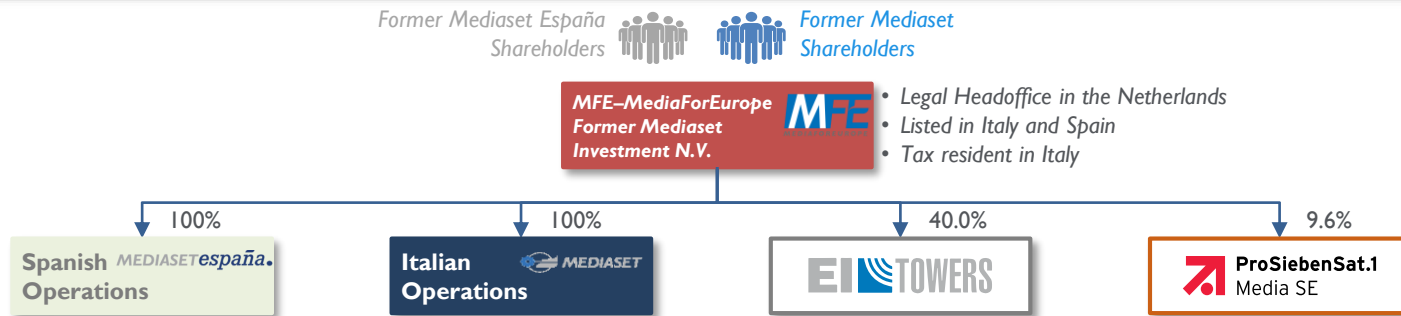


Transaction structure overview

Pre-Transaction Structure



New Group Structure



Key transaction highlights



Transaction Structure	<ul style="list-style-type: none"> Reverse Merger of Mediaset with and into Mediaset Investment N.V. and merger of Mediaset España with and into Mediaset Investment N.V. Combined equity value of €3.9 b at announcement⁽¹⁾
Company Name, Headquarter and Listing	<ul style="list-style-type: none"> Mediaset Investment N.V. will be renamed MFE – MEDIAFOREUROPE Legal Headoffice: the Netherlands Double listing: Italy and Spain Tax domicile: MFE – MediaForeEurope will remain tax resident in Italy, while nothing will change in the operating companies in Italy and Spain with respect to tax residency and operations
Exchange Ratio	<ul style="list-style-type: none"> 1 MFE share for 1 Mediaset share 2.33 MFE shares for 1 Mediaset España share⁽²⁾
Loyalty Voting Structure	<ul style="list-style-type: none"> Reward long-term ownership and promote stability of MFE shareholders through Special Voting Shares (SVS) mechanism 3x voting rights (SVS A): <ul style="list-style-type: none"> Initial allotment⁽³⁾: 30 days after the effectiveness of the merger Subsequent allotment: 3 years after the registration in the loyalty register 5x voting rights (SVS B): after 2 years of uninterrupted ownership of SVS A 10x voting rights (SVS C): after 3 years of uninterrupted ownership of SVS B
Withdrawal Rights	<ul style="list-style-type: none"> Spanish withdrawal price: 6.5444 euro per share (3-month daily volume-weighted average price from execution of the merger plan, deducting dividend per share) Italian withdrawal price: 2.770 euro per share (6-month average of the closing prices from publication of the notice conveying the EGM) cap of Euro 180 million⁽⁴⁾
Condition Precedent	<ul style="list-style-type: none"> The Merger is conditional upon a limited number of condition precedents, including, inter alia: (i) a preliminary reorganization of the Italian and Spanish businesses; (ii) the admission to listing on the Italian Stock Exchange of MFE ordinary shares; (iii) that shareholders of VBI and VBE exercising their withdrawal right in relation to the Merger and creditors of VBI and VBE exercising their right of opposition to the Merger, in accordance with applicable law, in an amount not exceeding the Cap Amount; and (iv) certain regulatory conditions
Value Creation	<ul style="list-style-type: none"> €100-110m of cost efficiency and savings at EBIT level by 2023 (around €800m on a net present value basis ⁽⁵⁾) EPS accretive from year 1 (2020) for both Mediaset and Mediaset España shareholders ⁽⁶⁾
MFE Dividend and Buy-back	<ul style="list-style-type: none"> MFE to distribute a cash dividend of €100m upon merger becoming effective MFE will launch a buy-back program for a maximum aggregate amount of Euro 280 million (including the aggregate amount necessary to purchase the withdrawn shares, if any, up to the Cap Amount), up to a maximum price per share of Euro 3.4

Notes: (1) As of 6th June 2019 (Source: Bloomberg). (2) Supported by fairness opinions (3) Applies to the shareholders of Mediaset and Mediaset España which have so requested prior to, respectively, the Mediaset EGM and the Mediaset España GSM. (4) Withdrawal rights apply to Mediaset and Mediaset España shareholders who do not vote in favor of the Merger at the EGM/GSM. (5) Based on sector "Blended Forward EV/EBIT" multiple (Source: Bloomberg, 3rd June). (6) Based on Bloomberg consensus as of June 5th.

Transaction timetable

**7th Jun
2019**

Announcement of the merger

**4th Sep
2019**

Extraordinary general meeting of shareholders of Mediaset to approve the merger

**4th Sep
2019**

General shareholders meeting of Mediaset España to approve the Merger and the Mediaset España Segregation

Q4 2019

Expected effective date of the merger

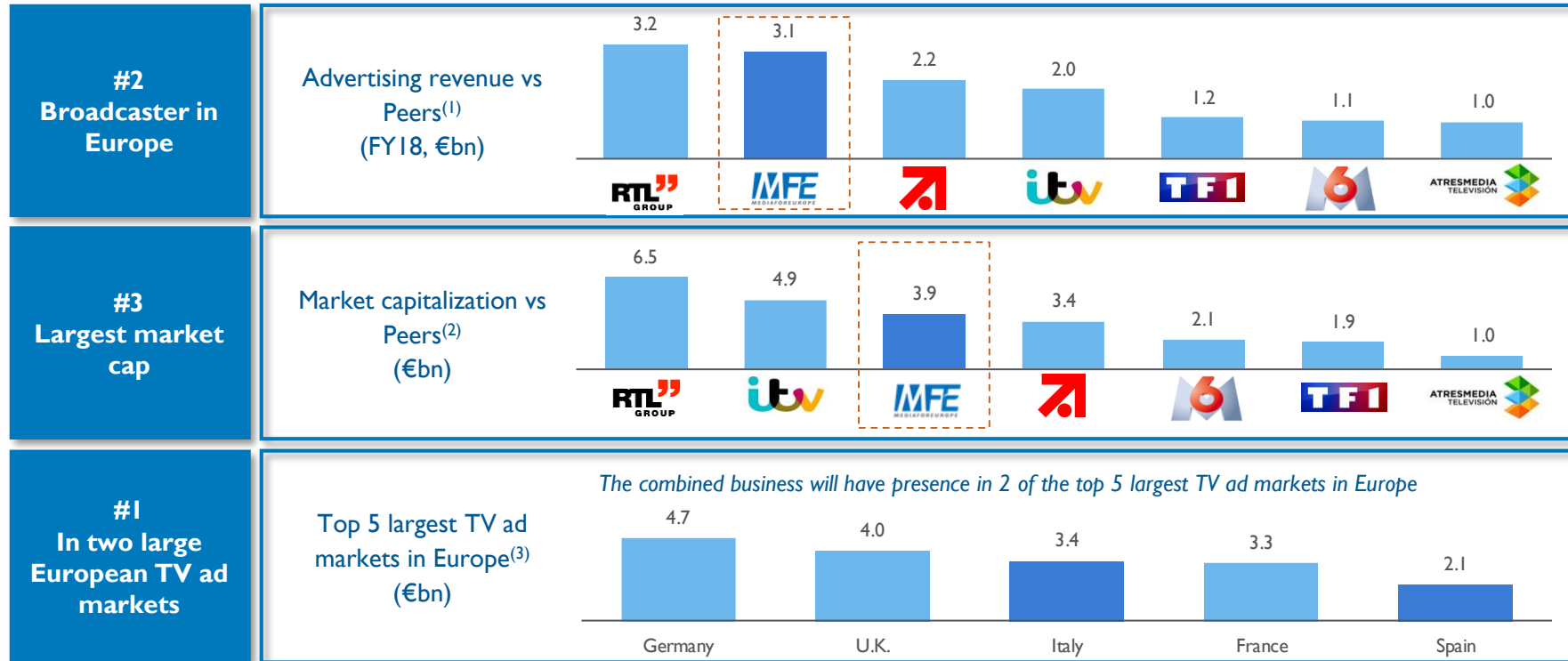
From national champions to a leading European platform



	MEDIASET	MEDIASETespaña.	
Audience Share ⁽¹⁾			Leading TV Audience Share
Advertising Market Share ⁽²⁾			Leading Advertising Market Share
Advertising Revenue ⁽³⁾	€2,112m	€964m	Combined Adv. Revenue >€3bn
Key Brands Linear			Strong Portfolio of High Value Brands
Key Brands Non Linear			Strong Portfolio of High Value Brands

Notes: (1) Commercial target, as of FY2018. (2) Mediaset advertising market share and Mediaset España TV advertising market share as of FY2018. (3) Gross advertising revenue as of FY2018.

Combination creates a European leader in broadcasting



Combined group will have access to a combined audience of 107mm people

Compelling strategic rationale



Scale to Compete

Integrated and diversified media company with access to a combined audience of 107mm viewers to better compete with global players
Economies of scale will be generated in key crucial areas such as audience/reach, content creation and distribution, audience data, AdTech platforms, OTT (AVOD) platforms, talent acquisition and attraction.

New Business Opportunities

Scale and international footprint will create opportunities that cannot be seized today due to the local focus and dimension and will ample resources to invest in core business areas, such as creation of a production content house, data collection, addressable TV, OTT, digital audio, DOOH, mobile proximity.

Stronger Proprietary Channel and Content Portfolio

Best content and viewing experience across all platforms (linear and non-linear), engaging content for viewers thanks to stronger in-house production resources and increased ability to supply content to 3rd parties.

Leaner and More Efficient Organization

Pan-European consolidation requires a re-engineering of the operational and organization model that will allow cost efficiencies and savings mainly driven by technological developments.
Agile decision making with a leaner organization to adapt to a changing business environment and capture combined growth opportunities.

“Driving the Change”

Scale coupled with a pan-European footprint will benefit all stakeholders by increasing bargaining power and establishing a first-mover advantage in a consolidating media landscape.

Framework adopted to estimate potential upsides

Base Case

Focus on cost efficiencies and savings achievable across 6 buckets:



Content



Broadcasting
& Digital



IT / Tech



Procurement



G&A
Expenses



Sales
House



Integration unlocks
100-110m costs efficiency
and savings by 2023

Fully actionable with
internally controlled levers

Add-on Options

Focus on revenue opportunities that
would require strategic decisions



Value opportunities

Further Optionalities

Business opportunities that would
require structural decisions



Strategic opportunities

Expected level of integration



1. Common standards



2. Shared technology



3. Integrated operations



Base case | Levers for cost efficiencies and savings

Content



- Cost of content acquisition and production

Broadcasting & Digital



- Broadcast operations cost
- Cost and investment of OTT platform
- Cost of CDN

IT / Tech



- Acquisition, development and maintenance of general IT / Tech infrastructure and applications

Procurement



- General procurement spending (excluding content and IT / Tech spending)

G&A Expenses



- Cost of support functions for non-core processes

Sales House



- Existing cost of ad sale and economies of scale in future investments

1

Joint content acquisition (licensed US content)

2

Centralized procurement for TV production expenses

3

Production assets optimization

4

Content HR right sizing from greenfield op. model re-thinking

5

Integration Digital content production

6

Joint content storage and provisioning operations

7

Joint content planning, operations

8

Joint OTT, Platform & IT team

9

Merged general IT apps & infrastructure

10

Merged general IT support functions

11

Centralized procurement (incl. changes in spend mix / supplier)

12

Joint central support functions

13

Align productivity levels (automation, way of working)

14

Corporate structure simplification

15

Reshaping organizational model

16

Streamlining operational workflow

17

Centralized programmatic operations

18

Optimizing R&D efforts

Add-on options | Revenues uplifts

Content



Broadcasting & Digital



IT / Tech



Procurement



G&A Expenses



Sales House



1

Joint production of international premium scripted content

3

AVOD revenues uplift from best-in-class OTT platform

2

Stronger content selling capabilities thanks to broader product portfolio

4

Commercial push on 3rd parties to join the OTT platform

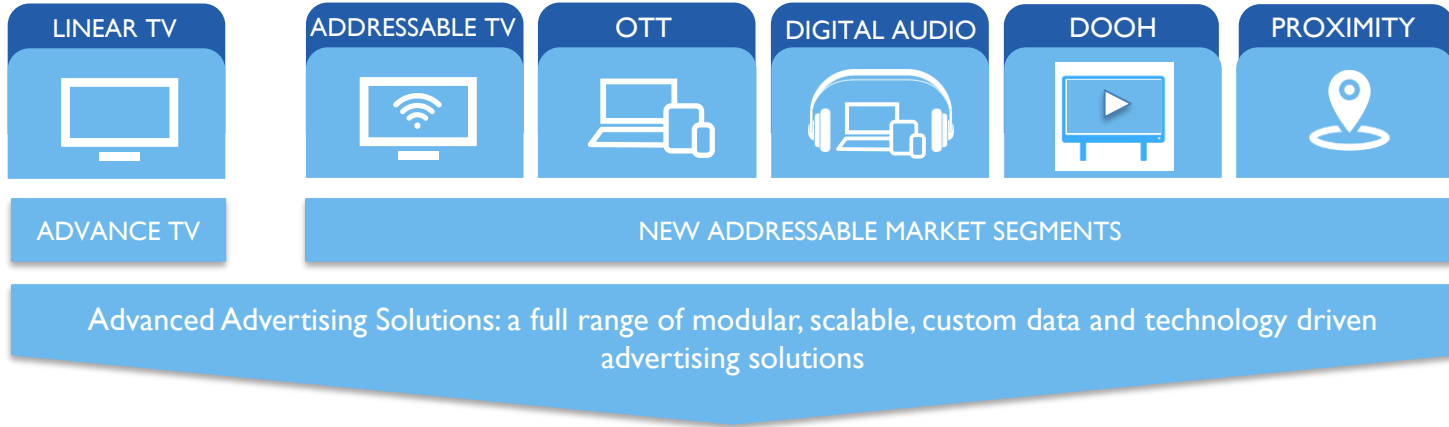
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Development of new addressable market segments:

- Addressable TV
- OTT
- Digital Audio
- DOOH
- Mobile Proximity

6

Adv. uplift from higher share of Pan-European ad budgets of Multinationals



Scale to Compete

- Stronger and relevant market position in an industry that sees increasing consolidation
- Stronger negotiating power with advertisers and media agencies
- Best in class (mainly) linear local offer for national (only) advertisers that will be completed with multinational, non linear, all addressable, data-driven advertising solutions for international advertisers

New Business Opportunities

- TV Core Business is undergoing a deep transformation on the demand side: traditional advertising sectors now live side by side with new emerging digital direct to consumer advertisers
- The new multinational proposition will accelerate cross-fertilization process for new advertisers starting in one country and then developing in other countries
- Tech enabled addressability and automated buying will open up market of local and niche advertisers

Ad Tech Investment: scale & scope economies

- The AdTech is a key transformation factor on the supply side
- Multinational project disclose a wide range of potential scale & scope economies in AdTech “make and/or buy” process, i.e. internal developments and external acquisition of ad tech tools & components
- In the scope of multinational project there is the ambition to develop a full portfolio of Advanced Advertising Solutions: i.e. all addressable advertising (digital, tv, digital audio) offer, tech & data driven

Organizational efficiencies & Business Drive

- Development of common standards in ad tech & ad operations, combined with accelerated best practices circulation, open up a range of potential organizational efficiencies even at local level
- Wider sourcing of talents will enhance the creation of a stronger cross country product development team and wider access to partnership
- Two new enabling factors: full control combined with an international management team coordinating the local countries

Further opportunities

Content



Broadcasting &
Digital



IT / Tech



Procurement



G&A Expenses



Sales House



Limited discontinuity

A

Thematic channel consolidation

B

Overall content mix review

C

360 degrees content monetization (additional revenues stream)

D

European content house

E

M&A opportunities in new digital segments

F

Extension to all countries of digital verticals and branded content properties

G

Potential consolidation of further FTA European players as "Domino" effect

H

Combined Media4Equity - acquisition of new digital properties

Strong discontinuity

Final remarks | Shifting Towards the New Paradigm

Size is Crucial

- To remain relevant in the media industry, scale and international footprint are not anymore an option

First Mover in Consolidation

- MFE will exploit the first mover advantage, by playing a pivotal role in the context of a consolidation scenario in Europe

Neutral Platform

- MFE represents the ideal neutral corporate platform to host further possible European consolidation
- From the governance point of view, Netherlands represents the most flexible and pragmatic ground for such an ambitious project

Value Creation

- Transaction will unlock €100-110m of annual cost efficiency and savings by 2023 at EBIT level (around €800m on a net present value basis)⁽¹⁾
- EPS accretive from year 1 (2020) for both Mediaset and Mediaset España shareholders

Return to Shareholders

- MFE shareholders will benefit from a €100m cash dividend that will be distributed upon effectiveness of the merger
- MFE will launch a buy-back program for a maximum aggregate amount of Euro 280 million (less the amount to purchase the withdrawn shares), up to a maximum price of Euro 3.4⁽²⁾ per share
- MFE Dividend policy envisaging return to shareholders, through ordinary dividends or other means, not be lower than 50% of the net consolidated profits in the year



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