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Oggetto : IL CONSIGLIO DI AMMINISTRAZIONE
MEDIASET HA APPROVATO IL BILANCIO
2018

Testo del comunicato

Vedi allegato.

Mediaset Board of Directors Meeting 12 March 2019

MEDIASET'S BOARD OF DIRECTORS APPROVES 2018 RESULTS

Consolidated results

Net revenues: €3,401.5 million

Operating profit (EBIT): €73.7 million

Cash generation growth: €211.7 million

Debt reduction: halved to €736.4 million

Reduced costs: -4.8%

Significant increase in Net profit in: €471.3 million (of which 374.0 million euro due to extraordinary transaction)

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

The Board of Directors of Mediaset, which met today under the chairmanship of Fedele Confalonieri, examined and approved the Group's Consolidated Annual Report for the year ended 31 December 2018 as well as the Annual Report of the parent company Mediaset S.p.A. The year was characterised by intense and fruitful efforts which resulted in a significant consolidated net profit for the period. Growth which was achieved despite difficulties in the media sector at the international level.

Among the generally positive trends of 2018 – with results markedly superior to internal expectations – particular mention should be made of the advertising market share, the increase in cash generation, as well as the reduction in total costs and indebtedness, in spite of significant investments in a number of development operations.

Highlights of the figures from the Group's 2018 Results, approved today by the Board of Directors, are as follows:

- **Net revenues** totalled **€3,401.5 million**, compared with €3,550.1 million in 2017. In particular, revenues in Italy amounted to **€2,421.4 million**, compared with €2,555.3 million in the previous year. In Spain, the figure was **€981.6 million**, compared the €996.3 million of 2017.

The impact of advertising sales was significant in both countries. In Spain, in a positive economic context, Mediaset España confirmed its leadership with gross revenues **€963.6 million**, compared with €969.7 million in the previous year. In Italy, where, conversely, the total advertising market in 2018 was down by -0.2% (added to a 2017 fall of -1.9%), Mediaset's gross television advertising revenues bucked the market trend growing from €2,095.4 million in 2017 to **€2,112.2 million**. As a result, Mediaset's market share in Italy in 2018 rose to **39.0%** from the 38.3% of the previous year, achieving, two years ahead of schedule, the targets indicated to the market in the Mediaset 2020 plan presented in London.

- **Total costs** (labour costs, other operating costs, amortisation and depreciations, excluding the impact in 2018 of depreciations and provisions for pay-TV rights) fell in Italy to **€3,165.1 million**, compared with €3,323.6 million in 2017 (-4.8%), notwithstanding investments for the World Cup. There was also a 3.5% fall in total costs in Spain (from €750.9 million in 2017 to **€724.7 million**) despite similar investments for the World Cup.
- The Group's **consolidated operating profit (EBIT)** di came to **€73.7 million**, compared with €226.4 in 2017. In Italy, a negative EBIT result of **-€182.9 million**, compared with -€19.1 million for the previous year, due to the prudent realignment of the accounting of pay-TV rights (net of which the EBIT figure would have been positive also in Italy, at around €20.0 million), a realignment carried out in the light of the foreseen process of digital transformation of pay business activities. Meanwhile, in Spain there was a further rise in EBIT, up to **€256.9 million**, compared with €245.3 million in 2017.
- **Consolidated net profit** consequently rose to **€471.3 million**, a significant improvement on the €90.5 million of 2017. The 2018 result, net of extraordinary items – comprising the capital gains deriving from the EiTowers operation and the losses resulting from the realignment of pay-TV asset pays – resulted in any case in a positive balance of €97.3 million, a higher value than foreseen in the 2020 plan.
A breakdown by geographic area shows that in Italy net profit rose to **€367.9 million**, compared with the -€9.9 million loss of 2017. In Spain there was a further improvement, taking the figure to **€200.3 million**, from the €197.5 million of the previous year. The highest net profit figure recorded by Mediaset España in the last 10 years.
- **Consolidated net financial debt** practically halved, falling to **€736.4 million** from the €1,392.2 million on 31 December 2017, also as a result of the deconsolidation of EiTowers. The Group's characteristic cash generation in the period amounted to **€211.7 million**, a marked improvement compared with 2017 (€116.9 million).
- **TV ratings.** In an increasingly competitive landscape, characterised by new global players, Mediaset's channels managed to improve their ratings compared with 2017, and maintain their marked leadership in both Italy and Spain.
In Italy, Mediaset is the leader in the commercial target with a **prime time share of 34.8%** and **33.5%** in the **24 hours**. **Canale 5** was the most popular channel in the commercial target in both **prime time (17.2%)** and the **24 hours (16.1%)**.
In Spain, the Mediaset España channels held on to their absolute leadership in the **24 hours** with a **28.8%** share. **Telecinco** confirmed its position as Spain's most popular channel across the **entire day (14.1%)** and in **prime time (15.0%)**.

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

Also the parent company Mediaset Spa ended 2018 positively, with a **net profit of €111.8 million**, compared with €69.2 million in 2017.

ALLOCATION OF THE PROFIT FOR THE PERIOD

To further strengthen the Group's capital structure and to be able to capitalize on possible new international market opportunities, the Board of Directors has decided to propose to the Shareholders' Meeting to carry forward the profit of Mediaset SpA, while also reserving the right to review the decision during the meeting of the Board of Directors of 25 July 2019 and, if necessary, to submit to a possible extraordinary Shareholders' meeting a proposal for the distribution of dividends from available reserves.

2017 figures have been restated pursuant to IFRS 5 (Discontinued operations) to incorporate the reclassification over two years of the net results of EIT and the net capital gain made in 2018 separately under the item Net result from discontinued operations.

THE SEVEN DEVELOPMENT OPERATIONS OF 2018, A KEY YEAR FOR MEDIASET

- **New prime time on Retequattro.** As part of the constant evolution of the Group's television offer, in 2018 Mediaset reinforced Retequattro's prime time offer with new presenters and new information, entertainment and popular science programmes with an immediate positive audience response, a ratings hike of around 14%.
- **The launch of two new TV channels.** During the year the new free "Focus" and "20" thematic channels were launched, which resulted in an increase in ratings for Mediaset in the free thematic channels area, bringing it up to around 7.0% in prime time.
- **Investments in sporting events.** In 2018, the Mediaset Group exclusively broadcast the **2018 FIFA World Cup** championship held in Russia in both Italy and Spain. For the first time in Italy, Mediaset offered not only all the live matches, but also free for all Italian viewers.
During the year, the Group also concluded an exclusive multi-year agreement for **Formula E** races, the World single-seat electric car championship. The first E-Prix was held in Rome in April was a major international event and also achieved excellent TV ratings.
- **Enhancement of R2.** Despite the well-known about-turn by Vivendi regarding Premium, Mediaset, as announced in the 2020 Plan in London, concluded the reorganisation of its pay-TV activities in 2018. Premium's Operation Pay asset was assigned to a new company called R2, which was then enhanced with an extensive operating agreement with Sky, which acquired the company for €22.9 million, while maintaining current employment levels. Mediaset will now be able to continue to play the role of the broadcaster of pay-TV content, without the burden of distribution and management costs.
- **The launch of the new Mediaset Play online platform.** Since 2018, all Mediaset TV content has been accessible for free via the web on Mediaset Play, a single destination that enables users to watch programmes, both in live and on demand, on a television screen, on a PCs and on mobile devices. A pay platform style of consumption, now available free to all Italians.
- **Enhancement of the radio hub.** The year saw the acquisition of Radio Monte Carlo, a broadcaster that has enhanced the Mediaset stable, which now consists of five stations: R101, Radio 105, Virgin Radio, Radio Subasio and Radio Monte Carlo. The operation reinforces RadioMediaset and confirms it as the national leader in terms of audience and advertising sales.
- **A new phase for the Ei Towers Group.** The public offer launched on Ei Towers was successfully concluded in 2018. The sale of the controlling interest of Mediaset - which now owns a 40% stake in 2iTowers, which in turn owns 100% of the Company - resulted in a net capital gain of €498.2 million. This represents an important creation of value generated by a company founded by Mediaset which now - thanks to its new role as an independent operator - will play a leading role in the national and international development of the transmission towers sector.

PROPOSAL TO THE SHAREHOLDERS FOR THE MODIFICATION OF ARTICLE 7 OF THE ARTICLES OF ASSOCIATION

The Board of Directors further agreed to call a Shareholders' Meeting, also in extraordinary session, to pass resolution on the proposal to modify Article 7 of the Articles of Association (the introduction of an increase in the vote, pursuant to art. 127-*quinquies* of Legislative Decree 58/98). The call notice for the Ordinary and Extraordinary Shareholders' Meeting - and the relative documentation as foreseen by current legislation - will be made available to the public at the company's registered office and published on the website www.mediaset.it in the Corporate Governance section.

The documents will also be available on the authorized storage mechanism eMarket Storage, at www.emarketstorage.com, in compliance with current regulations. Also in compliance with current legislation, the calling will be published in also in a national newspaper.

SUSTAINABILITY REPORT

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

REMUNERATION REPORT

The Board of Directors has approved the Remuneration Report pursuant to Art. 123-ter of the Consolidated Law on Finance and the implementation provisions issued by Consob. At the forthcoming Annual General Meeting the Board will recommend the approval of the first section of the report, outlining the company's policy on the remuneration of directors and executives with strategic responsibilities, in compliance with the provisions of Art. 123-ter of the Consolidated Law on Finance.

FORECAST FOR THE FULL YEAR

The main macro-economic indicators confirm a further slowdown in the Italian economy. This limits visibility regarding possible outlook in the advertising market in the coming months, in a general context that will also be characterised by the outcome the European elections at the end of May.

In general terms, the trend in Mediaset’s advertising revenues in 2019 - despite the absence of non-recurring events (the World Cup) and the termination of the pay football offer – is expected to remain in line with the market, consolidating, also thanks to the further strengthening of the radio and the digital offer, the market shares achieved at the end of 2018, two years ahead of the objectives set out in the 2020 Guidelines.

The business results (EBIT and consolidated net profit) and consolidated characteristic cash generation are expected to benefit from the actions taken in the context of the plans announced to the market (in particular the digital transformation process for Premium) and are expected to improve compared to those of last year.

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, 12 March 2019

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Highlights from the consolidated income statement
in €m

	2018	2017(*)
Consolidated net revenues	3,401.5	3,550.1
Labour costs	(497.0)	(487.2)
Procurement, services and other costs	(1,838.4)	(1,781.4)
Operating costs	(2,335.4)	(2,268.6)
Gross operating profit (EBITDA)	1,066.1	1,281.5
Amortisation of rights	(884.2)	(954.3)
Other amortisation and depreciations	(108.2)	(100.8)
Total amortisation and depreciations	(992.4)	(1,055.0)
Operating profit (EBIT)	73.7	226.4
Financial income /(charges)	(16.2)	(15.3)
Income/(charges) from investments	9.5	8.8
Profit before taxation	67.0	219.9
Income taxes	(19.3)	(60.5)
Minority interest (profit)/loss	(96.5)	(91.5)
Net profit from operations	(48.7)	67.9
Net result from discontinued operations	520.0	22.7
Profit/Loss for the Mediaset Group	471.3	90.5

2017 figures have been restated pursuant to IFRS 5 (Discontinued operations) to incorporate the reclassification over two years of the net results of EIT and the net capital gain made in 2018 separately under the item Net result from discontinued operations.

Highlights from the consolidated balance sheet
in €m

	31/12/2018	31/12/2017
Television and film rights	972.2	1,273.2
Goodwill	794.1	968.5
Other tangible/intangible assets	822.5	1,272.7
Financial assets	576.1	117.8
Net working capital & other assets/liabilities	496.7	227.9
Severance indemnity reserve	(68.9)	(85.5)
Net invested capital	3,592.6	3,774.6
Net Group assets	2,412.4	1,916.6
Shareholders' equity and minority interest	443.7	465.9
Net assets	2,856.2	2,382.5
Net financial position Debt/(Liquidity)	736.4	1,392.2

Fine Comunicato n.0186-7

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