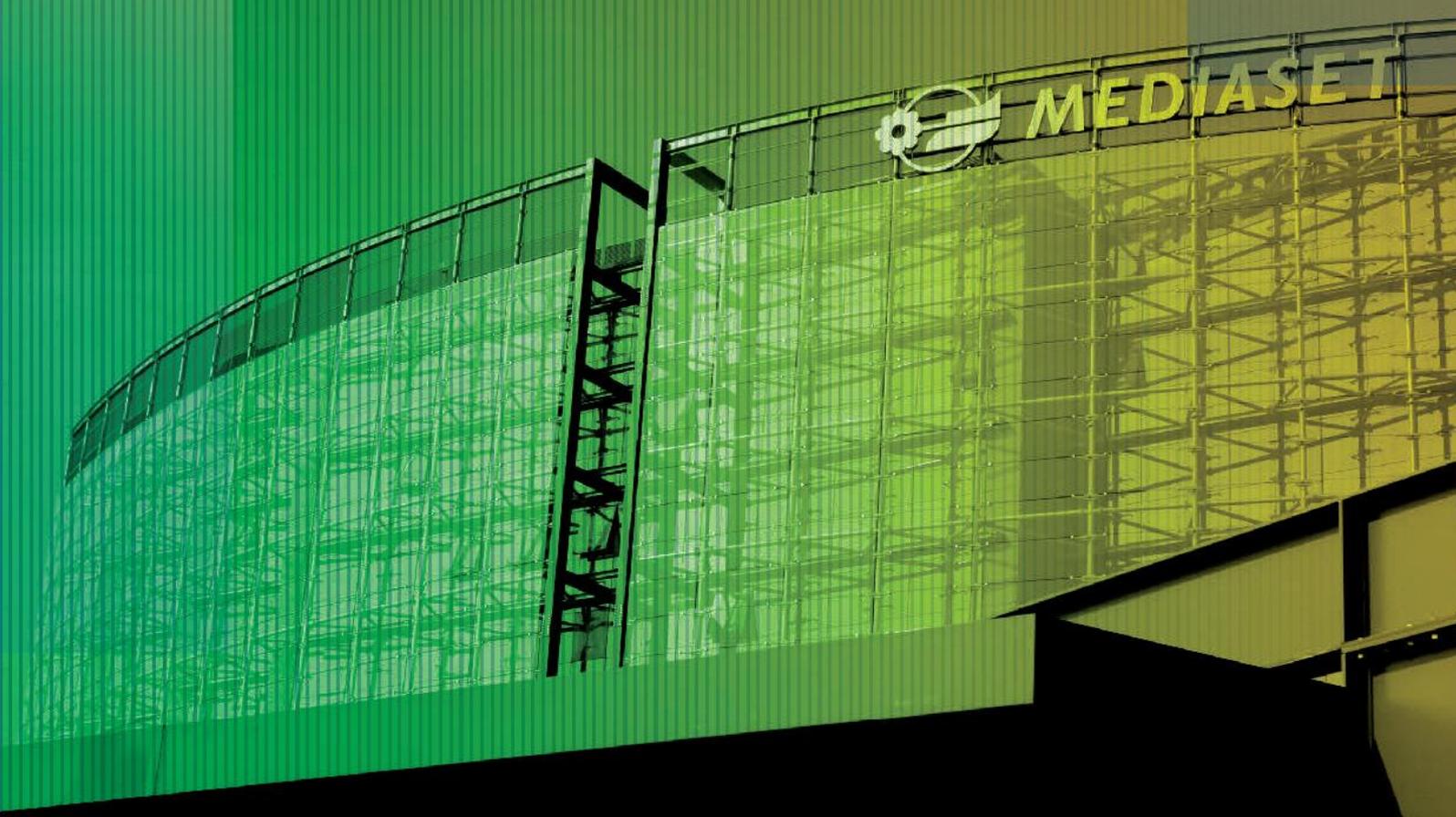




Interim Financial Report as at 31st March 2017



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

Fedele Confalonieri

Deputy Chairman and Chief Executive Officer

Pier Silvio Berlusconi

Directors

Giuliano Adreani

Marina Berlusconi

Franco Bruni

Pasquale Cannatelli

Mauro Crippa

Bruno Ermolli

Marco Giordani

Fernando Napolitano

Gina Nieri

Michele Perini

Alessandra Piccinino

Niccolo' Querci

Stefano Sala

Carlo Secchi

Wanda Ternau

Executive Committee

Fedele Confalonieri

Pier Silvio Berlusconi

Giuliano Adreani

Marco Giordani

Gina Nieri

Risk and Control Committee

Carlo Secchi (Chairman)

Franco Bruni

Fernando Napolitano

Compensation Committee

Michele Perini (Chairman)

Bruno Ermolli

Fernando Napolitano

Governance and Appointments Committee

Carlo Secchi (Chairman)

Michele Perini

Wanda Ternau

Committee of Independent Directors for for Related-Party Transactions

Michele Perini (Chairman)

Alessandra Piccinino

Carlo Secchi

Board of Statutory Auditors

Mauro Lonardo (Chairman)

Francesca Meneghel (*Regular Auditor*)

Ezio Maria Simonelli (*Regular Auditor*)

Massimo Gatto (*Alternate Auditor*)

Flavia Daunia Minutillo (*Alternate Auditor*)

Riccardo Perotta (*Alternate Auditor*)

Independent auditors

EY S.p.A.

(formerly, Reconta Ernst & Young S.p.A.)

MEDIASET GROUP: FINANCIAL HIGHLIGHTS

MAIN INCOME STATEMENT DATA

	1st Quarter 2017		1st Quarter 2016	
	€ million	%	€ million	%
Consolidated Net Revenues	889.3	100.0%	912.0	100.0%
Italy	649.3	73.0%	682.0	74.8%
Spain	240.4	27.0%	230.7	25.2%
EBIT (% EBIT/Consolidated Net Revenues)	76.6	8.6%	21.4	2.3%
Italy	-0.3	-0.0%	-44.1	-6.5%
Spain	76.8	31.9%	65.6	28.4%
Net Result	15.9		-18.2	

MAIN BALANCE SHEET AND FINANCIAL DATA

	31st March 2017	31st December 2016
	€ million	€ million
Net Invested Capital	3,677.3	3,698.3
Total Net Shareholders' Equity	2,508.3	2,535.9
Net Group shareholders' Equity	1,951.1	1,947.7
Minorities Shareholders' Equity	557.2	588.2
Net Financial Position Debt/(Liquidity)	1,169.0	1,162.4

PERSONNEL (*)

	1st Quarter 2017		1st Quarter 2016	
		%		%
Mediaset Group Personnel (headcount)	5,507	100.0%	5,591	100.0%
Italy	4,225	76.7%	4,306	77.0%
Spain	1,282	23.3%	1,285	23.0%

(*) Temporary and permanent workforce included

Introduction

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 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, the Board of Directors of the Mediaset Group publishes additional financial disclosures as at 31 March and 30 September.

In line with the disclosures published on a voluntary basis in 2016, this additional interim financial disclosure has the structure and content deemed most appropriate, for the factors that contribute to investor decisions, to describe the Group's earnings performance and financial position as a whole and for its main operating segments, and to describe the events and significant transactions that have occurred during the reporting period.

This Interim Management Statement has been prepared in accordance with the international accounting standards (IAS/IFRS) applicable under EC Regulation no. 1606/2002 of the European Parliament and of the Council dated 19 July 2002 that were in force as at the reporting date, in line with the measurement and estimation criteria applied in the preparation of the Consolidated Financial Statements at 31 December 2016, to which readers are referred.

The information disclosed in this Report is not comparable to that of complete financial statements prepared in accordance with IAS 1.

The presentation of the income statement and balance sheet figures shown below corresponds to the content of 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 individual business units. 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 2016.

The earnings and financial figures contained in this Report refer to progressive totals at the end of the first quarters of 2017 and 2016; balance sheet figures are stated at 31 March 2017 and at 31 December 2016.

Please note that the results shown in the consolidated income statement for the Group and the Italy geographical area and the segment income statement for the "Integrated Television Operations", as well as the information on the free cash flows for the geographical areas in Italy for the first quarter of 2016, have been restated with respect to the figures reported in the Interim Management Statement at 31 March 2016 to include the contribution from the Mediaset Premium S.p.A operations within the "Continuing Operations", in line with the presentation in the subsequent reports in 2016, following the

interruption of the sale of that company in the third quarter of 2016. In the Interim Management Statement at 31 March 2016, the contribution generated by the Mediaset Premium S.p.A. operations was shown separately because, based on the binding agreements signed between Mediaset and Vivendi on 8 April 2016, those operations qualified as "*Discontinued operations*" in accordance with IFRS 5.

In addition, the consolidated income statement and balance sheet for the first quarter of 2017 includes the line-by-line consolidation of the radiomediasset operations ((Radio 105 and Virgin Radio Italy) effective from 1 July 2016. These assets were previously measured using the equity method.

Lastly, please note that the income statement figures for the first quarter of 2016 have been restated to retroactively include the effects of the final purchase price allocation for the assets and liabilities recorded at 31 December 2016 in relation to the business combinations carried out by the El Towers Group. In the first quarter of 2017, these effects resulted in an increase of € 0.6 million in amortisation and depreciation and lower earnings for the Group of € 0.2 million.

This Quarterly Report has not been audited.

Significant events in the first quarter

On **12 January 2017** Mediaset acquired a 5.5% equity investment in Studio 71, the leading Multichannel Network in Europe - and one of the largest five in the world - controlled by the ProSiebenSat.1Media German Group.

Multichannel Networks like Studio 71 operate on the major free video distribution platforms (starting from YouTube), ensuring greater visibility and monetisation to content creators thanks to the network's critical mass. Studio 71 develops over 6 billion videos viewed per month and operates in five countries with over 200 employees. In Italy, it already manages an inventory of over 40 million videos viewed per month.

Mediaset and the French group TF1 (which acquired a share of 6.1% of the capital at the same time) have invested in Studio 71 with the aim of establishing the largest European digital talent operator in close synergy with the general interest TV and developing the Advertising Video On Demand (AVOD) business model with free access. Publitalia 80 will be the network's exclusive agency for Italy, thus strengthening its increasingly cross-media focus. As a result of the agreements signed, the joint venture "Studio 71 Italia" will be established at the beginning of 2017, in which Mediaset will be a leading shareholder (49%) and through which the entire Italian business of Studio 71 will be managed.

On **17 January 2017**, the Board of Directors of Mediaset approved the guidelines for growth and economic and financial targets for 2017-2020, with forecasts for 2020 of growth in Mediaset's total market share from 37.4% to 39% and an improvement of € 468 million in the EBIT of the Italian media operations.

On **1 February 2017** Mediaset repaid the corporate bond upon maturity, amounting to € 300 million issued in February 2010, by using existing credit lines.

On **31 March 2016** the Group's equity interest in El Towers rose from 40.6% at 31 December 2016 to 41.1%, as a result of additional purchases of own shares by El Towers under the programme approved in 2016 which provides for the buyback of up to 5% of the capital of that company.

Group performances and financial results

Television audience

In **Italy**, the total audience over the 24-hour period in the first quarter of 2017 amounted to 10 million, with an average number of 938 thousand viewers.

Auditel statistics show that Mediaset networks as a whole, including both free-to-air and pay television (Premium Calcio) channels, obtained an audience share of 31.9% over the 24-hour period, 32.3% in the Day Time slot and 31.6% in Prime Time.

In the first quarter of 2017, Mediaset also retained its leadership in the commercial target audience (15-64 years) over the day (34.2%) and in the Day Time slot (34.6%). Notably, Canale 5 ranks first over the day and in the Day Time slot and Italia 1 is in third place across all time slots for that target audience.

During the spring season (starting from 12 February 2017 and excluding Sanremo) Mediaset channels achieved audience figures that were superior overall to those of its competitors. The general interest channels held a 27.7% share of the commercial target audience over the 24-hour period, 28.3% in the Day Time slot and 27.1% in Prime Time. Considering the contribution of semi-generalist and pay channels, total audience share over the 24-hour period came to 35.2%, 35.7% in the Day Time slot and 34.6% 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 30.2% share of the commercial target audience. In the Prime Time slot, the Mediaset España Group achieved a 28.1% share of the total audience and 28.6% of the commercial target audience. In the first quarter of 2017, Telecinco achieved 13.6% over the 24-hour period, and in the commercial target audience it achieved an average share in the period of 12.4%.

Main financial results

The key consolidated financial results are presented below, which compared to 2016 benefited in both geographic areas from the strong performance of advertising revenues (+2.4 in Italy, +5.9 in Spain) and the significant reduction in operating costs.

- **Consolidated net revenues** amounted to € **889.3 million**, compared to € 912.0 million for 2016, when the figure reflected the exceptional success of the Italian films distributed by Medusa Film.
- **EBITDA** amounted to € **351.6 million**, compared to € 362.3 million, with an EBITDA margin of 39.5% compared to 39.7% for the same period of 2016;
- **EBIT** rose to € **76.6 million**, compared to € 21.4 million for the same period of 2016. Operating profitability came to 8.6% compared to 2.3% recorded in 2016;
- **Net result from continuing operations, before tax and minority interests**, rose to € **72.7 million**, compared to € 13.1 million for the first quarter of 2016, also benefiting from the reduction in financial expenses mainly due to the settlement at the beginning of February of the € 300 million bond issued by Mediaset S.p.A. in 2010.

- **Net earnings attributable to the Group** amounted to a positive figure of € **15.9 million**, compared to the negative figure of € -18.2 million posted in the first quarter of 2016.
- Consolidated **net financial debt** at 31 March 2017, amounting to € **1,169.0 million**, was essentially stable compared to the figure of € 1,162.4 million at 31 December 2016. **Free cash flow** amounted to € **98.4 million**, representing a clear improvement of the figure of € 57.2 million for the first quarter of 2016. During the first quarter, capital expenditure was also incurred for business combinations and investments for a total of € 29.6 million and payments were made by the subsidiary EI Towers consisting of € 16.3 million for the implementation of the share buyback programme and € 59 million for the distribution of ordinary dividends approved on 12 January.

Breaking down income results by geographical area:

In Italy:

- In the first quarter of 2017 **consolidated net revenues** from the Group's Italian operations totalled € **649.3 million**, compared to € 682.0 million posted in the corresponding period of the previous year.
- **Gross advertising revenues** from the total licensed media, generated from sales in the free and pay television channels and the shares of the revenues from the Group's websites and radio stations operated under sub-license by Mediamond, increased by 2.4% reaching € **512.2 million** compared to the same period of 2016. According to the latest figures released by Nielsen, in the first two months of the year, the overall advertising market fell by 2.3% compared to the same period of 2016.
- **Core Pay TV revenues** from the sale of subscriptions and prepaid cards and from the Infinity On Demand service totalled € **151.4 million**.
- **Other revenues from integrated television operations** amounted to € **40.0 million** compared to € 77.7 million for the same period of the previous year which had benefited from the success of the Italian films distributed by Medusa Film (*Quo Vado* produced by the subsidiary Taodue and *Perfetti sconosciuti*).
- Revenues for **EI Towers** revenues came to € **64.6 million**, up 3.1% over the € 62.7 million for 2016, mainly due to the acquisitions made during the year and the progressive entry into operation of the agreement for the management of the network of the Cairo Communication Group.
- In the quarter being reported, **overall operating costs** of the Italian operations (personnel expenses, purchasing and service costs and other expenses, amortisation, depreciation and write-downs of television broadcasting rights and other fixed assets) amounted to € **649.6 million** decreasing by € 76.5 million (-10.5%), of which € 42.8 million attributable to the impacts on the costs for the period resulting from the write-downs of the remaining amounts for the pay TV sports broadcasting rights carried out for the preparation of the consolidated financial statements at 31 December 2016. The comparison with the previous year, taking into account seasonal factors (consisting of the costs for the movie rights for box office hits in the first three months of 2016 and the smaller number of sporting events broadcast in 2017) and the changes in the scope of consolidation (mainly relating to the additions to the radio segment from the second half of 2016), also shows a sharp reduction in running costs compared to the same period of the previous year.

- Total **EBIT** from operations in Italy amounted to € **-0.3 million**, compared to € -44.1 million at 31 March 2016.
- In **Spain**:
 - **Consolidated net revenues** for Mediaset España Group at the end of the first quarter of 2017 amounted to € **240.4 million**, showing an increase of 4.2% compared to the corresponding period of the previous year.
 - **Gross television advertising revenues** amounted to € **235.4 million**, up 5.9% year-on-year. The latest *Infoadex* figures available show that advertising investment in Spain rose by 2.2% compared to the corresponding period of the previous year, while television advertising spend increased by 4.3%. Again according to *Infoadex*, Mediaset España in the period had a television market share 43.4%.
 - **Total costs** amounted to € **163.7 million**, down by -0.9% on the same period of the previous year. Mediaset España continued its progressive reduction of operating costs also considering that compared to the same period of the previous year the Group added an HD channel to its offering (Be MAd launched in April 2016). With respect to 2010 the cost optimisation policies have resulted in a cumulative reduction in operating costs of € 68.8 million (-29.9%) without affecting the quality of the television product offered and also considering the increase in channels broadcast.
 - As a result of the above performance **EBIT** came to € **76.8 million**, compared to € 65.6 million in the first quarter of 2016, corresponding to an operating profitability of **31.9%**) compared to 28.4% in the first quarter of 2016.

Subsequent events and business developments at 31 March 2017

On **18 April**, the Italian Media Authority (AgCom) ascertained that Vivendi's shareholdings in Telecom Italia SpA and Mediaset SpA did not comply with the requirements of paragraph 11 of Article 43 of Legislative Decree 177 of 31 July 2015. The authority therefore ordered Vivendi to correct its position within the next 12 months, submitting within 60 days the action plan the company intends to adopt.

It should be noted that, following the provisions of the Authority, the Annual General Meeting of the shareholders' of one of the two Italian companies involved, Telecom Italia, was held, during which no changes were made to Vivendi's stake, the list for which elected the majority of the members of the Board of Directors.

On **27 April** the shareholders' meeting of Mediaset España approved the distribution of a dividend of € 0.52 per share and a share buyback programme for a total of € 100 million.

As previously indicated on 19 April, despite continuing uncertainties in the economic scenario, the Group's advertising sales are expected to remain positive also during the remainder of the year in both geographical areas.

The expectation of positive year-end results in terms of operating profit and consolidated net profit were also confirmed.

*Consolidated accounting tables
and business segments information*

(values in € million)

MEDIASET GROUP <i>Statement of Income</i>	1st Quarter 2017	1st Quarter 2016
Consolidated Net Revenues	889.3	912.0
Personnel expenses	(133.1)	(136.4)
Purchases, Services, Other costs	(404.5)	(413.4)
Operating Costs	(537.7)	(549.8)
EBITDA	351.6	362.3
TV and movie rights amortization	(243.5)	(306.7)
Other amortization and depreciation	(31.5)	(34.1)
Amortization and depreciation	(275.0)	(340.9)
EBIT	76.6	21.4
Financial income/(losses)	(5.3)	(8.1)
Income/(expenses) from equity investments	1.5	(0.3)
EBT	72.7	13.1
Income taxes	(20.0)	(6.1)
Net result from continuing operations	52.7	7.0
Net result from discontinued operations	-	-
Minority interests in net result	(36.9)	(25.1)
Group net result	15.9	(18.2)

(values in € million)

MEDIASET GROUP <i>Balance Sheet Summary</i>	31/03/2017	31/12/2016
Film and television rights	1,663.8	1,629.7
Goodwill	964.7	964.7
Other tangible and intangible non current assets	1,258.2	1,296.4
Equity investments and other financial assets	120.8	92.7
Net working capital and other assets/(liabilities)	(239.0)	(193.6)
Post-employment benefit plans	(91.2)	(91.8)
Net invested capital	3,677.3	3,698.3
Group shareholders' equity	1,951.1	1,947.7
Minority interests	557.2	588.2
Total Shareholders' equity	2,508.3	2,535.9
Net Financial Position	-	-
Debt/(Liquidity)	1,169.0	1,162.4

(values in € million)

ITALY Statement of Income	1st Quarter 2017	1st Quarter 2016
Consolidated Net Revenues	649.3	682.0
Personnel expenses	(107.1)	(111.6)
Purchases, Services, Other costs	(306.1)	(324.6)
Operating Costs	(413.3)	(436.2)
EBITDA	236.0	245.8
TV and movie rights amortization	(209.2)	(260.9)
Other amortization and depreciation	(27.1)	(28.9)
Amortization and depreciation	(236.3)	(289.8)
EBIT	(0.3)	(44.1)
Financial income/(losses)	(5.1)	(7.5)
Income/(expenses) from equity investments	0.9	0.6
EBT	(4.5)	(51.0)
Income taxes	(3.4)	8.0
Net result from continuing operations	(7.9)	(43.0)
Net result from discontinued operations	-	-
Minority interests in net result	(6.7)	(0.2)
Group net result	(14.6)	(43.2)

(values in € million)

ITALY <i>Operating Segments Results</i>	REVENUES		OPERATING RESULT	
	1st Quarter 2017	1st Quarter 2016	1st Quarter 2017	1st Quarter 2016
Integrated Television Operations	630.1	664.5	(24.0)	(64.9)
El Towers	64.6	62.7	23.7	20.9
Eliminations	(45.4)	(45.1)	-	-
Total	649.3	682.0	(0.3)	(44.1)

(values in € million)

ITALY Integrated Television Operations Statement of Income	1st Quarter 2017	1st Quarter 2016	change €/million	% change
Gross Advertising Revenues	512.2	500.3	11.9	2.4%
Agency discounts	(73.5)	(72.8)	(0.7)	1.0%
Net Advertising Revenues	438.7	427.5	11.2	2.6%
Pay TV revenues	151.4	159.3	(7.8)	-4.9%
Other revenues	40.0	77.7	(37.7)	-48.5%
Total Revenues	630.1	664.5	(34.3)	-5.2%
Personnel expenses	(96.1)	(100.8)	4.7	4.7%
Operating costs	(286.1)	(304.1)	18.0	5.9%
TV and movie rights amortisation	(209.2)	(260.9)	51.7	19.8%
Other amortisation and write-downs	(17.8)	(19.3)	1.5	7.9%
Inter-segment costs	(44.9)	(44.2)	(0.7)	-1.5%
Total Costs	(654.1)	(729.4)	75.2	10.3%
Operating Result	(24.0)	(64.9)	40.9	63.0%
% on revenues	-3.8%	-9.8%		

(values in € million)

SPAIN	1st Quarter	1st Quarter
<i>Statement of Income</i>	2017	2016
Consolidated Net Revenues	240.4	230.7
Personnel expenses	(26.0)	(24.8)
Purchases, Services, Other costs	(98.9)	(89.3)
Operating Costs	(124.9)	(114.1)
EBITDA	115.5	116.7
TV and movie rights amortization	(34.4)	(45.9)
Other amortization and depreciation	(4.4)	(5.2)
Amortization and depreciation	(38.8)	(51.1)
EBIT	76.8	65.6
Financial income/(losses)	(0.2)	(0.5)
Income/(expenses) from equity investments	0.5	(0.8)
EBT	77.1	64.2
Income taxes	(16.6)	(14.2)
Net result from continuing operations	60.6	50.1
Net result from discontinued operations	-	-
Minority interests in net result	0.0	0.1
Group net result	60.6	50.1

(values in € million)

SPAIN	1st Quarter	1st Quarter	change	
<i>Revenues breakdown</i>	2017	2016	€/million	% change
Gross Advertising Revenues	235.4	222.2	13.2	5.9%
Agency discounts	(9.5)	(8.2)	(1.3)	16.4%
Net Advertising Revenues	225.9	214.1	11.8	5.5%
Other revenues	14.6	16.7	(2.1)	-12.7%
Consolidated Net Revenues	240.4	230.7	9.7	4.2%

(values in € million)

	ITALY		SPAIN	
	1st Quarter 2017	1st Quarter 2016	1st Quarter 2017	1st Quarter 2016
Net Financial Position at the beginning of the year				
(Debt)/Liquidity	(1,339.8)	(1,051.8)	177.4	192.4
Free Cash Flow	16.8	(11.1)	81.5	68.2
Cash Flow from operating activities (*)	212.8	248.3	105.6	111.8
Investments in fixed assets	(173.4)	(216.1)	(98.3)	(105.3)
Disposals of fixed assets	3.8	0.4	0.2	0.6
Changes in net working capital and other current assets/liabilities	(26.3)	(43.7)	74.1	61.2
Changes of the consolidation perimeter	(2.6)	(10.9)	-	-
Own share's sell/buyback	(16.3)	-	-	(91.4)
Capital increases	-	-	-	-
Equity investments/Investment in other financial assets	(27.0)	(2.5)	(0.0)	(1.1)
Cashed-in dividends	-	-	-	-
Cashed-out dividends	(59.0)	-	-	-
Dividends paid	(88.1)	(24.4)	81.5	(24.3)
Net Financial Position at the end of the period				
(Debt)/Liquidity	(1,427.9)	(1,076.2)	258.9	168.1

(*): Net profit +/- minority interests + amortisations +/- net provisions +/- valuation of investments recorded using the net 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