Interim Financial Report at 30 June 2019

This Interim Report has been translated from the original issued in italian into English language solely for the convenience of international readers.

MEDIASET

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** Marina Berlusconi Marina Brogi Andrea Canepa Raffaele Cappiello Costanza Esclapon de Villeneuve Giulio Gallazzi Marco Giordani Francesca Mariotti Gina Nieri Danilo Pellegrino Niccolo' Querci Stefano Sala Carlo Secchi
Executive Committee	Fedele Confalonieri Pier Silvio Berlusconi Marco Giordani Gina Nieri Niccolo' Querci Stefano Sala
Risk and Control Committee	**Carlo Secchi (Chairman)** Marina Brogi Costanza Esclapon de Villeneuve
Compensation Committee	**Andrea Canepa (Chairman)** Marina Brogi Francesca Mariotti
Governance and Appointments Committee	**Raffaele Cappiello (Chairman)** Francesca Mariotti Carlo Secchi
Related Parties Committee	**Marina Brogi (Chairman)** Giulio Gallazzi Carlo Secchi
Board of Statutory Auditors	**Mauro Lonardo (Chairman)** Francesca Meneghel (*Regular Auditor*) Ezio Maria Simonelli (*Regular Auditor*) Stefano Sarubbi (*Alternate Auditor*) Flavia Daunia Minutillo (*Alternate Auditor*) Riccardo Perotta (*Alternate Auditor*)
Independent Auditors	**Deloitte & Touche S.p.A.**

MEDIASET GROUP: FINANCIAL HIGHLIGHTS

MAIN INCOME STATEMENT DATA*

FY 2018 mio €	%		1H 2019 mio €	%	1H 2018 mio €	%
3,401.5		**Total net Revenues**	**1,482.5**		**1,804.4**	
2,421.4	*71.2%*	Italy	1,002.2	*67.6%*	1,297.2	*71.9%*
981.6	*28.9%*	Spain	482.5	*32.5%*	507.9	*28.1%*
73.7		**EBIT**	**191.6**		**123.6**	
(182.9)		Italy	39.3		(28.3)	
256.9		Spain	154.2		152.3	
67.0		**EBT**	**217.0**		**124.4**	
471.3		**Net Result**	**108.9**		**42.8**	

MAIN BALANCE SHEET AND FINANCIAL DATA*

31-Dec-18 mio €		30/06/2019 mio €	30/06/2018 mio €
3,592.6	**Net Invested Capital**	**4,061.8**	**3,806.3**
2,856.2	**Total Net Shareholders' Equity**	**2,867.1**	**2,392.8**
2,412.4	Net Group shareholders' Equity	2,477.0	1,977.0
443.7	Minorities Shareholders' Equity	390.1	415.7
736.4	**Net Financial Position Debt/(Liquidity)**	**1,194.7**	**1,413.5**
1,026.1	**Cash Flow from ordinary operations (Free Cash Flow)**	**436.8**	**555.3**
618.0	**Investments**	**402.3**	**399.7**
-	**Dividends paid by the Parent Company**	**-**	**-**
95.6	**Dividends paid by Subsidiaries**	**46.6**	**95.6**

PERSONNEL

FY 2018	%		1H 2019	%	1H 2018	%
4,760		**Mediaset Group Personnel (headcount)**	**5,128**		**5,514**	
3,502	*73.6%*	Italy	3,569	*69.6%*	4,245	*76.7%*
1,258	*26.4%*	Spain	1,559	*30.4%*	1,269	*23.3%*

MAIN INDICATORS*

FY 2018		1H 2019	1H 2018
2.2%	**EBIT/Net Revenues**	**12.9%**	**6.8%**
-7.6%	Italy	*3.9%*	*-2.2%*
26.2%	Spain	*32.0%*	*30.0%*
2.0%	**EBT/Net Revenues**	**14.6%**	**6.9%**
13.9%	**Net Profit/Net Revenues**	**7.3%**	**2.4%**
0.41	**EPS (euro per share)**	0.10	0.04
0.41	**Diluted EPS (euro per share)**	0.10	0.04

(1)1H 2018 data have been adjusted in accordance with IFRS 5 (*Non Current Assets Held for Sale and Discontinued Operations*)
(2) Net Result from Continuing and Discontinued Operations
(3) Permanent and temporary staff included. On 30/06/2018 EI Towers Group's workforce has been included.

INTRODUCTION

This Interim Financial Report, prepared pursuant to Art. 154-*ter* of Legislative Decree no. 58/1998, includes the Report on Operations, the half-yearly condensed consolidated financial statements and the Certification pursuant to Article 154-*bis* of Legislative Decree no. 58/98.

The half-yearly condensed consolidated financial statements are prepared on the basis of the International Accounting Standards (IAS/IFRS) applicable under the EC Regulation 1606/2002 of the European Parliament and of the Council dated 19 July 2002 and in particular IAS 34 - Interim Financial Reporting, as well as the regulations issued to implement Article. 9 of Legislative Decree no. N.38/2005.

The presentation of the reclassified consolidated financial statements and of the statutory financial statements provided in the Interim Report on Operations corresponds to the presentation adopted for the annual financial statements.

The notes have been prepared in accordance with the content prescribed by IAS 34 - Interim Financial Reporting, also taking into account the provisions issued by Consob Communication No. 6064293 dated 28 July 2006. As such, the information disclosed in this report is not comparable to that of complete financial statements prepared in accordance with IAS 1.

MANAGEMENT INTERIM STATEMENT AT 30 JUNE 2019

Significant events in the first half of the year

On **22 January 2019**, AGCOM (the Italian Media Authority) authorised the transfer of a controlling interest in the company R2 Srl from Mediaset Premium S.p.A. to Sky Holding S.p.A., which occurred on 30 November 2018. On **8 March 2019**, the AGCM notified the parties that an investigation had been opened into this transaction. Following the developments in this investigation, which considered it improbable that the Authority would grant its unconditional authorisation to the transaction, and in accordance with the provisions of the sale agreements, on **12 April 2019** Mediaset and Sky Italia agreed for R2 to be returned to the Mediaset Group with immediate effect.

In **January 2019**, Mediaset repaid the EUR 375 million corporate bond and during the subsequent months proceeded to consolidate and prolong committed lines of credit by entering into new loans with four and five-year maturity periods, for a total amount of EUR 350 million.

On **24 January 2019**, the Board of Directors of the subsidiary **Mediaset España** authorised the commencement of a **share buy-back plan** up to a maximum of 9.9% of current share capital, with the total maximum disbursement limited to a maximum of EUR 200 million, to be concluded by 20 February 2020. In commencing the Cross-border Merger project announced on **7 June 2019** for the merger takeover of Mediaset and Mediaset España by Mediaset Investment N.V, a Dutch law-governed direct and fully-owned subsidiary of Mediaset, as described below, the above scheme was terminated 5 June and 14,419,910 treasury sales were purchased, constituting a 4.4% shareholding, against a total disbursement of EUR 94.6 million. As a result of these acquisitions, Mediaset Group's stake in Mediaset España Group increased from 51.63% at 31 December 2018 to 53.98% at 30 June 2019.

On **1 March 2019**, as part of the ongoing enhancement of Mediaset's free thematic channel portfolio, the thematic network **"Mediaset Italia 2",** initially aimed at a young male target audience and offering an increasingly fine-tuned selection of movies, cult cartoons and TV series, including television premieres, and which is broadcast on Channel 120, made changes to its programming by adding music content and will also now be broadcast on **Canale 66**.

On **6 March 2019**, Mediaset España acquired a 60% stake in the share capital of **El Desmarque Portal Deportivo SL**, the parent company of sports news and content website El Desmarque. During the first quarter of 2019, Mediaset España also increased its shareholdings in Megamedia Television S.A. (from 30% to 65%) and Supersport Television SL (from 30% to 62.5%).

On **26 March 2019**, a deed was signed for the merger takeover of subsidiary Mediaset Premium S.p.A. by RTI S.p.A. The merger took legal effect from 1 April 2019 and took effect for tax and accounting purposes from 1 January 2019.

On **28 March 2019**, a deed was signed for the reverse merger takeover of 2i Towers Holding S.p.A. (in which Mediaset holds a 40% stake) and 2i Towers S.p.A. by the subsidiary EI Towers S.p.A., on which date the merger took effect for legal, tax and accounting purposes.

On **29 May 2019**, Mediaset reported that it had purchased a 9.6% minority shareholding in German broadcaster ProSiebenSat.1 Media, SE, including voting rights of 9.9% once treasury shares were excluded.

This friendly capital investment in ProSiebenSat.1 Media follows a forward-looking strategy to create value from an increasingly international perspective, as fast-paced globalisation increasingly necessitates European broadcasters to develop economies of scale in order to compete with top global players. Moreover, the transaction further strengthens the trade relationship that already exists between the two Groups. In the past five years, Mediaset Italia and Mediaset España have built up a strong business relationship with ProSiebenSat1 as partners in the European Media Alliance (EMA).

ProSiebenSat.1 Media is one of the largest television media groups in Europe and enjoys a position of leadership in Germany, Austria and Switzerland. The company has a broad shareholder base and is listed on the Frankfurt Stock Exchange. In 2018 it posted consolidated net revenues of EUR 4,009 million, an EBIT of EUR 348 million and a consolidated net profit of EUR 248 million. On 12 June 2019, the company's Shareholders' Meeting authorised the distribution of a dividend of EUR 1.19 per share. In the first six months of 2019, the ProsiebenSat1 Media Group posted consolidated net revenues of €1,794 million (+4% compared to the same period of last year) and made a consolidated net profit of EUR 215 million (EUR 153 million at 30 June 2018).

To manage the investment risk, Mediaset also entered into a collar agreement with the financial intermediary brokering the deal (*purchase of put options and sale of call options*).

The total financial outlay for the purchase of the stake and of the hedging instruments as part of this deal is EUR 349.1 million.

Minority equity investment in ProsiebenSat1. With Mediaset having no appointed representatives on the management and supervision bodies of Media SE, the investee does not qualify as an associate under IAS 28 (*Investments in Associates and Joint Ventures*); in other words, the investor cannot exercise significant influence by participating in its financial and operating policy decisions. It is therefore recognised and treated in accounts as a financial asset under IFRS 9 (*Financial Instruments*) and, as a result, the accounting values of the equity investment and related hedging derivatives are recognised at fair value for all reporting data. As provided for by IFRS 9, the Group has elected to recognise the fair value changes at each reporting date, or any gains and losses arising to financial assets of this type, under the item *Valuation reserves* of Shareholders' equity, with no recycling to profit and loss, whereas dividend income will be recognised through profit and loss.

Dividend income of EUR 26.0 million was recognised for this equity investment during the period in question (recognised under *Profit/(loss) from equity investments*), whereas a portion of this dividend income, totalling EUR 18.6 million, was paid to the financial intermediary brokering the deal under the collar agreement and recognised through profit and loss under Financial expenses.

On **7 June 2019**, the Boards of Directors of Mediaset S.p.A. (Mediaset) and Mediaset España Comunicación S.A. (Mediaset España) ruled to put to their shareholders proposals to create a new holding by means of a cross-border merger takeover (the Merger) of Mediaset and Mediaset España by Mediaset Investment N.V. (DutchCo), a Dutch law-governed direct wholly owned subsidiary of Mediaset, which will take the name "MFE – MEDIAFOREUROPE N.V.". (MFE - MEDIAFOREUROPE or MFE).

From a strategic, operational and industry perspective, the transaction aims to create a pan-European, linear and non-linear entertainment media group, which will enjoy a position of leadership in the group's reference markets, will have a strong equity structure aligned with strong cash generation and will be of a scale that will enable it to be more competitive and potentially to expand its activities to other European countries so as to play a central role if the scenario of a consolidated European television and media industry arises in future.

The transaction will allow greater cost efficiencies and savings of approximately EUR 100-110 million (before tax) by 2023, corresponding to a net present value of approximately EUR 800 million.

Creating a Dutch holding provides a neutral headquarters from which this project can suitably be carried out (as has been witnessed from other companies that have adopted the same corporate structure).

After the Merger:

- each Mediaset shareholder, including the custodian bank under Mediaset's American Depositary Receipts (ADRs) program, will receive one ordinary MFE share for each Mediaset share held.
- each Mediaset España shareholder (with the exception of Mediaset, whose shares held in Mediaset España will be cancelled according to statute) will receive 2.33 ordinary MFE shares for each Mediaset España share held.
- ordinary MFE shares will be listed on the Mercato Telematico Azionario organised and managed by the Italian Stock Exchange and on the Spanish Stock Exchange organised and managed by BME (Bolsas y Mercados Españoles, Sociedad Holding de Mercados y Sistemas Financieros, S.A.U.).
- MFE will be tax-resident in Italy.
- the Merger will be preceded by Preliminary Reorganisations, after which all operational activities will remain in Italy and Spain respectively, and the Italian and Spanish operating companies will remain tax-resident in Italy and Spain respectively.
- MFE will adopt a one-tier governance model and will have a board of directors composed of 14 members. To facilitate and support the project over the long term, MFE will adopt a special voting mechanism which grants voting rights over and above the voting right tied to each MFE ordinary share held. This mechanism aims to reward the long-term holding of shares and has already been used and is appreciated by investors in similar transactions when it comes to encouraging a stable base of long-term shareholders to develop and have continuous involvement so as to strengthen the stability of the Group.

As reported in the Events after 30 June, the Merger was approved by the Extraordinary Shareholders' Meetings of Mediaset and Mediaset España on **4 September**. Following these approvals, the transaction will be completed subject to certain conditions precedent being met, including the following:

- any amount to be paid in cash by Mediaset and Mediaset España to shareholders of Mediaset and Mediaset España, respectively, who have exercised their right of withdrawal in relation to the Merger and/or to creditors of Mediaset and Mediaset España who have objected to the Merger must not exceed a total of EUR 180 million (the Maximum Withdrawal and Objection Amount). Mediaset shareholders exercising the right of withdrawal will be paid EUR 2.77 per share, as calculated under currently applicable legislation. Mediaset España shareholders exercising the right of withdrawal will be paid EUR 6.5444 per share, as calculated under currently applicable legislation.

- the MFE shares to be issued and allocated to Mediaset and Mediaset España shareholders after the Merger takes effect must gain all necessary regulatory authorisations and must be admitted for listing on the Mercato Telematico Azionario. Listing will also be subject to all necessary authorisations being obtained from the AFM (the Dutch financial markets authority) and/or other competent authorities. The Merger will only be completed when all conditions precedent established for the Merger have been met (or waived, where appropriate) and all preliminary formalities for the Merger have been completed.

The Merger is anticipated to take effect during the fourth quarter of 2019, subject to the conditions precedent having been met, or waived, and to the preliminary formalities having been completed.

From an accounting point of view the Merger will consist in a reorganization of existing legal entities which will not give rise to any change of control, being DutchCo's share capital currently entirely owned by Mediaset and being the majority of Mediaset España's share capital currently owned by Mediaset. Therefore, the Merger will substantially involve the acquisition of the shares held by the minority shareholders of Mediaset España against the issue of new shares of DutchCo becoming a *business combination involving entities and businesses under common control* outside the scope of application of IFRS 3 – Business Combinations. Therefore in the *consolidated statement of financial position* after the conclusion of the Merger, any difference between the fair value of the newly-issued shares in DutchCo and the carrying value of the non-controlling interests attributable to the minority shareholders of Mediaset España (at the Merger date) will be recorded in an Equity Reserve as an equity transaction, while the consolidated net result subsequent to the Merger will entirely incorporate the economic contribution generated by the operating activities attributable to Mediaset España.

As provided for in the Merger project, following the closing of the Merger, MFE will distribute a total of EUR 100 million in dividends among all shareholders and will launch a buy-back scheme capped at EUR 280 million in total (less the total amount necessary to purchase any withdrawn shares) up to a price capped at EUR 3.4 euros per share.

Assuming that no shareholders exercise the right of withdrawal, assuming that the treasury shares of Mediaset and Mediaset España are cancelled and assuming that MFE holds 5,000,000 treasury shares at the date on which the Merger takes effect, the shareholder base following the merger will be as follows (based on the data and information available on 26 August): (i) Fininvest S.p.A. will hold a 35.43% share (net of treasury shares) of MFE, (ii) Simon Fiduciaria S.p.A. will hold a 15.39% share of MFE, (iii) Vivendi S.A. will hold a 7.71% share of MFE, and (iv) the market will hold a 41.47% share of MFE. The voting power of each MFE shareholder will be dependent on each shareholder's level of participation in the special voting mechanism. In this respect, it is noted that 2019 the requests for an initial allocation of Special Voting Rights shares A in MFE which have been submitted from 15 July to 26 August where attributable to 881,327,310 Mediaset shares (74.61% of the share capital) and 7,201,399 Mediaset España share (2.20% of the share capital). Besides all the conditions that have been claimed so far, assuming that all the Special Voting Rights shares A that have been requested will be issued by MFE and granted to the applicant shareholders, the voting rights stakes in MFE hold by the main shareholders after the grant date (which is the 30 days after the effective day of the merger) would be the following (based on the data available on 26 August 2019): Finivest S.p.A. 47.88%; Simon Fiduciaria S.p.A. 20.81%; Vivendi S.A. 10.42%.

In this transaction, Citigroup Global Markets Ltd (Citi), Banca IMI S.p.A. (Gruppo Intesa San Paolo) and Mediobanca acted as financial advisors to Mediaset, while J.P. Morgan Securities plc (JP Morgan) acted as financial advisor to Mediaset España. On **7 June 2019**, Citigroup Global Markets Ltd (Citi) and J.P. Morgan Securities plc issued an opinion to Mediaset and Mediaset España, respectively, on the financial fairness to Mediaset and Mediaset España shareholders (other than Mediaset S.p.A. and its investees) of the exchange ratios at play in the potential Merger.

The Board of Directors of Mediaset España entrusted the analysis of the proposed Transaction, the related decision-making and the preparation of the Joint Cross-border Merger Project to an internal committee composed of four members: three independent members and one "external" member of the Board of Directors of Mediaset España. In the same vein, and in compliance with the best corporate governance practices referred to in Articles 228 and 229 of the "Texto refundido de la Ley de Sociedades de Capital, aprobado por el Real Legislative Decree 1/2010, de 2 de julio" (the Spanish Companies Act), the executive directors and the so-called "dominical" directors of Mediaset España abstained from participating in the entire process, from negotiating and from voting on the Joint Cross-border Merger Project, which was thus approved by the independent members and by the additional "external" member.

Additional information concerning the transaction can be found in the Merger documentation provided in accordance with current legislation (including the Joint Cross-border Merger Project, the explanatory reports from the boards of directors of Mediaset and Mediaset España, the new Bylaws of MFE, the terms and conditions of Special Voting Shares, and the reports by independent experts on the fairness of the exchange ratios), which are available to the public on the Corporate section of the website www.Mediaset.it and in the press releases issued by Mediaset and Mediaset España beginning 7 June.

During the semester Mediaset secured exclusive free-to-air broadcasting rights of the best Tuesday match during the next two editions (2019-20 and 2020-21) of the **UEFA Champions League**, as well as the highlights of the same match, images relating to the round-up of Italian teams' matches (to be broadcast on Wednesdays at the end of the matches) and highlights of all the week's matches (to be broadcast on Thursdays).

Group Performance and Highlights

Television audience

In **Italy**, total audience over the 24-hour period **averaged 10 million and 271 thousand** viewers in the first half of 2019.

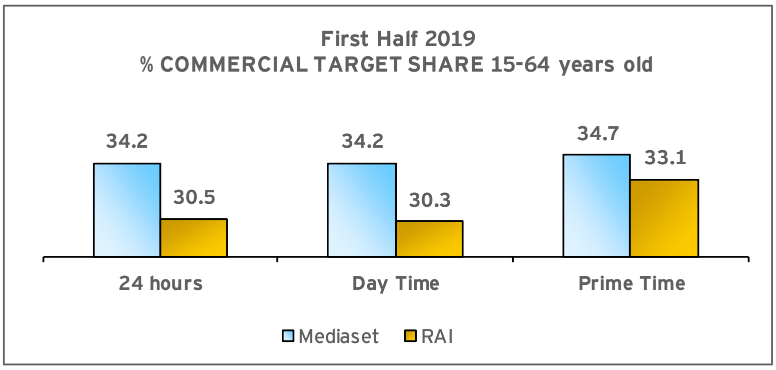
Auditel statistics show that, during the period reported, Mediaset networks as a whole obtained an audience share of 31.7% over the 24-hour period, 31.7% in the Day Time slot and 32.0% in Prime Time.

The table below shows the breakdown of audience share by network for the reporting period.

(Source: Auditel)

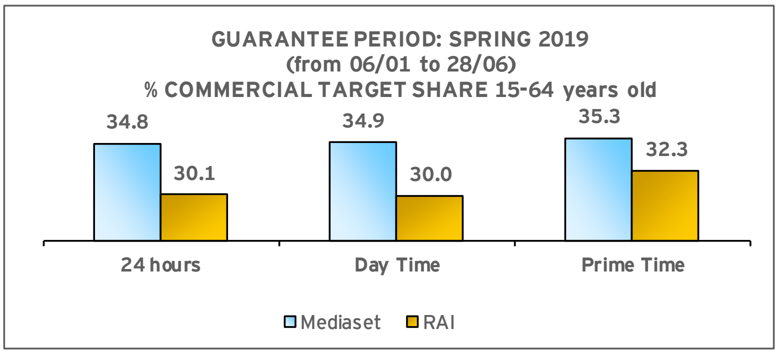
MEDIASET AUDIENCE SHARE 1H (from 30/12 to 29/06)	Individuals			Commercial Target		
	24 hours	Prime Time	Day Time	24 hours	Prime Time	Day Time
	16.1%	15.5%	16.5%	16.9%	17.3%	17.1%
	4.6%	5.1%	4.5%	6.5%	6.6%	6.5%
	3.9%	4.4%	3.8%	2.9%	3.1%	2.8%
TOTAL GENERALIST NETWORKS	**24.6%**	**25.0%**	**24.8%**	**26.3%**	**27.0%**	**26.4%**
TOTAL MULTI CHANNEL	**7.1%**	**7.0%**	**6.9%**	**7.9%**	**7.7%**	**7.8%**
	31.7%	**32.0%**	**31.7%**	**34.2%**	**34.7%**	**34.2%**

On the commercial target audience, the Group has maintained its leadership across all time slots. Notably, Canale 5 ranks in top spot and Italia 1 in third spot in all time slots with the 15-64 year-old viewer target. A considerable contribution also came from the thematic networks, which added approximately seven points of audience share in total for overall viewers and nearly eight points for the commercial target audience.



Mediaset's general interest channels held an audience share in the spring season of 25.2% over the 24-hour period, 25.5% in the Day Time slot and 25.5% in Prime Time. Adding to the Group's other channels, total audience share over the 24-hour period came to 32.2% of all viewers, with a 32.2% share in the Day Time slot and 32.5% in Prime Time.

A positive contribution also came from the thematic networks, which added approximately seven points of audience share for overall viewers and nearly eight points for the commercial target audience.



In **Spain**, Mediaset España Group's free-to-air networks at 30 June 2019 included Telecinco and Cuatro and the thematic channels Factoría de Ficción, Boing, Divinity, Energy and the HD channel Be Mad TV. In terms of audience figures, Mediaset España consolidated its leadership position in the period. In particular, Mediaset España Group's **average audience share** over the 24-hour period in the half-year under review was **28.6%** of all viewers and **30.4%** of the commercial target audience. Telecinco was also the audience leader with a 14.7% share of all viewers over the 24-hour period, and 13.8% of the commercial target audience.

Mediaset España consolidated its web leadership position also in the half-year under review, in terms of unique visitors and page views.

The audience share breakdown for the Mediaset España Group's general interest and thematic channels is shown below.

MEDIASET ESPAÑA AUDIENCE SHARE 1H	INDIVIDUALS			COMMERCIAL TARGET		
	24 hours	Prime Time	Day Time 7:00-2:00	24 ore	Prime Time	Day Time
	14.7%	14.8%	14.7%	13.8%	13.5%	14.0%
	5.2%	5.8%	4.9%	6.3%	7.0%	6.0%
TOTAL GENERALIST NETWORKS	**19.9%**	**20.6%**	**19.6%**	**20.1%**	**20.5%**	**20.0%**
TOTAL MULTI CHANNEL AND THEME CHANNELS	**8.7%**	**7.7%**	**9.2%**	**10.2%**	**8.4%**	**11.1%**
MEDIASET españa.	**28.6%**	**28.3%**	**28.8%**	**30.4%**	**28.9%**	**31.1%**

Main financial results

During the first half year, the Group consolidated the marked improvement in its financial results (EBIT, consolidated net profit and free cash flows) already recorded in the first three months of the year. In particular, it benefitted from the process of digitally transforming Italian pay activities, which began during the second half of the previous financial year. These results were obtained in spite of the continued weak performance anticipated in the Italian and Spanish advertising market and despite the fact that the year-on-year comparison did not take into account the discontinuity associated with the major sporting events that had been present in Mediaset's free-to-air programming in 2018 (the FIFA World Cup group stage in June 2018, for both Italy and Spain, and the Champions League).

The consolidated financial results from the first semester are summarised below and compared with those from the same period of the previous year, which in turn have been restated in accordance with IFRS 15 (*Non Current Assets Held for Sale and Discontinued Operations*). In doing so, separate evidence is provided of the financial results and cash flows of the EiTowers Group, which was deconsolidated during the fourth quarter of last year following the takeover bid launched by 2iTowers Holding, a company in which Mediaset obtained a minority stake following the transaction, measured using the equity method.

- **Consolidated net revenues** amounted to **EUR 1,482.5 million**, as compared to the EUR 1,804.4 million for 2018.
- **EBITDA** amounted to **EUR 474.1 million** compared to EUR 600.0 million, with a margin on revenues of 32.0% compared to 33.2% for the same period of 2018;
- **EBIT** was **EUR 191.6 million**, compared to EUR 123.6 million for the same period of 2018. Operating profitability fell to 12.9% from the 6.8% recorded in 2018;
- **Earnings from operating activities, before tax and minority interests** amounted to **EUR 217.0 million**, compared to EUR 124.4 million in the first half of 2018.
- **Net earnings attributable to the Group** amounted to **EUR 108.9 million**, compared to the EUR 42.8 million posted in the same period of 2018.
- **Consolidated net financial debt** amounted to **EUR 1,194.7 million** at 30 March 2019, compared to EUR 877 million at the beginning of the financial year (including net financial liabilities of EUR 140.6 million from the adoption of the new accounting model for operating lease agreements due to the accounting standard IFRS 16 - *Leases* taking effect in 2019); Against the backdrop of significant **free cash flow** of EUR 189.0 million, and showing a marked increase compared to the EUR 84 million for the same period of 2018, the change for the period was mainly due to the disbursements made in acquiring the equity investment in ProSiebensat.1 Media (EUR 349.1 million), due to the treasury share buy-back plan (EUR 94.6 million) and due to the dividend distribution (EUR 46.6 million) by the subsidiary Mediaset España S.A.

Breaking down income results by geographical area:

In **Italy**

- The Group's business in Italy recorded **consolidated net revenues** of **EUR 1,002.2 million** in the first half of 2019, compared to EUR 1,297.2 million for the same period of the previous year. As forecasted, this trend was a reflection of lower advertising revenues, due to the severe discontinuity in the free-to-air and pay sporting events available to Mediaset in the first half of 2018 and to the gradual contraction of the Premium customer base following the termination of the "Premium Calcio" offering (exclusive rights to the Serie A Italian Championship and Champions League) on digital terrestrial television in the second half of 2018 and the beginning of the process to digitally transform Mediaset's Pay model.
- **Gross advertising revenues** from the total licensed media, generated from sales in the free and pay television channels and the revenues from the Group's websites and radio stations operated under sub-license by Mediamond, decreased by (-)10.4% to **EUR 985.2 million** compared to the same period in 2018. According to the figures published by Nielsen, the overall advertising market in Italy fell by 5.7% during the first six months of the year compared to the same period of 2018. On a like-for-like basis - which is to say, once the television revenues associated with the Premium Calcio offering, the 2018 FIFA World Cup and free-to-air Champions League events are excluded - the overall trend in Mediaset's advertising revenue for the period in question made it possible to maintain stable the market share which it held at the end of the previous year.
- During the half year, the **total operating costs** of the Italian business (personnel expenses, purchasing and service costs and other expenses, amortisation and write-downs of television broadcasting rights and other fixed assets) totalled **EUR 962.9 million**, a decrease of (-)27.4% compared to the corresponding period of the previous year, mainly due to the termination of long-term contracts for Premium football content which were still in place in the first half of the previous year only and to the presence in the schedules of June of the previous year of costs (broadcasting rights and production costs) incurred for the exclusive coverage of the first stage of the Russia 2018 FIFA World Cup.
- **EBIT** from Italian operations was positive for the period at **EUR 39.3 million**, compared to EUR -28.3 million at 30 June 2018.

In **Spain**:

- **Consolidated net revenues** for the Mediaset España Group at the end of the first half of 2019 were **EUR 482.5 million**, compared to EUR 507.9 million for the same period of the previous year.
- **Gross advertising revenues** amounted to **EUR 472.9 million**, falling compared to the same period of the previous year (-5.9%), essentially due to the presence of the FIFA World Cup in the previous year's schedule and to the lower contribution from the advertising license of third party broadcasters. In particular, **advertising revenues from the Group's media** totalled **EUR 464.5 million**, which was down compared to the same period of the previous year. The latest *Infoadex* statistics show that television advertising investments fell by 5.6% during the first half of the year, whereas the television and digital media (internet, OTT, etc.) advertising market as a whole decreased by 1.9%. Mediaset España maintained its leadership in its television market with a share of 43.2%, whereas its share of the television and digital media market stood at 32.6%.
- **Total costs** (personnel expenses, other operating costs, and amortisation, depreciation and write-downs) of **EUR 328.2 million** were down by 7.7% compared to the same period of the previous

year, essentially due to the presence in the first half of 2018 of costs connected to the broadcasting of matches from the first stage of FIFA World Cup.

- As a result of the above performance **EBIT** came to **EUR 154.2 million**, compared to EUR 152.3 million in the same period of 2018, corresponding to an operating profitability of 32.0% compared to 30.0% in the first half of 2018.

Performance by geographical area and business segment

In this section we give a breakdown of the consolidated income statement, balance sheet and cash flow statement to show the contribution to Group performance of the two geographical areas of business, Italy and Spain, as well as details of the geographical breakdown of revenues.

The presentation of the income statement, balance sheet and cash flow figures shown below corresponds to the presentation adopted in the Report on Operations accompanying the annual Consolidated Financial Statements. As such the figures are restated with respect to the financial statements attached, in order to highlight the intermediate aggregates considered most significant for understanding the performance of the Group and of the individual business units. Although not required by law, the criteria adopted in preparing the aggregates and notes referring the reader to the relevant statutory financial statement items have been disclosed in accordance with guidance provided by Consob Communication no. 6064293 of 28 July 2006, Consob Communication no. 0092543 of 3 December 2016 and ESMA Guidance 2015/1415 concerning alternative performance measures (or *non-GAAP measures*).

The performance figures provided refer to progressive totals at the end of the first half and second quarter of 2019 and 2018; balance sheet figures are stated at 30 June 2019 and at 31 December 2018.

For the purposes of reporting performance, please note that following the voluntary takeover bid made on 16 July 2018 by 2i Towers S.p.A. and the subsequent sale of EI Towers at the beginning of the fourth quarter of 2018, through which the group was deconsolidated beginning the same fourth quarter, the financial results and cash flows for the first half of 2018 have been restated, with the net contribution generated by the line-by-line consolidation of the EI Towers Group shown separately and reclassified in accordance with IFRS 5 (*Non-Current Assets Held for Sale and Discontinued Operations*). More specifically, the net financial contribution generated by the EI Towers Group for the Group's 42% interest during the first six months of 2018 is shown under the item *Net profit/(loss) from discontinued operations*. On the other hand, the *profit/(loss) from equity investments* for the first half of 2019 includes the profit or loss pertaining to the 40% investment held in EI Towers S.p.A., which Mediaset purchased at the end of the above mentioned transaction.

Moreover, please note that due to the entry into force of accounting standard IFRS 16 (*Leases*) on 1 January 2019, which the Group has adopted retrospectively with adjustments, to the lease contracts existing as at the transition date (mainly concerning leaseholds on real estate and televisions studios and rentals of staff company cars), rights of use have been recognised (under *fixed assets*) for a sum of EUR 140.6 million and, accordingly, financial liabilities in the same amount (under *Net Financial Position*), calculated based on the present net value of outstanding lease payments. Consequently, the rights-of-use depreciation values recorded in the resulting income statement have been determined based on the established *lease terms* and the relevant interests in liability-related financial expenses, while the financial data for the comparative period, which are used for comparison purposes and for which contracts the relevant lease payments for the period were required to be posted under *operating costs*, have not been restated. Nevertheless, the different accounting method does not impact majorly on the comparability between the two periods as far as the main interim performance indicators, EBITDA and EBIT, are concerned.

Group Performance

The consolidated income statement reported below shows the intermediate aggregates making up earnings before interest, taxes, depreciation and amortisation (EBITDA) and earnings before interest and taxes (EBIT).

EBITDA measures the difference between *Consolidated net revenues* and *operating costs*, including costs of a non-monetary nature relating to *amortisation, depreciation and write-downs* (net of any write-backs) of current and non-current assets.

EBIT is measured by deducting from EBITDA costs of a non-monetary nature relating to *amortisation, depreciation and write-downs* (net of any write-backs) of current and non-current assets.

(values in EUR million)

MEDIASET GROUP *Income Statement*	**IH 2019**	**IH 2018**	**2nd Quarter 2019**	**2nd Quarter 2018**
Total consolidated net revenues	**1,482.5**	**1,804.4**	**764.3**	**965.2**
Personnel expenses	(245.6)	(238.8)	(121.4)	(120.8)
Purchases, services, other costs	(762.8)	(965.6)	(390.1)	(527.8)
Operating costs	**(1,008.4)**	**(1,204.4)**	**(511.6)**	**(648.5)**
EBITDA	**474.1**	**600.0**	**252.7**	**316.7**
TV and movie rights amortization	(234.2)	(430.7)	(114.7)	(197.7)
Other amortization and depreciation	(48.2)	(45.7)	(24.9)	(24.1)
Amortization and depreciation	**(282.4)**	**(476.4)**	**(139.6)**	**(221.8)**
EBIT	**191.6**	**123.6**	**113.1**	**94.9**
Financial income/(losses)	(16.7)	(8.9)	(16.8)	(3.8)
Income/(expenses) from equity investments	42.0	9.7	37.5	5.3
EBT	**217.0**	**124.4**	**133.8**	**96.4**
Income taxes	(48.8)	(35.6)	(30.3)	(29.3)
Minority interests in net profit	(59.3)	(60.4)	(34.3)	(34.8)
Net profit from continuing operations	**108.9**	**28.4**	**69.2**	**32.3**
Net profit from discontinued operations	-	14.3	-	7.0
Group net result	**108.9**	**42.8**	**69.2**	**39.3**

The following table shows key Group income statement figures stated as a percentage of consolidated net revenues.

MEDIASET GROUP	IH 2019	IH 2018	2nd Quarter 2019	2nd Quarter 2018
Total consolidated net revenues	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Operating costs	-68.0%	-66.8%	-66.9%	-67.2%
EBITDA	**32.0%**	**33.2%**	**33.1%**	**32.8%**
Amortization and depreciation	-19.1%	-26.4%	-18.3%	-23.0%
EBIT	**12.9%**	**6.8%**	**14.8%**	**9.8%**
EBT	**14.6%**	**6.9%**	**17.5%**	**10.0%**
Group net result	**7.3%**	**2.4%**	**9.1%**	**4.1%**
Tax rate (EBT %)	22.5%	28.6%	22.6%	30.4%

Below we look at the breakdown of the income statement by geographical area to report the contribution to performance of the Group's Italian and Spanish operations.

Breakdown by geographical area: Italy

The following is an abridged income statement of Mediaset Group's domestic business:

(values in EUR million)

ITALY *Income Statement*	**IH 2019**	**IH 2018**	**2nd Quarter 2019**	**2nd Quarter 2018**
Total consolidated net revenues	**1,002.2**	**1,297.2**	**510.1**	**687.5**
Personnel expenses	(186.8)	(187.2)	(92.2)	(94.9)
Purchases, services, other costs	(562.6)	(723.9)	(287.6)	(391.8)
Operating costs	**(749.4)**	**(911.2)**	**(379.8)**	**(486.6)**
EBITDA	**252.8**	**386.0**	**130.3**	**200.9**
TV and movie rights amortization	(174.0)	(375.4)	(82.9)	(173.3)
Other amortization and depreciation	(39.5)	(38.9)	(19.9)	(20.9)
Amortization and depreciation	**(213.5)**	**(414.3)**	**(102.8)**	**(194.2)**
EBIT	**39.3**	**(28.3)**	**27.5**	**6.7**
Financial income/(losses)	(16.7)	(8.8)	(16.8)	(3.8)
Income/(expenses) from equity investments	36.9	(0.5)	33.4	(0.6)
EBT	**59.5**	**(37.6)**	**44.0**	**2.2**
Income taxes	(18.1)	1.5	(13.7)	(6.8)
Minority interests in net profit	0.6	0.2	0.3	0.1
Net profit from continuing operations	**42.0**	**(35.9)**	**30.6**	**(4.5)**
Net profit from discontinued operations	-	14.3	-	7.0
Group net result	**42.0**	**(21.6)**	**30.6**	**2.5**

The following table shows key income statement figures stated as a percentage of consolidated net revenues.

ITALY	IH 2019	IH 2018	2nd Quarter 2019	2nd Quarter 2018
Total consolidated net revenues	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Operating costs	-74.8%	-70.2%	-74.5%	-70.8%
EBITDA	**25.2%**	**29.8%**	**25.5%**	**29.2%**
Amortization and depreciation	-21.3%	-31.9%	-20.2%	-28.2%
EBIT	**3.9%**	**-2.2%**	**5.4%**	**1.0%**
EBT	**5.9%**	**-2.9%**	**8.6%**	**0.3%**
Group net result	**4.2%**	**-1.7%**	**6.0%**	**0.4%**
Tax rate (EBT %)	30.4%	4.0%	31.1%	n.s.

Below is a summary of the main types of revenue. The main performance traits of these revenue types has already been described in the Report.

ITALY Breakdown Consolidated Revenues	IH 2019	IH 2018	2nd Quarter 2019	2nd Quarter 2018
Gross advertising revenues	985.2	1,100.2	501.6	594.4
Agency discounts	(139.3)	(157.8)	(70.5)	(85.3)
Total net advertising revenues	**845.9**	**942.4**	**431.1**	**509.1**
Other revenues/Eliminations	156.3	354.8	79.0	178.5
Totale Revenues	**1,002.2**	**1,297.2**	**510.1**	**687.5**

Advertising revenues, including free and pay-TV channels managed by the Group's concessionaires and the Group's share of website revenues, and revenues from proprietary radio broadcasters managed under a sublicense from the investee Mediamond.

The performance and composition of **Other Revenues** is chiefly reflective of the process of digitally transforming Mediaset's pay model, which began in 2018, in terms of providing third-party operators with exclusive film and series content - as content and service providers - and unique assets held (transmission band rental), while also concentrating on and developing non-linear/OTT services. As part of this process, the termination of the "Premium Calcio" offering from the second half of 2018 (exclusive Serie A and Champions League rights) has led to a gradual contraction in the "Premium" client base and in associated revenues (up from EUR 263.3 million in the first half of 2018 to EUR 25.2 million in the first half of 2019), whereas Mediaset continued its linear offering of its Premium Cinema and Series channels on digital terrestrial until May 2019. On the other hand, one Other Revenues component which did experience growth was the proceeds generated from commercial agreements entered into in the first quarter of 2018 for the sub-licensing of free and pay-TV channels and for the use of the Premium technological platform to Sky, and agreements entered into with other parties for content sub-licensing.

The decrease in the items **Purchases, services and other costs and TV rights amortisation** is primarily due to the termination of the multi-year contracts for Premium football content, contracts which were still in force at the beginning of last year, as well as being due to the lower cost of the free-to-air TV programme schedule, which in June of last year included the costs of the broadcasting rights to and performance of the first round of the Russia 2018 World Cup, which was broadcast exclusively by Mediaset. Finally, please note that the write-downs and provisions posted for the recoverability assessments on assets and purchase commitments relating to Pay-TV rights, which were conducted when presenting the consolidated financial statements at 31 December 2018, caused a lower amortisation of these rights, at EUR 26.5 million, during the first half of 2019.

Breakdown by geographical area: Spain

The following is an abridged income statement of the Group's Spanish business; figures are those of Mediaset España Group (consolidated figures).

(values in EUR million)

SPAIN *Income Statement*	**IH 2019**	**IH 2018**	**2nd Quarter 2019**	**2nd Quarter 2018**
Total consolidated net revenues	**482.5**	**507.9**	**256.4**	**278.3**
Personnel expenses	(58.8)	(51.6)	(29.3)	(25.9)
Purchases, services, other costs	(200.3)	(241.7)	(102.5)	(136.0)
Operating costs	**(259.1)**	**(293.3)**	**(131.8)**	**(161.9)**
EBITDA	**223.4**	**214.6**	**124.6**	**116.4**
Rights amortization	(60.4)	(55.4)	(32.0)	(24.5)
Other amortization and depreciation	(8.7)	(6.8)	(5.0)	(3.2)
Amortization and depreciation	**(69.2)**	**(62.2)**	**(37.0)**	**(27.7)**
EBIT	**154.2**	**152.3**	**87.7**	**88.7**
Financial income/(losses)	0.0	(0.2)	(0.0)	0.1
Income/(expenses) from equity investments	5.0	10.3	4.1	5.9
EBT	**159.2**	**162.5**	**91.8**	**94.7**
Income taxes	(31.2)	(37.2)	(17.1)	(22.6)
Net profit from continuing operations	**128.0**	**125.2**	**74.7**	**72.1**
Minority interests in net profit	(0.6)	-	(0.4)	-
Group net result	**127.4**	**125.2**	**74.3**	**72.1**

The following table shows key income statement figures stated as a percentage of consolidated net revenues from Spanish operations.

SPAIN	IH 2019	IH 2018	2nd Quarter 2019	2nd Quarter 2018
Total consolidated net revenues	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Operating costs	-53.7%	-57.8%	-51.4%	-58.2%
EBITDA	**46.3%**	**42.2%**	**48.6%**	**41.8%**
Amortization and depreciation	-14.3%	-12.3%	-14.4%	-9.9%
EBIT	**32.0%**	**30.0%**	**34.2%**	**31.9%**
EBT	**33.0%**	**32.0%**	**35.8%**	**34.0%**
Group net result	**26.4%**	**24.7%**	**29.0%**	**25.9%**
Tax rate (EBT %)	19.6%	22.9%	18.7%	23.9%

The breakdown of Mediaset España Group's revenues is shown below:

(values in EUR million)

	IH 2019	IH 2018	2nd Quarter 2019	2nd Quarter 2018
Gross advertising revenues	**472.9**	**502.3**	**249.1**	**277.7**
Agency discounts	(20.5)	(21.8)	(10.7)	(12.3)
Net advertising revenues	**452.4**	**480.5**	**238.4**	**265.4**
Other revenues	30.1	27.4	18.0	12.9
Total net consolidated revenues	**482.5**	**507.9**	**256.4**	**278.3**

Gross advertising revenues dropped by 5.9%, essentially as a result of the FIFA World Cup having formed part of the programme schedule the year before and of the lower contribution from the advertising license of third party broadcasters.

Other revenues showed a slight increase compared to the same period of the previous year caused by improved revenues in content sales.

Total costs (personnel expenses, other operating costs, amortisation, depreciation and write-downs) for the Mediaset España Group for the first half of 2019 fell by EUR 27.3 million in total compared to the same period of the previous year. In particular, personnel expenses increased due to the change in the scope of consolidation, while operating costs (purchases, services and other costs) decreased by 17.1%, essentially due to the costs associated with broadcasting matches at the Russia 2018 FIFA World Cup, which were had formed part of the programme schedule in the first half of the previous year.

At 30 June 2019, **EBIT** from Spanish operations totalled **EUR 154.2 million**, up from EUR 152.3 million in the first half of 2018, with an operating profitability of **32.0%**.

Other income statement components for Mediaset Group as a whole are shown below.

(values in EUR million)

	IH 2019	IH 2018	2nd Quarter 2019	2nd Quarter 2018
Financial (income)/losses	**(16.7)**	**(8.9)**	**(16.8)**	**(3.8)**

Financial expenses/income for the first half of 2019 included expenses of EUR 18.6 million for the costs associated with the collar agreement entered into to hedge the equity investments made in ProSiebenSat1 Media. Removing this component reveals a significant reduction in the average cost of net financial debt, in view of Mediaset's January 2019 repayment of the EUR 375 million corporate bond.

(values in EUR million)

	IH 2019	IH 2018	2nd Quarter 2019	2nd Quarter 2018
Result from equity investments	**42.0**	**9.7**	**37.5**	**5.3**

In the first half of 2019, this item included: EUR 26.0 million in dividends paid out to Mediaset by investee ProSiebenSat1 Media SA, a company in which Mediaset acquired a 9.6% minority stake during the second quarter; income of EUR 13.5 million from Mediaset's portion (40%) of the financial profits for the period, arising from its minority equity investment held in EI Towers; and income of EUR 2.9 million (EUR 4.5 million for the same period in 2018) from the price adjustment paid to Mediaset España by Telefonica during the half-year under the agreements for the sale of a 22% stake in Digital Plus-DTS of 4 July 2014, as a result of the pre-established DTS subscriber thresholds being met during the years after the transaction. *Profit/(loss) from equity investments* for the first half of 2018 also included the EUR 3.6 million capital gain made by Mediaset España for the sale of its 43.71% stake held in Pegaso Television INC.

(values in EUR million)

	IH 2019	IH 2018	2nd Quarter 2019	2nd Quarter 2018
EBT	**217.0**	**124.4**	**133.8**	**96.4**
Income taxes	(48.8)	(35.6)	(30.3)	(29.3)
Tax Rate (%)	22.5%	28.6%	22.6%	30.4%
Minority interests in net result	(59.3)	(60.4)	(34.3)	(34.8)
Net profit from continuing operations	**108.9**	**28.4**	**69.2**	**32.3**
Net profit from discontinued operations	-	14.3	-	7.0
Group Net Result	**108.9**	**42.8**	**69.2**	**39.3**

Earnings for the reporting period are stated net of the estimated income taxes for the period.

Minority interests refer to the share of consolidated earnings attributable to Mediaset España (46.0% at 30 June 2019, 48.4% at 30 June 2018) and Monradio S.r.l (20%).

The **Net profit/(loss) from discontinued operations** amounting to EUR 14.3 million refers to the consolidated net result during the first half of 2018 for the stake held by the Group in EI Towers (42%) on that date, in accordance with IFRS 5. The table below shows the contribution of the EI Towers Group to the consolidated performance at 30 June 2018 for each of the main income statement lines. In this table, *Net revenues* and *Operating costs* are shown net of intercompany eliminations.

Discontinued Operations Income Statement	**IH 2018**
Total consolidated net revenues(*)	43.3
Operating costs(*)	(25.3)
EBITDA	**68.5**
Amortization and depreciation	19.1
EBIT	**49.4**
EBT	**48.0**
Income taxes	(13.9)
Minority interests in net result	(19.7)
Net Result Discontinued Operations	**14.3**

Statement of Financial Position

The Group's balance sheet and its breakdown by geographical area are reported below in abridged form, restated to show the two main aggregates: **Net invested capita**l and N**et financial position**, the latter consisting of *Total Financial Debt* less *Cash and Other Cash Equivalents* and *Other Financial Assets*. Details of the items making up the *Net financial position* are provided in Note 6.11.

The following tables therefore differ in their layout from the statutory balance sheet, which primarily distinguishes current from non-current assets and liabilities.

Equity Investments and *Other Financial Assets* include assets recognised in the *Consolidated Statement of Financial Position* as *Investments in associates and joint ventures*, and *Other Financial Assets* recognised in the *Consolidated Statement of Financial Position* as *equity investments* and *non-current financial receivables* (thus excluding *hedging derivatives*, which are included as *Net Working Capital* and *Other Assets/Liabilities*).

Net Working Capital and *Other Assets/Liabilities* include *current assets* (apart from *cash and cash equivalents* and *current financial assets* included in the *Net Financial Position*), *deferred tax assets and liabilities*, *non-current assets held for sale, provisions for risks and charges, trade payables* and *taxes payable*.

(values in EUR million)

Balance Sheet Summary	**30-Jun-19**	**31-Dec-18**
TV and movie rights	1,078.8	972.2
Goodwill	799.6	794.1
Other tangible and intangible non current assets	978.7	822.5
Equity investments and other financial assets	866.7	571.9
Net working capital and other assets/liabilities	409.8	500.9
Post-employment benefit plans	(71.8)	(68.9)
Net invested capital	**4,061.8**	**3,592.6**
Group shareholders' equity	2,477.0	2,412.4
Minority interests	390.1	443.7
Total Shareholders' equity	**2,867.1**	**2,856.2**
Net financial position	**1,194.7**	**736.4**

The breakdown of the balance sheet by geographical area (Italy and Spain) is shown below.

(values in EUR million)

Balance Sheet Summary (geographical breakdown)	Italy		Spain	
	30-Jun-19	31-Dec-18	30-Jun-19	31-Dec-18
TV and movie rights	912.1	846.0	169.8	127.4
Goodwill	142.8	142.8	293.7	288.1
Other tangible and intangible non current assets	718.8	566.8	260.0	255.7
Equity investments and other financial assets	1,690.6	1,393.0	21.8	24.4
Net working capital and other assets/liabilities	408.0	459.1	0.8	41.4
Post-employment benefit plans	(71.8)	(68.9)	-	-
Net invested capital	**3,800.4**	**3,338.8**	**746.1**	**737.0**
Group shareholders' equity	2,512.9	2,428.5	831.3	904.8
Minority interests	5.5	6.1	2.1	-
Total Shareholders' equity	**2,518.4**	**2,434.6**	**833.4**	**904.8**
Net financial position Debt/(Liquidity)	**1,282.0**	**904.3**	**(87.3)**	**(167.8)**

In the table below, the Group's summary balance sheet at 30 June 2019 is broken down to show the effects of the line-by-line consolidation of Mediaset España.

(values in EUR million)

Balance Sheet Summary (geographical breakdown)	Italy	Spain	Eliminations/ Adjustments	Mediaset Group
TV and movie rights	912.1	169.8	(3.1)	1,078.8
Goodwill	142.8	293.7	363.2	799.6
Other tangible and intangible non current assets	718.8	260.0	-	978.7
Equity investments and other financial assets	1,690.6	21.8	(845.7)	866.7
Net working capital and other assets/liabilities	408.0	0.8	1.0	409.8
Post-employment benefit plans	(71.8)	-	-	(71.8)
Net invested capital	**3,800.4**	**746.1**	**(484.7)**	**4,061.8**
Group shareholders' equity	2,512.9	831.3	(867.2)	2,477.0
Minority interests	5.5	2.1	382.5	390.1
Total Shareholders' equity	**2,518.4**	**833.4**	**(484.7)**	**2,867.1**
Net financial position Debt/(Liquidity)	**1,282.0**	**(87.3)**	**-**	**1,194.7**

The tables below show a summary consolidated **cash flow statement**, broken down by geographical area, showing cash flows over the two periods. Items have been restated with respect to the standard IAS 7 layout, used to prepare the statutory cash flow statement, in order to show changes in *Net Financial Position*, considered the most significant indicator of the Group's ability to meet its financial obligations. The statement shows the cash flow generated from continuing operations (*free cash flow*) separately from the cash flow generated or used by M&A transactions (scope of consolidation changes, acquisition and/or sale of equity investments or minority interests in subsidiaries, and other strategic/financial assets), the distribution and/or receipt of dividends, and share buybacks by the parent company or its subsidiaries, and from the net cash flows generated from operations classed as available for sale or discontinued under IFRS 5.

As already stated, the *Consolidated net financial position* at the beginning of 2019 differs from that reported in the Consolidated Statement of Financial Position at 31 December 2018 in that it includes the recognition of EUR 140.6 million in Financial liabilities following the application of accounting standard IFRS 16 (*Lease*), which came into force on 1 January 2019.

As already mentioned, *Surplus/(Deficit) of discontinued operations* includes the net cash flows generated in the first half of 2018 by EI Towers, which have been restated and recognised separately in accordance with IFRS 5 following the deconsolidation of the investment in the fourth quarter of 2018. These cash flows were included in the Condensed Statement of Cash Flows for the first half of 2018 as follows: EUR 48.7 million as Free Cash Flow, EUR -36.5 million as Changes to the Scope of Consolidation, and EUR -55.1 million as Dividends distributed.

(values in EUR million)

Consolidated Cash Flow Statement	**1H 2019**	**1H 2018**
Net Financial Position at the beginning of the year	**(877.0)**	**(1,392.2)**
Free Cash Flow	**189.0**	**84.0**
Cash Flow from operating activities (*)	436.8	555.3
Investments in fixed assets	(402.3)	(399.1)
Disposals of fixed assets	5.2	4.2
Changes in net working capitaland other current assets/liabilities	149.4	(76.4)
Change in the consolidation area	(19.7)	-
Own share's (sell)/buyback of the parent company and subsidiaries	(94.6)	(0.0)
Equity investments/Invesment in other financial assets	(383.7)	4.4
Cashed-in dividends	37.8	28.9
Dividends paid	(46.6)	(95.6)
Financial Surplus/(Deficit) from continuing operation:	**(317.8)**	**21.6**
Financial Surplus/(Deficit) from discontinued operations	0.0	-43.0
Net Financial Position at the end of the period	**(1,194.7)**	**(1,413.5)**

(*): Net profit +/- minority interests + amortisations +/- net provisions +/- valuation of investments recorded using the net equity method - gains/losses on equity investments +/- deferred tax

(values in EUR million)

Cash Flow Statement (geographical breakdown)	Italy 1H 2019	Italy 1H 2018	Spain 1H 2019	Spain 1H 2018
Net Financial Position at the beginning of the year	**(1,042.5)**	**(1,527.5)**	**165.5**	**135.3**
Free Cash Flow	**67.7**	**(47.6)**	**121.4**	**131.6**
Cash Flow from operating activities (*)	227.9	346.8	210.4	209.0
Investments in fixed assets	(282.3)	(287.1)	(120.0)	(112.7)
Disposals of fixed assets	2.8	1.6	2.4	2.6
Changes in net working capital and other current assets/liabilities	119.4	(108.9)	28.5	32.6
Change in the consolidation area	(13.4)	-	(6.3)	-
Own share's (sell)/buyback of the parent company and subsidiaries	-	-	(94.6)	-
Equity investments/Investments in other financial assets	(383.3)	(4.7)	(0.4)	9.1
Cashed-in dividends	89.5	129.2	1.7	1.6
Dividends paid	-	(0.0)	(100.0)	(197.5)
Financial Surplus/(Deficit) from continuing operations	**(239.6)**	**76.8**	**(78.2)**	**(55.2)**
Financial Surplus/(Deficit) from discontinued operations	**-**	**(43.0)**	**-**	-
Net Financial Position at the end of the period	**(1,282.0)**	**(1,493.6)**	**87.3**	**80.1**

(*): Net profit +/- minority interests + amortisations +/- net provisions +/- valuation of investments recorded using the net equity method - gains/losses on equity investments +/- deferred tax

The Group's **free cash flow** amounted to **EUR 189.0 million**, which is a sharp decrease on that reported for the same period of last year.

The table below shows the **increase of fixed assets** reported in the cash flow statement, broken down by geographical area.

(values in EUR million)

INCREASES IN FIXED ASSETS	Italy 1H 2019	Italy 1H 2018	Spain 1H 2019	Spain 1H 2018
Investments in TV and movie rights	(242.5)	(294.0)	(105.1)	(106.3)
Changes in advances on TV rights	(20.3)	17.9	(10.1)	(3.5)
TV and movie rights: investments and advances	**(262.8)**	**(276.1)**	**(115.3)**	**(109.9)**
Investments in other fixed assets	(19.6)	(11.0)	(4.7)	(2.8)
Total investments in fixed assets	**(282.3)**	**(287.1)**	**(120.0)**	**(112.7)**

The negative cash flow under **Changes in the scope of consolidation** was driven by outflows for expenses incurred in the first half of 2019 for the acquisition of R2 Srl and expenses incurred in the M&A operations of Mediaset (60% stake in **El Desmarque Portal Deportivo SL** in addition to the treasury shares already held in associates), once the net position of the companies acquired has been deducted.

Own share sales/buybacks relates to the disbursements incurred by the subsidiary Mediaset España.

Investments/other financial assets and changes in investments held in subsidiaries mainly included expenses associated with the acquisition of the equity investment in ProsiebenSat1Media and financial hedging instruments. In the first half of 2018, the cash flows associated with these items mainly referred to income received from Mediaset España for the sale of the stake in Pegaso Television Inc. and the adjustment of the price for the sale in 2014 of the stake in DTS.

In the first half of 2019, **dividends from investees** *stood at* of EUR 14.0 million for *EI Towers* and EUR 20.0 million for ProsiebenSat 1 Media.

For both periods, **dividends distributed** refers to the distribution of dividends to minority shareholders of Mediaset España.

Group headcount

At 30 June 2019 the Mediaset Group headcount came to **5,128 employees** (5,514 at 30 June 2018 and 4,760 at 31 December 2018).

At 30 June 2019, the number of permanent employees in Italy amounted to 148 (183 employees at 30 June 2018).

The following tables show the change in employee numbers for the reporting period, broken down by employment grade for the two geographical areas of operation.

Number of employees (including temporary staff) as at 30 June	**ITALY**		**SPAIN**	
	2019	**2018**	**2019**	**2018**
Managers	239	261	113	117
Journalists	349	346	314	144
Middle managers	743	851	97	84
Office workers	2,199	2,753	1,015	902
Industry workers	39	34	20	22
Total	**3,569**	**4,245**	**1,559**	**1,269**

Average workforce (including temporary staff) 1H	**ITALY**		**SPAIN**	
	2019	**2018**	**2019**	**2018**
Managers	239	270	115	115
Journalists	344	338	309	145
Middle managers	737	848	97	86
Office workers	2,216	2,752	1,017	903
Industry workers	50	17	20	22
Total	**3,586**	**4,225**	**1,558**	**1,271**

Related party transactions

Transactions conducted with related parties do not qualify as "atypical" or "unusual", and are part of the normal course of business of the Group and its companies. Such transactions are conducted at arm's length, considering the nature of the goods and services provided. Detailed information on the impact on Group performance, financial position and cash flow of transactions conducted with parent companies, associates, joint ventures and affiliates is provided in Note 9, together with the disclosures required by the Consob Communication of 29 July 2006.

Right to opt-out of the obligation to publish reports in the event of significant transactions

Pursuant to Article 3 of Consob Resolution No. 18079 of 20 January 2012, on 13 November 2012 the Board of Directors decided to apply the opt-out mechanism established in Article 70, paragraph 8 and Article 71, paragraph 1-bis of Consob Regulation No. 11971/99, as amended, thereby taking advantage of the right to opt-out of obligations to publish the reports required in the event of significant transactions such as mergers, spin-offs, capital increases through the transfer of assets in kind, acquisitions and disposals.

As regards the Cross-border Merger Project described above, please note that under the regulations on related-party transactions approved by Consob in Resolution no. 17221 of 12 March 2010, as amended and supplemented (the RPT Regulations), Mediaset, Mediaset España and Mediaset Investment N.V. are considered to be related parties, as Mediaset España and Mediaset Investment N.V. are subsidiaries of Mediaset, which has a controlling interest under Article 93 of Legislative Decree no. 58/1998 of 24 February 1998, as amended and supplemented.

The Mediaset Merger and Reorganisation derive a benefit from the exemption provided for in Article 14 of the RPT Regulations and by Article 7, paragraph d) of the "Procedure for **Related-Party** Transactions" adopted by Mediaset and published on Mediaset's website (www.mediaset.it). Mediaset is thus exempted from publishing the reporting document referred to in Article 5 of the RPT Regulations.

Events after 30 June 2019

On **3 July 2019**, **Mediaset Italia S.p.A**, a direct wholly owned subsidiary of Mediaset S.p.A., was incorporated and subsequently registered in the Milan Companies Register on **9 July.** The operations and certain equity investments of Mediaset S.p.A in this company must be allocated as part of reorganisation processes anticipated to take place prior to the closing of the Cross-border Merger Project for the merger takeover of Mediaset S.p.A. and Mediaset España Comunication S.A. by Mediaset Investment N.V., which was approved by both Boards of Directors on 7 June 2019.

Following Newco 11 Srl (Sony group) having acquired licenses for the provision of audiovisual media services on the "Pop" and "Cinesony" channels and for their respective LCNs, as authorised by AGCOM and the Italian Ministry of Economic Development, two new channels began broadcasting on **10 July 2019**: **Boing Plus (LCN 45) and Mediaset Extra 2 (LCN 55).**

On **15 July 2019**, the Court of Rome sentenced French website **Dailymotion**, which belongs to the Vivendi Group, to pay compensation of more than EUR 5.5 million to Mediaset for having uploaded 995 copyrighted videos to its website without authorisation from 2006 onward. In addition to this ruling, which was handed down in the first case brought in 2012, Mediaset has six further legal actions underway in the courts against the same website following subsequent repeated violations. the outcomes of which are expected shortly and which could give rise to total compensation in excess of EUR 200 million, in view of the economic criteria upheld in the first award.

On **18 July 2019**, the Court of Rome also sentenced the website **Vimeo**, for the second time in a matter of months, to pay compensation of approximately EUR 5 million to Mediaset for having uploaded 498 copyrighted videos to its website without authorisation.

These rulings are of significance for all publishing houses and audiovisual companies in Italy, as they help reset the balance of relationships between content producers and the operators of online platforms. Both rulings also anticipate a hefty penalty (EUR 5,000) for each day of delay in deleting the videos, which the website will automatically be subject to if unauthorised Mediaset material is uploaded in future.

Both sentences, which are provisionally enforceable, have been appealed by the other party.

Refarming of the 700 MHz Band

In compliance with Italian Law No. 145/2018, also known as the Budget Law 2019 (as already reported in the Directors' Report on Operations contained in the Consolidated Financial Statements at 31 December 2018) and, more particularly, in accordance with the Road Map setting forth the dates for the staged local switchover to digital terrestrial by 2022, on **5 August 2019** the Ministry of Economic Development allocated two frequency rights of use to Elettronica Industriale to broadcast digital terrestrial television services in the DVB-T2 standard over channels 36 and 28, in addition to a further non-frequency-specific right of use over half of a nationwide multiplex.

In **July, Vivendi and Simon Fiduciaria** filed two separate writs of summons against Mediaset with the Court of Milan, in which it appealed the resolutions passed by the extraordinary Shareholders' Meeting of Mediaset held on 18 April of this year. In its writ, Simon Fiduciaria also contested the resolution of the ordinary Shareholders' Meeting, held on the same date, concerning the purchase of treasury shares. The claims presented by the plaintiffs also included a request to recognise their rights to participate in future Shareholders' Meetings of Mediaset. Later this year, on 26 August, Vivendi filed for preventative measures to be brought in relation to its claim, with a view to the Shareholders' Meeting due to be held on 4 September. On 31 August, the Court granted this claim on the assumption that Simon was restricted from exercising "at least its administrative" rights, as referred to in the Court of Milan's prior decisions dated 27 November 2018 and 25 January 2019.

On **4 September 2019**, the requisite majorities of the **Extraordinary Shareholders' Meetings of Mediaset S.p.A. and Mediaset España Comunication S.A.** approved the cross-border joint merger takeover (the Merger) of Mediaset S.p.A. and Mediaset España Comunicación S.A., a Spanish law-governed direct wholly owned subsidiary of Mediaset S.p.A., by Mediaset Investment N.V., a Dutch law-governed direct wholly owned subsidiary of Mediaset S.p.A. This transaction had previously been approved by both Boards of Directors on 7 June 2019.

On 6 September 2019, the minutes of the extraordinary Shareholders' Meeting of Mediaset S.p.A. (Mediaset) were filed in the Milan Companies Register. Shareholders of Mediaset who did not vote in favour of the Merger resolution (i.e. shareholders who did not attend the shareholders' meeting, who voted against the draft resolution or who abstained from voting) hold the right of withdrawal during the fifteen days following this date (21 September). Nevertheless, Mediaset España shareholders have set a deadline of 10 October for receiving notice of withdrawal, which is one month after the notice of approval to the Merger by the Shareholders' Meeting of Mediaset España was published in the Official Gazette of the Spanish Companies' Register (Boletín Oficial del Registro Mercantil). Prior to this deadline, Mediaset España shareholders who voted against the Merger may exercise the right of withdrawal in accordance with applicable provisions of law and the Merger documents.

On **4 September 2019**, the Board of Directors of Mediaset S.p.A. **gave its approval for Mediaset España shares** (of which Mediaset holds on that date a 53.98% stake of the outstanding capital) to be traded on the market up to a maximum value of EUR 50 million by 31 October 2019 at the latest (this date may be extended by express notice in accordance with statute). The decision was taken in light of the financial opportunity arising from the current share price of Mediaset España, with reference to the exchange ratio envisaged in the MFE-MediaForEurope merger. The acquisition of Mediaset España shares by Mediaset does not affect the maximum value of EUR 180 million envisaged by the merger plan for shareholder withdrawals or creditors' objections, nor does it affect the EUR 100 million cash dividend or the envisaged post-merger share buy-back plan capped at EUR 280 million (less the amount actually paid to withdrawing shareholders or creditors who objected to the merger). Market trading will occur in accordance with the recommendations issued by the CNMV (*Comision Nacional del Mercado de Valores*) on transactions concerning issuers' treasury shares, and pursuant to the following conditions:

- the share acquisition will begin immediately and will end when the maximum value of EUR 50 million has been reached;
- Nevertheless, Mediaset will purchase Mediaset España shares at an exchange ratio capped at 2.33 times the Mediaset S.p.A. share price (the ratio agreed in the MFE merger) or up to a price cap of EUR 7.9 per share (EUR 3.4 per Mediaset S.p.A. share times the exchange ratio of 2.33).
- The purchase will not exceed 25% of the average daily volume of purchases made in the previous 30 trading days;

On **16 September 2019**, after having heard from Remuneration Committee, the Board of Directors of Mediaset S.p.A. completed its assessment of the terms and conditions set forth in the **2015-2017 medium-long term incentive plan** regulation for the year 2016.

On **19 September**, Mediaset signed an **agreement with Peninsula Holding S.a.r.l.** (Peninsula), subject to the resolution of the Board of Directors, aimed at limiting the potential expense of the companies involved in the Merger caused by the purchase of withdrawn shares that are not otherwise allocated.

Under this agreement, Peninsula must purchase, at the request of Mediaset, up to 355 million MFE shares deriving from (i) withdrawals by holders of at least a 5% stake in Mediaset's share capital and (ii) withdrawals of up to 17.8 million MFE shares by Mediaset España shareholders. Among other things, Peninsula's commitment is conditional upon the closing of the Merger and on the total number of withdrawn Mediaset and Mediaset España shares being exchanged amounting to no more than EUR 470 million (save for the restoration of floating capital on the first day of MFE listing). This agreement provides that a commission shall be paid and that the purchase price will be equal to the withdrawal price per share less a discount. Mediaset will have the right to call in Peninsula's commitment. If the commitment is called in, which will be conditional on the closing of Merger, then Peninsula shall purchase the shares of the merging company MFE (following the exchange of Mediaset and Mediaset España as a result of the Merger) on the date of settlement of withdrawn shares. Under the agreement, Peninsula has taken on a stand-still commitment, as well as a lock-up commitment over all MFE shares purchased. The Board of Directors of Mediaset was assisted by a leading financial institution, which issued an opinion supporting the financial fairness of the financial terms and conditions of the transaction. Peninsula Holding Sarl is a Luxembourg law-governed holding company that engages in the European equity sector (Private and Public Equity). Peninsula manages the equity of a number of leading Sovereign Funds and international institutional investors.

Following the approval by the Extraordinary Shareholders' Meetings of Mediaset S.p.A. and Mediaset España Comunicación S.A, held on 4 September 2019, of the project for the merger takeover of Mediaset S.p.A. and Mediaset España Comunicación S.A. by Mediaset Investment NV, **Vivendi** took legal action in the Spanish courts to challenge the resolution of the Shareholders' Meeting. The first hearing is scheduled for 2 October 2019.

At the same time, Vivendi filed preliminary action in the Netherlands, calling upon the court to prevent Mediaset Investment NV from introducing a number of Bylaws envisaged under the merger plan, including Articles 13 (Provisions on special voting shares), 42 (Shareholders' obligations) and 43 (Mandatory invitation to bid). The hearing was scheduled for 16 October 2019.

Risks and uncertainties for the remainder of the year

In carrying out its business, the Group is structurally exposed to risks and uncertainties primarily connected with the general economic context and competitive and regulatory dynamics in the sectors and markets in which it operates.

In general terms, the economic performance of the main industrialised countries in the first half of the year gradually shown signs of uncertainty and instability, caused in particular by the exacerbation of strained trade relations between the USA and China and complications relating to Brexit implementation, both of which factors have led major central banks to revise their previously drawn guidelines to make them more accommodating and expansive. These factors could contribute to an economic slowdown in both the United States and the Euro area in the coming months. Italy, in particular, is undergoing a period of considerable economic stagnation, which will have to be monitored over the coming weeks when the newly installed government will publish its economic policy guidelines and the main measures to be inserted in its Economic Planning Document (*DEF*) ahead of the 2020 Budget Law. In Spain, economic growth during the half-year remained in line with forecasts, with estimates pointing to 2% annual GDP growth. Although this figure is decidedly higher than the European average, the political climate in Spain remains unstable, with new elections scheduled for November.

The political and economic developments over the coming months will also affect investment in advertising, albeit current forecasts suggest that, in Italy, the coming months should bring moderate improvement in this area compared to the first half of the year. Against this backdrop, Mediaset aims to consolidated its audience shares in its key markets during the rest of the year by banking on strong television programming in the autumn, which should continue to garner consistently high audience figures and which will be further strengthened in Italy by the exclusive free-to-air broadcasting rights to the best Champions League match of the week.

The Merger transaction described previously in this Report (and as approved by the Extraordinary Shareholders' Meetings of Mediaset and Mediaset España on 4 September) is due to be completed during the fourth quarter of this year - subject to the conditions precedent having been met or waived, as appropriate. This Merger will bring all of the Group's Italian and Spanish operations and its equity investment in ProsiebenSat1 Media together under the Dutch holding company Mediaset Investment NV (currently a wholly-owned subsidiary of Mediaset and which will take the name MFE-MEDIAFOREUROPE N.V.). The Merger's completion and/or the Merger timescale may be influenced by uncertainty factors typical for transactions of this type - as well as the transaction-specific factors and events already outlined in this Report - including uncertainty regarding the number of shareholders who will participate in the envisaged merger transaction. This, in turn, will be influenced by exogenous factors such as financial market volatility and impairment, and factors that could bring about instability and changes in general economic, business or regulatory conditions.

As usual, the consolidated financial results for the year will also incorporate the outcomes of the main measurement processes envisaged for the preparation of the draft consolidated financial statements as at 31 December 2019, on which date impairment testing of goodwill and other company assets will be performed in full based on the up-to-date financial parameters and multiannual plans of the respective Cash Generating Units. At the date of this Interim Report, consideration of the main external and internal factors has not, in any case, led to the revision of the impairment tests arising from the plans approved while preparing the last consolidated financial statements.

Forecast for the year

During the third quarter of the year, Mediaset's advertising sales (with the exception of the month of July which continued to be affected by comparison with sales for the World Cup in 2018) recorded, as expected, a progressive improvement compared with the same period of the previous year, remaining consistently above the estimated results of the overall market and the main competitors.

In particular in Italy, in a general context of persistently poor market visibility due to ongoing economic and political uncertainty, preliminary forecasts for sales in September - which coincides with the launch of the new TV season, indicate a slight improvement on the previous year and also initial signals for October appear to confirm this positive trend, alongside excellent ratings results. The channels' rich autumn offer of programmes, enhanced by the exclusive free-to-air rights for the Champions League, should make it possible together with the consolidated cross-media sales model and the good results from the Group's advertising sales on digital media and radio - to maintain the positive trend also for the remainder of the season.

Performance in terms of characteristic management in the third quarter - in both the geographic areas of reference - is expected to contribute to the consolidation, at the end of the first nine months of the year, of the growth in the Group's EBIT recorded at the end of the first half.

On an annual basis, the forecast for an improvement in EBIT and consolidated net profit is confirmed (excluding the impact of the net capital gain in 2018 deriving from the deconsolidation of EI Towers and the writedown of pay TV assets), as well as consolidated cash generation.

for the Board of Directors
the Chairman

MEDIASET GROUP

Interim Condensed Consolidated Financial Statements

Consolidated Accounting Tables and Explanatory Notes

MEDIASET GROUP

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(values in EUR million)

ASSETS	Notes	30/06/2019	31/12/2018
Non current assets			
Property, plant and equipment	6.1	352.6	216.9
Television and movie rights	6.2	1,078.8	972.2
Goodwill	6.2	799.6	794.1
Other intangible assets	6.2	626.1	605.5
Investments in associates and joint venture	6.3	491.4	501.0
Other financial assets	6.3	439.2	75.1
Deferred tax assets	6.4	495.6	520.1
TOTAL NON CURRENT ASSETS		**4,283.4**	**3,684.9**
Current assets			
Inventories		29.1	41.2
Trade receivables	6.5	763.6	891.2
Tax receivables		49.8	48.8
Other receivables and current assets	6.6	247.9	170.2
Current financial assets		19.0	26.1
Cash and cash equivalents		422.0	389.8
TOTAL CURRENT ASSETS		**1,531.5**	**1,567.2**
Non current assets held for sale		-	-
TOTAL ASSETS		**5,814.9**	**5,252.1**

MEDIASET GROUP

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(values in EUR million)

SHAREHOLDERS' EQUITY AND LIABILITIES	Notes	30/06/2019	31/12/2018
Share capital and reserves			
Share capital		614.2	614.2
Share premium reserve		275.2	275.2
Treasury shares		(408.6)	(408.6)
Other reserves	6.7	590.8	594.6
Valuation reserve	6.8	(43.1)	(32.6)
Retained earnings		1,339.5	898.3
Net profit for the period		108.9	471.3
Group Shareholders' Equity		**2,477.0**	**2,412.4**
Minority interests in net profit		59.3	96.5
Minority interests in share capital, reserves and retained earnings		330.9	347.3
Minority interests		**390.1**	**443.7**
TOTAL SHAREHOLDERS' EQUITY		**2,867.1**	**2,856.2**
Non current liabilities			
Post-employment benefit plans		71.8	68.9
Deferred tax liabilities	6.4	85.3	86.5
Financial liabilities and payables	6.11	880.9	745.6
Provisions for non current risks and charges	6.9	60.9	61.7
TOTAL NON CURRENT LIABILITIES		**1,099.0**	**962.7**
Current liabilities			
Financial payables	6.11	752.2	6.7
Trade and other payables	6.10	815.4	720.6
Provisions for current risks and charges	6.9	67.0	101.1
Current tax liabilities		16.6	3.2
Other financial liabilities	6.11	32.2	406.9
Other current liabilities		165.4	194.9
TOTAL CURRENT LIABILITIES		**1,848.8**	**1,433.3**
Liabilities related to non current assets held for sale		-	-
TOTAL LIABILITIES		**2,947.8**	**2,396.0**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**5,814.9**	**5,252.1**

MEDIASET GROUP

INTERIM CONSOLIDATED INCOME STATEMENT

(values in EUR million)

STATEMENT OF INCOME	Notes	1H 2019	1H 2018
Revenues from sales of goods and services	7.1	1,467.6	1,789.4
Other revenues and income	7.1	14.9	15.0
TOTAL NET CONSOLIDATED REVENUES		**1,482.5**	**1,804.4**
Personnel expenses	7.1	245.6	238.8
Purchases, services, other costs	7.1	762.8	965.6
Amortisation, depreciation and write-downs	7.2	282.4	476.4
TOTAL COSTS		**1,290.9**	**1,680.8**
EBIT		**191.6**	**123.6**
Financial income/(expenses)	7.3	(16.7)	(8.9)
Income/(expenses) from equity investments	7.4	42.0	9.7
EBT		**217.0**	**124.5**
Income taxes	7.5	(48.8)	(35.6)
NET PROFIT FROM CONTINUING OPERATIONS		**168.2**	**88.9**
Net profit from discontinued operations	7.6	**-**	**34.1**
NET PROFIT FOR THE YEAR	**12.12**	**168.2**	**122.9**
Attributable to:			
- owners of parent company		108.9	42.8
from continuing operations		108.9	28.4
from discontinued operations		-	14.3
- non controlling interest		59.3	80.0
from continuing operations		59.3	60.4
from discontinued operations		-	19.6
Earnings per share	7.7		
- Basic		0.10	0.04
- Diluted		0.10	0.04

MEDIASET GROUP

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(values in EUR million)

	Notes	1H 2019		1H 2018	
PROFIT OR (LOSS) FOR THE PERIOD			**168.2**		**122.9**
OTHER COMPREHENSIVE INCOME RECYCLED TO PROFIT AND LOSS			**2.9**		**16.1**
gains and losses on hedging instruments (cash flow hedge)	6.8	4.9		21.8	
Other gains and losses of associates valued by equity method	6.7	(0.8)		(0.1)	
Tax effects		(1.2)		(5.6)	
OTHER COMPREHENSIVE INCOME NOT RECYCLED TO PROFIT AND LOSS			**(17.1)**		**-**
Actuarial gains and losses on defined benefit plans	6.8	(4.1)		-	
Gains and losses on financial assests FVTOCI	6.8	(26.0)			
Gains and losses on options time value	6.8	12.1			
Tax effects		0.8		-	
TOTAL OTHER COMPREHENSIVE INCOME FOR THE YEAR NET OF TAX EFFECTS (B)			**(14.1)**		**16.1**
TOTAL COMPREHENSIVE INCOME (A)+(B)			**154.1**		**139.0**
attributable to: - owners of parent company			**95.1**		**59.6**
- from continuing operations		95.1		45.8	
- from discontinued operations		-		13.8	
- non controlling interests			**59.0**		**79.4**
- from continuing operations		59.0		60.4	
- from discontinued operations		-		19.0	

MEDIASET GROUP

INTERIM CONSOLIDATED CASH FLOWS STATEMENT

(values in EUR million)

	Notes	1H 2019	1H 2018
CASH FLOW FROM OPERATING ACTIVITIES:			
Operating profit		191.6	123.6
+ Depreciation and amortisation		282.4	476.2
+ Other provisions and non-cash movements		(5.9)	10.3
+ Change in trade receivables		141.4	92.1
+ Change in trade payables		(159.5)	(77.4)
+ Change in other assets and liabilities		(107.7)	17.9
- Interests (paid)/received		(0.9)	(0.0)
- Income tax paid		(11.6)	(11.4)
Net cash flow from discontinued operations		-	57.7
Net cash flow from operating activities [A]		**329.9**	**688.9**
CASH FLOW FROM INVESTING ACTIVITIES:			
Proceeds from the sale of fixed assets		6.1	1.7
Proceeds from the sale of equity investments		-	4.5
Interests (paid)/received		-	-
Purchases in television rights		(345.5)	(399.7)
Changes in advances for television rights		(30.5)	14.4
Purchases of other fixed assets		(28.4)	(13.9)
Equity investments		(1.2)	(0.2)
Changes in payables for investing activities		249.5	(99.1)
Proceeds/(Payments) for hedging derivatives		(17.4)	(18.7)
Changes in other financial assets		(323.1)	(5.9)
Loans to other companies (granted)/repaid		2.9	-
Dividends received		37.2	28.8
Business Combinations net of cash and cash equivalents acquired	8.1	(19.4)	-
Changes in consolidation area		-	-
Net cash flow from discontinued operations		-	(44.7)
Net cash flow from investing activities [B]		**(469.7)**	**(532.7)**
CASH FLOW FROM FINANCING ACTIVITIES:			
Changes in treasury shares of the parent and subsidiaries	8.2	(94.6)	-
Changes in financial liabilities		738.3	(90.8)
Corporate bond		(375.0)	-
Dividends paid		(46.6)	(95.5)
Changes in other financial assets/liabilities		(9.4)	1.1
Interests (paid)/received		(40.6)	(23.5)
Net cash flow from discontinued operations		-	12.7
Net cash flow from financing activities [C]		**172.1**	**(195.9)**
CHANGE IN CASH AND CASH EQUIVALENTS [D=A+B+C]		**32.2**	**(39.8)**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD [E]		**389.8**	**172.7**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD [F=D+E]		**422.0**	**132.9**

MEDIASET GROUP

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(values in EUR million)

	Share capital	Share premium reserve	Legal reserve and other reserves	Company's treasury shares	Valuation reserve	Retained earnings/(accumulate losses)	Profit/(loss) for the period	Total Group shareholders'equity	Total shareholder Equity attribtable to minority interests	TOTAL SHARE HOLDERS' EQUITY
Balance at 31/12/2017	**614.2**	**275.2**	**808.0**	**(416.7)**	**(54.0)**	**599.3**	**90.5**	**1,916.6**	**465.9**	**2,382.5**
Adoption of new accounting standards						(1.8)	-	(1.8)	(1.8)	(3.6)
Balance as 1/1/2018	**614.2**	**275.2**	**808.0**	**(416.7)**	**(54.0)**	**597.5**	**90.5**	**1,914.8**	**464.1**	**2,379.0**
Allocation of the parent company's 2016 net profit	-	-	-	-	-	90.5	(90.5)	-	-	-
Dividends paid by the parent company	-	-	-	-	-	-	-	-	(127.5)	(127.5)
Share based payment reserve evaluation	-	-	-	-	1.5	-	-	1.5	-	1.5
(Purchase)/sale of treasury shares	-	-	-	2.1	-	-	-	2.1	-	2.1
Profits/(losses) from negotiation of treasury shares	-	-	-	-	-	-	-	-	-	-
Changes in controlling stake on subsidiaries	-	-	(1.3)	-	-	-	-	(1.3)	(0.8)	(2.1)
Business Combinations	-	-	-	-	-	-	-	-	-	-
Other changes	-	-	-	-	-	0.4	-	0.4	0.5	0.9
Comprehensive income/(loss) from discontinued operations	-	-	-	-	(0.5)	-	14.3	13.8	19.0	32.8
Comprehensive income/(loss) from continuing operations	-	-	(0.1)	-	17.5	-	28.4	45.8	60.4	106.2
Balance at 30/06/2018	**614.2**	**275.2**	**806.6**	**(414.6)**	**(35.5)**	**688.3**	**42.7**	**1,977.0**	**415.7**	**2,392.8**
Balance as 1/1/2019	**614.2**	**275.2**	**594.6**	**(408.6)**	**(32.6)**	**898.3**	**471.3**	**2,412.4**	**443.7**	**2,856.2**
Allocation of the parent company's 2017 net profit	-	-	-	-	-	471.3	(471.3)	-	-	-
Dividends paid by the parent company	-	-	-	-	-	-	-	-	(46.6)	(46.6)
Share based payment reserve evaluation	-	-	-	-	2.3	-	-	2.3	-	2.3
(Purchase)/sale of treasury shares	-	-	-	-	-	-	-	-	-	-
Profits/(losses) from negotiation of treasury shares	-	-	-	-	-	-	-	-	-	-
Changes in controlling stake on subsidiaries	-	-	-	-	-	(29.7)	-	(29.7)	(64.8)	(94.5)
Business Combinations	-	-	-	-	-	-	-	-	1.5	1.5
Other changes	-	-	(3.1)	-	0.3	(0.3)	-	(3.1)	(2.6)	(5.7)
Comprehensive income/(loss)	-	-	(0.8)	-	(13.1)	-	108.9	95.1	59.0	154.1
Balance at 30/06/2019	**614.2**	**275.2**	**590.8**	**(408.6)**	**(43.1)**	**1,339.5**	**108.9**	**2,477.0**	**390.1**	**2,867.1**

EXPLANATORY NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS AT 30 JUNE 2019

1. Basis of preparation

These half-yearly condensed consolidated financial statements, prepared in accordance with IAS 34 - Interim Financial Reporting - are based on the same accounting standards and measurement criteria as those adopted in preparing the consolidated financial statements at 31 December 2018, to which reference is made, except for some complex measurement processes, including the impairment tests designed to ascertain any impairment of fixed assets. In the absence of indicators, events, or circumstances that could alter the measurements previously made, these tests are generally carried out in preparing the annual financial statements, when the information is available for this process to be completed in a comprehensive manner. In addition, accounting standard IFRS 16 (Leases), in force since 1 January 2019, has also been used. This new standard provides a new definition of a lease and introduces a right of use approach to distinguishing between lease contracts and services contracts. In this respect, for long-term lease contracts regarding specifically identifiable assets which grant the lessee the right to obtain substantially all of the economic benefits from the use of the asset, the asset under operating lease should be registered as a right of use asset for which consideration shall be financial liabilities equal to the present value of the anticipated lease payments based on the likely term of the contract. The Company opted to adopt the modified retrospective method, whereunder the cumulative effect of applying the standard is recognised in the shareholders' equity as at 1 January 2019. The financial data for the comparative period, for which contracts the relevant lease payments for the period were required to be posted under operating costs, have not been restated. Nevertheless, the different accounting method does not impact majorly on the comparability between the two periods as far as the main interim performance indicators, EBITDA and EBIT, are concerned.

It is also worth noting that since 1 January 2019 the Group has been applying the IFRS 9 provisions on hedge accounting in its reporting on a prospective basis. Following the introduction of these provisions, changes in the time value of the options over a hedged item - which under IAS 39 were immediately recognised in profit/(loss) for the year - are now recognised elsewhere in comprehensive income. Introducing this accounting method has not had a material impact on these condensed half-yearly consolidated financial statements.

These condensed half-yearly consolidated financial statements do not contain all information and disclosures required for the annual financial statements and should therefore be read in conjunction with the Consolidated Financial Statements at 31 December 2018.

The preparation of the interim financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, costs, assets and liabilities and the disclosure of contingent assets and liabilities at the reporting date.

Income taxes for the period were recognised based on the best estimate for the period in question.

The consolidated interim results of the Mediaset Group are affected by the seasonal nature of advertising revenues, traditionally more concentrated in the first half of the year.

The values of the items in the Consolidated Financial Statements, in view of their size, are shown in millions of Euros.

Please note that, following the voluntary takeover bid made on 16 July 2018 by 2i Towers S.p.A. and the subsequent sale of EI Towers at the beginning of the fourth quarter of 2018, through which the group was deconsolidated beginning the same fourth quarter, the financial results and cash flows for the first half of 2018 have been restated, with the net contribution generated by the line-by-line consolidation of the EI Towers Group shown separately and reclassified in accordance with IFRS 5 (*Non-Current Assets Held for Sale and Discontinued Operations*). More specifically, the net financial contribution generated by the EI Towers Group on the Group's 42% interest during the first months of 2018 is shown under the item *Net profit/(loss) from discontinued operations*.

These condensed half-yearly consolidated financial statements have been subject to limited audit.

2. New accounting standards, amendments and interpretations effective from 1 January 2019

From 1 January 2019, the following accounting standards and/or amendments and interpretations of previous standards in force have become applicable.

IFRS 16 Leases

On 13 January 2016, the IASB published standard IFRS 16 - "Leases", which replaced IAS 17 "Leasing", as well as the interpretations IFRIC 4 - "Determining Whether an Arrangement Contains a Lease", SIC-15 - "Operating Leases – Incentives", and SIC-27 - "Evaluating the Substance of Transactions Involving the Legal Form of a Lease".

The new standard provides a new definition of a lease and introduces a right-of-use approach to distinguish between lease agreements and service agreements, identifying as discriminatory:

- identification of the asset;
- the right to have it replaced by the supplier;
- the right to essentially obtain all economic benefits deriving from use of the asset;
- and the right to direct the use of the asset underlying the contract.

The standard establishes a single model for the recognition and measurement of lease agreements for the lessee, whereby the leased asset, which may also refer to an operating lease, is recognised as an asset with a financial debt recognised as an offsetting entry. In contrast, the standard does not include significant changes for lessors.

The standard is effective from 1 January 2019.

The Company opted to adopt the modified retrospective method, whereunder the cumulative effect of applying the standard is recognised in the shareholders' equity as at 1 January 2019, as provided for in paragraphs IFRS 16:C7-C13. In particular, as regards lease agreements previously classified as operating leases, the Company has recognised:

- a total financial liability of EUR 140.6 million, equal to the present value of future payments outstanding at the transition date, discounted for each agreement using the incremental borrowing rate applicable at the transition date;
- a right of use (for leaseholds on real estate and television studios and rentals of staff company vehicles) equal to the value of the financial liability at the transition date, net of any accruals referred to the lease and identified in the statement of financial position at the transition date.

Please note that the incremental borrowing rate applied to financial liabilities recorded in the financial statements as at 1 January 2019 was determined using the risk-free rate curve (Euro swap curve) and adding a spread equal to credit spread of Mediaset.

Following the adoption of the new accounting principal in the income statement beginning 1 January 2019, the rights-of-use depreciation values have been determined based on the established lease terms, based on the assessed probability of renewal, and the relevant interests in liability-related financial expenses.

The financial data for the period presented for comparison, for which contracts the relevant lease payments for the period were required to be posted under *operating costs*, have not been restated. Nevertheless, the different accounting method does not impact majorly on the comparability between the two periods as far as the main interim performance indicators are concerned.

The Group also took advantage of the exceptions laid down in the principle for leases with a duration of 12 months or less as at the transition date (short-term leases - IFRS 16:5 (a)) and leases on low-value assets (low-value assets - IFRS 16:5 (b)). The adoption of IFRS 16 did not lead the financial liability and related right of use to be recognised for these leases, with lease payments continuing to be recognised in the income statement on a straight-line basis over the duration of the lease.

The tables below show the effects of adopting IFRS 16 on the transition date.

Right-of-use assets and financial liabilities for leases at 1 January 2019

Asset	**FTA**
Right of use (Property)	131.5
Right of use (Company vehicles)	9.1
Total right of use	**140.6**

Liabilities and shareholders' equity	**FTA**
Lease financial liabilities (non current)	122.6
Lease financial liabilities (current)	18.0
Total lease finacial liabilities	**140.6**

Reconciliation of operating lease commitments at 31 December 2018 and lease liabilities at 1 January 2019.

Commitments for leases as of 31.12.2018	**94.3**
Out of scope contracts	(11.3)
Other changes (renewal hypothesis)	68.5
Financial liability nominal value	**151.5**
Discounting effect	(10.9)
Financial liability as of 01.01.2019	**140.6**

IFRS 9 - Prepayment Features with Negative Compensation

Pursuant to IFRS 9, a debt instrument may be measured at amortised cost or at fair value in the statement of comprehensive income, on condition that contractual cash flows are "solely payments of principal and interest on the principal amount outstanding" (the SPPI test) and the instrument is classified in the appropriate business model. The amendments to IFRS 9 clarify that a financial asset meets the SPPI test regardless of the event or circumstance causing early termination of the contract and regardless of which party pays or receives reasonable compensation for early termination of the contract. The amendments must be applied retrospectively and are effective from 1 January 2019. These amendments have no impact on the Group's consolidated financial statements.

IFRIC 23 – Uncertainty over Income Tax Treatments (published on 7 June 2017)

This document addresses the matter of uncertainties regarding the tax treatment to be adopted for income tax. In particular, this interpretation requires companies to analyse *uncertain tax treatments* (individually or altogether, depending on their characteristics), always on the assumption that the tax authority will examine the tax position in question, in full knowledge of all relevant information. If the company considers it unlikely that the tax authority would accept the tax treatment applied, the effect of this uncertainty on how its current and deferred income tax will be measured must be reflected by the company. In addition, the document does not contain any new disclosure requirement, but emphasises that the entity must establish whether it is necessary to provide information regarding the considerations made by management concerning the uncertainty in the accounting for taxes, in accordance with IAS 1. The new interpretation applies from 1 January 2019.

IAS 19: Plan Amendment, Curtailment or Settlement

The amendments to IAS 19 (not yet endorsed by EFRAG) establish the accounting treatment in the case of a plan amendment, curtailment or settlement, during the reference period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the reporting period, an entity is required to:

- Determine the current service cost, using the actuarial assumptions used to remeasure the liability (asset) net of defined benefits in such a way as to reflect the benefits of the plan and plan assets after such an event;
- Determine the net interest for the remaining period after plan amendment, curtailment or settlement: the net liability (asset) for defined benefits which reflects the plan benefits and plan assets after such an event; and the discount rate used to remeasure the net liability (asset) for the defined benefits.

The amendments also clarify that an entity must initially quantify all costs relative to previous services, rather than the gain or loss realised at the time of settlement, without considering the effect of the asset ceiling. This amount is recognised in profit/(loss) for the year. Subsequently, after the plan amendment, curtailment or settlement, the entity quantifies the effect of the asset ceiling. Any change, with the exception of changes already accounted for in net interest, must be recognised in other components of the statement of comprehensive income. The amendments applies to plan amendments, curtailments or settlements that occur in annual reporting periods beginning on or after 1 January 2019.

IAS 28: Long-term interests in associates and joint ventures

The amendments (not yet endorsed by EFRAG) state that an entity should adopt IFRS 9 for long-term interests in an associate or joint venture, for which the equity method is not adopted, but which are substantially part of the net investment in the associate or joint venture (long-term interests). This clarification is significant because it implies that the expected credit loss model of IFRS 9 should be used for such long-term interests. The amendments also clarify that an entity, in adopting IFRS 9, does not have to consider any losses of the associate or joint venture or impairment losses of the investment, identified as adjustments to the net investment in the associate or joint venture arising from the adoption of *IAS 28 Investments in Associates and Joint Ventures*. The amendments must be applied retrospectively and are effective beginning on 1 January 2019.

On 12 December 2017, the IASB published the document "**Annual Improvements to IFRSs 2015-2017 Cycle**" which incorporates the amendments to some standards as part of the annual improvement process. The main amendments concern:

IFRS 3 Business Combinations e IFRS 11 Joint Arrangements: the amendment clarifies that when an entity obtains control of a business that is a joint operation, it must remeasure the interest previously held in that business. This process is not, however, provided for in the event of obtaining joint control.

IAS 12 Income Taxes: the amendment clarifies that all tax effects related to dividends (including payments on financial instruments classified within equity) should be accounted for in a manner consistent with the transaction that generated those profits (income statement, OCI or equity).

IAS 23 Borrowing costs: the amendment clarifies that in the case of loans that remain in place even after the qualifying asset is ready for use or sale, these become part of the total loans used to calculate the borrowing costs. The amendments apply from 1 January 2019.

Accounting standards, amendments and IFRS interpretations not yet endorsed by the European Union

Standards already issued, but for which the endorsement process required for their adoption has not been completed at the date of preparation of these half-yearly condensed consolidated financial statements, are listed below. This list is of standards and interpretations that the Group reasonably expects to be applicable in the future. The Group intends to adopt those standards when they become effective.

On 22 October 2018, the IASB published the document "**Definition of a Business (Amendments to IFRS 3)**". The document provides some clarifications regarding the definition of a business for the correct application of IFRS 3. In particular, the amendment clarifies that while a business usually produces outputs, the presence of outputs is not strictly necessary to identify a business in the presence of an integrated set of activities/processes and assets. However, to be considered a business, an acquired set of activities/processes and assets must include, at a minimum, an input and a substantive process that together contribute to the ability to create outputs. For this purpose, the IASB replaced the term "ability to create outputs" with "ability to contribute to creating outputs" to clarify that a business may also exist without the presence of all inputs and processes necessary to create output.

The amendment also introduces an optional concentration test, to determine whether an acquired set of activities/processes and assets is a business. If the test provides a positive outcome, the acquired set of activities/processes and assets does not constitute a business and the standard does not require additional controls. If the test provides a negative outcome, the entity must carry out additional analyses on the acquired activities/processes and assets to identify the presence of a business. To this end, the amendment includes numerous examples explaining IFRS 3, in order to aid understanding of the practical adoption of the new definition of business in specific cases. The amendments apply to all business combinations and acquisitions of assets after 1 January 2020, but early adoption is permitted.

On 31 October 2018, the IASB published the document "**Definition of Material (Amendments to IAS 1 and IAS 8)**". The document introduces an amendment to the definition of "material" contained in IAS 1 – "Presentation of Financial Statements" and IAS 8 – "Accounting Policies, Changes in Accounting Estimates and Errors". The purpose of the amendment is to make the definition of "material" more specific and introduce the concept of "obscured information" alongside the concepts of omitted or misstated information already included in the two standards covered by the amendments. The amendment clarifies that information is obscured if it has been depicted in such a way as to produce an effect - for primary readers of financial statements - similar to that created if the information had been omitted or misstated. The amendments introduced by the document will apply to all operations after 1 January 2020.

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address the conflict between IFRS 10 and IAS 28 in relation to the loss of control of a subsidiary through the sale or contribution of such subsidiary to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or transfer of assets constituting a business as defined in IFRS 3, between an investor and its associate or joint venture should be fully recognised. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, is recognised only within the limits of the portion held by third-party investors in the associate or joint venture. The IASB has currently suspended the adoption date of this amendment.

3. Key information relating to the scope of consolidation and transactions in the first half of the year

The main changes in the scope of consolidation during the period under review are summarised below. For the main events of the period reference should be made to the Interim Report on Operations.

Incorporation, acquisition of new companies, capital increases and sale of subsidiaries

- on **12 December 2018**, a deed was signed for the merger of **MC Production S.r.l.** into RMC Italia S.p.A. The merger took legal, fiscal and accounting effect on **1 January 2019**.
- on **12 December 2018**, a deed was signed for the merger of **Radio Engineering Co S.r.l.** into Radiomediaset S.p.A. The merger took legal, fiscal and accounting effect on **1 January 2019**.
- on **18 January 2019**, the New York State Department of State announced that **Radio 105 USA Corp** had been wound up.
- on **21 January 2019**, Mediaset España increased its shareholdings in **Megamedia Television S.A.** (from 30% to 65%) and **Supersport Television SL** (from 30% to 62.5%). Since that date, the two companies have been consolidated on a line-by-line basis.
- on **5 March 2019**, Mediaset España acquired a 60% stake in the share capital of **El Desmarque Portal Deportivo SL**, the parent company of sports news and content website El Desmarque.
- on **26 March 2019**, a deed was signed for the merger takeover of subsidiary **Mediaset Premium S.p.A.** by RTI S.p.A. The merger took legal effect from 1 April 2019, and took effect for tax and accounting purposes from 1 January 2019.
- following developments in the competition regulator's (AGCM) preliminary investigation concerning the acquisition of **R2 S.r.l.** by Sky Italia S.p.A., both Mediaset and Sky Italia agreed on the steps for returning R2 to the Mediaset Group, in accordance with the terms of the agreements to sell the company, with the acquisition taking accounting effect on **1 April 2019**. Since that date, the company has been consolidated on a line-by-line basis.

Following treasury share acquisitions from the subsidiary Mediaset España Comunicación S.A., the Group's equity investment stake increased from 51.63% at 31 December 2018 to 53.98% at 30 June 2019.

Incorporation, acquisition of new companies, capital increases and sale of associates

- On **28 March 2019**, a deed was signed for the reverse merger takeover of 2i Towers Holding S.p.A. (in which Mediaset holds a 40% stake) and 2i Towers S.p.A. by the subsidiary EI Towers S.p.A., on which date the merger took effect for legal, tax and accounting purposes.
- On **28 June 2019**, RTI S.p.A. increased its stake in the share capital of **Superguida TV S.r.l.** by 19%. Following these acquisitions, its equity investment increased from 30% at 31 December 2018 to 49% at 30 June 2019.
- On **28 June 2019**, the subsidiary RTI S.p.A. sold its 40% equity interest in the company **Blasteem S.r.l.**

Incorporation, acquisition of new companies, capital increases and sale of minority interests

- as part of its "AD4ventures" activities, on **28 February 2019** RTI S.p.A. subscribed to a 1.18% stake in the share capital of **Blooming Experience S.L**, a company operating in the on-line flower delivery service sector, delivering flowers to addresses in Spain, Portugal, Italy and Germany;
- on **29 May 2019**, Mediaset S.p.A. acquired a 9.61% stake in the share capital of **Prosiebensat.1 Media SE**.

4. Commencement of the Merger Takeover Project involving Mediaset S.p.A., Mediaset España Comunicación S.A. and Mediaset Investment N.V.

On **7 June 2019**, the Boards of Directors of Mediaset S.p.A. (Mediaset) and Mediaset España Comunicación S.A. (Mediaset España) ruled to put to their shareholders proposals to create a new holding by means of a cross-border merger takeover (the Merger) of Mediaset S.p.A. and Mediaset España S.A. by Mediaset Investment N.V. (DutchCo), a Dutch law-governed direct wholly owned subsidiary of Mediaset, which will take the name "MFE – MEDIAFOREUROPE N.V." (MFE - MEDIAFOREUROPE or MFE) following the closing of the Merger.

From a strategic, operational and industry perspective, the transaction aims to create a pan-European, linear and non-linear entertainment media group, which will enjoy a position of leadership in the group's reference markets, will have a strong equity structure aligned with strong cash generation and will be of a scale that will enable it to be more competitive and potentially to expand its activities to other European countries so as to play a central role if the scenario of a consolidated European television and media industry arises in future.

Creating a Dutch holding provides a neutral headquarters from which this project can suitably be carried out (as has been witnessed from other companies that have adopted the same corporate structure).

After the Merger:

- each Mediaset shareholder, including the custodian bank under Mediaset's American Depositary Receipts (ADRs) program, will receive one ordinary MFE share for each Mediaset share held.
- each Mediaset España shareholder (with the exception of Mediaset, whose shares held in Mediaset España will be cancelled according to statute) will receive 2.33 ordinary MFE shares for each Mediaset España share held.
- ordinary MFE shares will be listed on the Mercato Telematico Azionario organised and managed by the Italian Stock Exchange and on the Spanish Stock Exchange organised and managed by BME (Bolsas y Mercados Españoles, Sociedad Holding de Mercados y Sistemas Financieros, S.A.U.).
- MFE will be tax-resident in Italy.
- the Merger will be preceded by Preliminary Reorganisations, after which all operational activities will remain in Italy and Spain respectively, and the Italian and Spanish operating companies will remain tax-resident in Italy and Spain respectively.
- MFE will adopt a one-tier governance model and will have a board of directors composed of 14 members. To facilitate and support the project over the long term, MFE will adopt a special voting mechanism which grants voting rights over and above the voting right tied to each MFE ordinary share held to reward the long-term holding of shares.

The Merger was approved by the Extraordinary Shareholders' Meetings of Mediaset and Mediaset España on **4 September**. Following these approvals, the transaction will be completed subject to certain conditions precedent being met, including the following:

- any amount to be paid in cash by Mediaset and Mediaset España to shareholders of Mediaset and Mediaset España, respectively, who have exercised their right of withdrawal in relation to the Merger and/or to creditors of Mediaset and Mediaset España who have objected to the Merger must not exceed a total of EUR 180 million (the Maximum Withdrawal and Objection Amount). Mediaset shareholders exercising the right of withdrawal will be paid EUR 2.770 per share, as calculated under currently applicable legislation. Mediaset España shareholders exercising the right of withdrawal will be paid EUR 6.5444 per share, as calculated under currently applicable legislation. - On 6 September 2019, the minutes of the extraordinary Shareholders' Meeting of Mediaset S.p.A. (Mediaset) were filed in the Milan Companies Register. Shareholders of Mediaset who did not vote in favour of the Merger resolution (i.e. shareholders who did not attend the shareholders' meeting, who voted against the draft resolution or who abstained from voting) hold the right of withdrawal during the fifteen days following this date (21 September). Nevertheless, Mediaset España shareholders have set a deadline of 10 October for receiving notice of withdrawal, which is one month after the notice of approval to the Merger by the Shareholders' Meeting of Mediaset España was published in the Official Gazette of the Spanish Companies' Register (Boletín Oficial del Registro Mercantil);
- the MFE shares to be issued and allocated to Mediaset and Mediaset España shareholders after the Merger takes effect must gain all necessary regulatory authorisations and must be admitted for listing on the Mercato Telematico Azionario. Listing will also be subject to all necessary authorisations being obtained from the AFM (the Dutch financial markets authority) and/or other competent authorities. The Merger will only be completed when all conditions precedent established for the Merger have been met (or waived, where appropriate) and all preliminary formalities for the Merger have been completed.

The Merger is anticipated to take effect during the fourth quarter of 2019, subject to the conditions precedent having been met, or waived, and to the preliminary formalities having been completed.

As provided for in the Merger project, following the closing of the Merger, MFE will distribute a total of EUR 100 million in dividends among all shareholders and will launch a buy-back scheme capped at EUR 280 million in total (less the total amount necessary to purchase any withdrawn shares) up to a price capped at EUR 3.4 euros per share.

Assuming that no shareholders exercise the right of withdrawal, assuming that the treasury shares of Mediaset and Mediaset España are cancelled and assuming that MFE holds 5,000,000 treasury shares at the date on which the Merger takes effect, based on the proposed share exchange ratios the shareholder base following the merger will be as follows (based on the data and information available on 26 August): (i) Fininvest S.p.A. will hold a 35.43% share of MFE excluding treasury shares, (ii) Simon Fiduciaria S.p.A. will hold a 15.39% share, (iii) Vivendi S.A. will hold a 7.71% share and (iv) the market will hold a 41.47% share of the outstanding share capital of MFE. The voting power of each MFE shareholder will be dependent on each shareholder's level of participation in the special voting mechanism.

In this Transaction, Citigroup Global Markets Ltd (Citi), Banca IMI S.p.A. (Gruppo Intesa San Paolo) and Mediobanca acted as financial advisors to Mediaset, while J.P. Morgan Securities plc (JP Morgan) acted as financial advisor to Mediaset España. On **7 June 2019**, Citigroup Global Markets Ltd (Citi) and J.P. Morgan Securities plc issued a opinion to Mediaset and Mediaset España, respectively, on the financial fairness to Mediaset and Mediaset España shareholders (other than Mediaset S.p.A. and its investees) of the exchange ratios at play in the potential Merger.

The Board of Directors of Mediaset España entrusted the analysis of the proposed Transaction, the related decision-making and the preparation of the Joint Cross-border Merger Project to an internal committee composed of four members: three independent members and one "external" member of the Board of Directors of Mediaset España. In the same vein, and in compliance with the best corporate governance practices referred to in Articles 228 and 229 of the "Texto refundido de la Ley de Sociedades de Capital, aprobado por el Real Legislative Decree 1/2010, de 2 de julio" (the Spanish Companies Act), the executive directors and the so-called "dominical" directors of Mediaset España abstained from participating in the entire process, from negotiating and from voting on the Joint Cross-border Merger Project, which was thus approved by the independent members and by the additional "external" member.

Additional information concerning the transaction can be found in the Merger documentation provided in accordance with current legislation (including the Joint Cross-border Merger Project, the explanatory reports from the boards of directors of Mediaset and Mediaset España, the new Bylaws of MFE, the terms and conditions of Special Voting Shares, and the reports by independent experts on the fairness of the exchange ratios), which are available to the public on the Corporate section of the website www.Mediaset.it and in the press releases issued by Mediaset and Mediaset España beginning 7 June.

On **4 September 2019**, the Board of Directors of Mediaset S.p.A. gave its approval for Mediaset España shares (of which Mediaset holds a 51.63% stake) to be traded on the market up to a maximum value of EUR 50 million by 31 October 2019 at the latest (this date may be extended by express notice in accordance with statute). The decision was taken in light of the financial opportunity arising from the current share price of Mediaset España, with reference to the exchange ratio envisaged in the MFE-MediaForEurope merger. The acquisition of Mediaset España shares by Mediaset does not affect the maximum value of EUR 180 million envisaged by the merger plan for shareholder withdrawals or creditors' objections, nor does it affect the EUR 100 million cash dividend or the envisaged post-merger share buy-back plan capped at EUR 280 million (less the amount actually paid to withdrawing shareholders or creditors who objected to the merger). Market trading will occur in accordance with the recommendations issued by the CNMV (*Comision Nacional del Mercado de Valores*) on transactions concerning issuers' treasury shares, and pursuant to the following conditions:

- the share acquisition will begin immediately and will end when the maximum value of EUR 50 million has been reached;
- Nevertheless, Mediaset will purchase Mediaset España shares at an exchange ratio capped at 2.33 times the Mediaset S.p.A. share price (the ratio agreed in the MFE merger) or up to a price cap of EUR 7.9 per share (EUR 3.4 per Mediaset S.p.A. share times the exchange ratio of 2.33);
- The purchase will not exceed 25% of the average daily volume of purchases made in the previous 30 trading days.

Finally, it is worth noting that, on **19 September**, Mediaset S.p.A. signed an agreement, subject to the resolution of the Board of Directors, with Peninsula Holding S.a.r.l. (Peninsula), a Luxembourg law-governed holding company that engages in the European equity sector (Private and Public Equity) and which manages the equity of a number of leading Sovereign Funds and international institutional investors, aimed at limiting the potential expense of the companies involved in the Merger caused by the purchase of withdrawn shares that are not otherwise allocated. Under this agreement, Peninsula must purchase, at the request of Mediaset, up to 355 million MFE shares deriving from (i) withdrawals by holders of at least a 5% stake in Mediaset's share capital and (ii) withdrawals of up to 17.8 million MFE shares by Mediaset España shareholders. Among other things, Peninsula's commitment is conditional upon the closing of the Merger and on the total number of withdrawn Mediaset and Mediaset España shares being exchanged amounting to no more than EUR 470 million (save for the restoration of floating capital on the first day of MFE listing). This agreement provides that a commission shall be paid and that the purchase price will be equal to the withdrawal price per share less a discount. Mediaset will have the right to call in Peninsula's commitment. If the commitment is called in, which will be conditional on the closing of Merger, then Peninsula shall purchase the shares of the merging company MFE (following the exchange of Mediaset and Mediaset España as a result of the Merger) on the date of settlement of withdrawn shares.

Under the agreement, Peninsula has taken on a stand-still commitment, as well as a lock-up commitment over all MFE shares purchased.

The Board of Directors of Mediaset was assisted by a leading financial institution, which issued an opinion supporting the financial fairness of the financial terms and conditions of the transaction.

5. Business combinations

The main business combinations that took place during the first half of 2019, and which are described in the section entitled *Key information relating to the scope of consolidation*, are reported below.

Following developments in the competition regulator's (AGCM) preliminary investigation concerning the acquisition of **R2 S.r.l.** by Sky Italia S.p.A., both Mediaset and Sky Italia agreed on the steps for returning R2 to the Mediaset Group, with the acquisition taking accounting effect on **1 April 2019**. The purchase price was equal to the shareholders' equity on the acquisition date, and therefore no goodwill was generated.

The table below summarises the fair value of the assets acquired and the liabilities assumed at the acquisition date.

Net acquired asset	**Book values recorded in the acquired company at the acquisition date**
Tangible and Intangible assets	10.4
Trade receivables/(payables)	8.7
Other assets/(liabilities)	(4.9)
Financial assets/(liabilities)	(2.1)
Cash adn cash equivalent	0.1
Total net asset acquired	**12.1**
Total acquisition cost	12.1
Goodwill	**-**

On **5 March 2019**, Mediaset España acquired a 60% stake in the share capital of **El Desmarque Portal Deportivo SL**, the parent company of sports news and content website El Desmarque. The transaction constitutes a business combination and, in accordance with IFRS 3, the difference between the purchase price and the carrying amount of the net assets was provisionally allocated to goodwill at the reporting date of these half-yearly condensed consolidated financial statements. Within twelve months from the acquisition date, the purchase price paid will be analysed to assess the fair value of the net assets acquired. If at the end of the evaluation period, any tangible or intangible assets with a finite useful life are identified, an adjustment will be made to the provisional amounts recognised at the acquisition date, with retrospective effect as of the acquisition date. Reciprocal options were also negotiated within this transaction, which will allow Mediaset España to acquire a further 40% stake in the company in the future.

The table below summarises the fair value of the assets acquired and the liabilities assumed at the acquisition date.

Net acquired asset	Book values recorded in the acquired company at the acquisition date (provisional allocation)
Trade receivables/(payables)	1.2
Other assets/(liabilities)	(0.1)
Cash adn cash equivalent	0.1
Total net asset acquired	**1.2**
Minority interest	0.5
Own stake of net asset acquired	**0.7**
Total acquisition cost	6.3
Goodwill	**5.6**

6. Comments on the main changes in assets and liabilities

6.1 Property, plant and equipment

	Property, plant and equipment	Property, plant and equipment - Right of use	TOTAL
Balance at 31/12/2018	**216.9**	**-**	**216.9**
Change in accounting principles	**-**	**140.6**	**140.6**
Balance at 1/1/2019	**216.9**	**140.6**	**357.5**
Changes in the consolidation area	11.1	0.1	11.2
Additions	16.5	2.8	19.3
Disposals	(1.2)	(0.0)	(1.2)
Amortisation, depreciation and write-downs	(20.2)	(9.0)	(29.2)
Other changes	(4.7)	(0.5)	(5.2)
Balance at 30/06/2019	**218.5**	**134.1**	**352.6**

The changes in **Property, plant and equipment** refer to increases of EUR 16.5 million, mainly consisting of technical investments in equipment, as well as intangible assets in progress and advances. *Other changes* primarily relate to the scrapping and withdrawal of WCAM related to the pay-TV business.

As stated in the section entitled **New accounting standards, amendments and interpretations effective from 1 January 2019**, **Rights of use over property, plant and equipment** include lease agreements recognised under IFRS 16 for leaseholds on real estate and television studios and rentals of staff company cars that were previously posted under operating costs. The increases relate to new contract accessions during the period in question. Right of use depreciation rates are calculated based on the established lease terms.

6.2 Intangible fixed assets, Television and movie broadcasting rights

	Television and movie rights	Goodwill	Other intangible assets	TOTAL
Balance at 1/1/2019	**972.2**	**794.1**	**605.5**	**2,371.8**
Changes in the consolidation area	-	5.6	0.3	5.9
Additions	328.5	-	57.3	385.9
Disposals	(2.3)	-	(0.1)	(2.4)
Amortisation, depreciation and w	(234.2)	-	(19.9)	(254.1)
Other changes	14.6	-	(17.2)	(2.6)
Balance at 30/06/2019	**1,078.8**	**799.6**	**626.1**	**2,504.7**

The main changes with respect to the figures shown in the consolidated financial statements as at 31 December 2018 are summarised below:

- increases in **television and movie broadcasting rights** of EUR 345.5 million, of which EUR 328.5 million for purchases in the period and EUR 16.9 million for capitalisation of advances paid to suppliers (recognised as Assets in progress and advances at 31 December 2018).
- increases in **other intangible assets**, totalling EUR 57.3 million, mainly relate to increases in intangible assets in progress and advances, particularly advances paid to suppliers for the acquisition of broadcasting rights and the value recognised for the authorisation to provide audiovisual services in Italy and the accompanying allocation of the automatic numeration of channels 45 and 55 (LCN 45 and LCN 55). As already commented for Television and movie broadcasting rights, the item *Other changes* includes decreases of EUR 16.9 million relating to the capitalisation as broadcasting rights of advances paid to suppliers.
- EUR 5.6 million increase in the item **Goodwill**, referring to the acquisition of a 60% equity interest in the company **El Desmarque Portal Deportivo SL**, as mentioned in the section entitled *Business combinations*.

With respect to impairment assessment processes, the audit carried out on 30 June both compared to the management performance of Cash Generating Units for the period and key external indicators (stock market capitalisation of the Mediaset share and of the other listed investees and the financial parameters used to determine the discount rate) did not highlight facts that would have led to a change in the estimate of recoverable values made during the preparation of the Consolidated Financial Statements at 31 December 2018.

6.3 Equity Investments in associates and joint ventures and other financial assets

	Equity investments in associates and joint venture	Investments in other companies	Receivables and other financial assets	Total equity investments and other financial assets
Balance at 31/12/2018	**501.0**	**61.4**	**13.8**	**576.1**
Additions	1.1	331.1	56.9	389.1
Disposals	-	-	(0.8)	(0.8)
Write-ups /(Write-offs)	12.4	(26.5)	3.5	(10.6)
Other changes	(23.1)	0.3	(0.4)	(23.2)
Balance at 30/06/2019	**491.4**	**366.4**	**72.9**	**930.6**

With regard to the item *Equity Investments in associates and joint ventures*, it should be noted that *Write-ups/(write-offs)* mainly refer to the measurement at equity of the EI Towers Group, whereas *Other changes* includes the dividends distributed by EI Towers and by associates and joint ventures.

The increases in *Investments in other companies* relate to the acquisition of a 9.6% equity interest in the company Prosiebensat.1 Media SE, totalling EUR 330.9 million. The amount of EUR -21.4 million under *Write-ups/(Write-offs)* refers to the fair value measurement of the equity of the investment held in Prosiebensat.1 Media SE.

The main changes in *Receivables and other financial assets* relate to the subscription and subsequent changes in the put option entered into to hedge fair value changes in the equity investment held in Prosiebensat.1 Media SE. The value of the put option was EUR 58.9 million at 30 June 2019. *Payables and other financial liabilities* includes EUR 26 million as the fair value of the call option granted to the financial counterpart under the collar agreement entered into.

6.4 Deferred Tax Assets and Liabilities

	30/06/2019	31/12/2018
Deferred tax assets	495.6	520.1
Deferred tax liabilities	(85.3)	(86.5)
Net position	**410.3**	**433.6**

The EUR 24.5 million change in *Deferred tax assets* mainly relates to uses generated by the temporary mismatch of the tax and financial values of assets and liabilities. As at 30 June 2019, based on the estimate of deferred and current taxes for the period in accordance with IAS 34, deferred tax assets relative to tax losses carried forward for an unlimited period for IRES tax purposes amounted to EUR 226.4 million (228.8 million at 31 December 2018). With regard to the recoverable amount of the deferred tax assets recognised, there were no events or indicators during the period requiring changes to the medium/long-term recovery forecasts made during the preparation of the consolidated financial statements at 31 December 2018, which were based on the estimated future taxable income of the companies included in the national tax consolidation scheme, taken from the most recent five-year plans (2019-2023) drafted based on the assumptions and guidelines approved by the Board of Directors of

Mediaset S.p.A. on 19 February 2019 for those years, and extrapolating from these the expected income for the subsequent years.

6.5 Trade receivables

	30/06/2019	31/12/2018
Receivables from customers	701.0	809.1
Receivables from related parties	62.6	82.1
Total	**763.6**	**891.2**

The breakdown of receivables from related parties is reported in Note 9 (*Related-Party Transactions*).

6.6 Other receivables and current assets

	30/06/2019	31/12/2018
Other receivables	151.7	133.5
Prepayments and accrued income	96.1	36.7
TOTAL	**247.9**	**170.2**

Other receivables mainly include:

- advances to suppliers, agents and professionals for television productions totalling EUR 25.1 million (EUR 39.0 million at 31 December 2018);
- receivables of EUR 83.7 million due from factoring companies (EUR 56.9 million at 31 December 2018).

The change in *Accrued and other deferred income* mainly relates to the recognition on an accrual basis of costs attributable to subsequent periods and payable to the EI Towers concerning the hosting and maintenance contract.

6.7 Other reserves

	30/06/2019	31/12/2018
Legal reserve	122.8	122.8
Equity investment evaluation reserve	(7.3)	(6.2)
Consolidation reserve	(79.0)	(79.0)
Reserves for minority transaction	230.1	233.2
Other reserves	324.2	323.9
TOTAL	**590.8**	**594.6**

The change in *Reserves for minority transactions* mainly takes into account the booking to shareholders' equity of the payable posted in view of the call and put options relating to Mediaset España's purchase of a further 40% stake in the subsidiary El Desmarque Portal Deportivo SL. The period change in the item *Reserve for measurement at equity* refers to the components directly recognised in the investee's shareholders' equity within measurements of equity investments valued with the equity method.

6.8 Valuation reserves

The table below shows the changes occurred during the period.

	Cash flow hedge reserve	Stock option and incentive plans	Actuarial Gains/(Losses)	FVTOCI equity investments	Time value reserve	Total valuation reserves
Balance at 31/12/2018	**(5.6)**	**6.1**	**(28.2)**	**(4.8)**	**-**	**(32.6)**
Increase/(decrease)	(0.6)	2.3	(4.1)	-	-	(2.3)
Through Profit and Loss account	0.0	-	-	-	-	0.0
Opening balance adjustment of the hedged item	1.6	-	-	-	-	1.6
Fair value adjustments	3.8	-	-	(25.7)	12.1	(9.7)
Deferred tax effects	(1.2)	-	1.0	-	(0.1)	(0.3)
Other changes	0.1	-	-	-	-	0.1
Balance at 30/06/2019	**(1.7)**	**8.4**	**(31.4)**	**(30.5)**	**12.0**	**(43.1)**

The **Valuation reserve for financial assets for cash flow hedging purposes** is connected with valuations of derivative instruments designated as hedges against the foreign exchange risk associated with the acquisition of television and movie broadcasting rights in foreign currencies, or as hedges against the interest rate risk associated with medium and long-term financial liabilities.

The **Reserve for Incentive plans at 30 June 2019** consisted of the contra-entries for costs accrued, measured in accordance with IFRS 2, relating to medium-long term incentive plans adopted by Mediaset S.p.A. The EUR 2.3 million change for the period relates to increases in the costs accruing under incentive plans issued by the Mediaset Group in 2017, 2018 and 2019.

The **Reserve for actuarial gains/(losses)** consists of components arising from the actuarial valuation of defined benefit plans, recognised directly through shareholders' equity.

The change in the **Valuation reserve for financial assets for cash flow hedging purpose** and the **Valuation reserve for actuarial gains and losses**, before tax, is shown in the Comprehensive Income Statement.

The **Valuation reserve for FVOCI (fair value through other comprehensive income) equity investments** consists of the fair value measurement of equity investments posted to the item *Other financial assets* in non-current assets and registered as "FVOCI financial assets", as provided for in IFRS 9. This valuation is entered with changes recognised in the other comprehensive income statement items without recycling to profit and loss.

The **Option time value reserve** is formed as part of the valuation of equity instrument hedging derivatives.

6.9 Risk provisions and contingent liabilities

The reduction in risk provisions compared to 31 December 2018 mainly relates to the use of provisions allocated in previous years to reflect the costs of some television productions.

Below is an update at 30 June 2019 of the main lawsuits pending and contingent liabilities associated with them, which were reported in the financial statements at 31 December 2018.

Regarding Mediaset España, an update of the main lawsuits pending and contingent liabilities associated with those reported in the financial statements at 31 December 2018 is provided below.

Regarding the notification made to Mediaset España by the Comision Nacional de los Mercados y Competencia (CNMC) in February 2018 concerning the initiation of an assessment procedure (in parallel with one for Atres Medias) for alleged restrictive practices of the Spanish advertising market, on 29 April 2019 the competent commission of the CNMC ruled to reject the commitment proposal brought by Mediaset (and Atres Media), thus putting an end to the procedure for termination by mutual agreement. An appeal filed against this decision was rejected in a ruling of 23 May. Then, on 29 May, Mediaset España appealed this ruling, requesting a precautionary suspension of the disciplinary procedure pending the ruling by the Audiencia Nacional on the appeal filed. A ruling on this application for precautionary measures is still pending as at the date of these Interim Condensed Consolidated Financial Statements. On 7 June, without awaiting the outcome of the application for precautionary measures, the CNMC notified Mediaset España of the Draft Ruling, which would impose the maximum penalty allowed for the alleged breach. Before the ruling was made, Mediaset España had already prepared all necessary appeals against the ruling within the statutory timescales, in which it expressed its absolute disagreement with the accusations made by the relevant Department of the CNMC, considering them to be baseless and devoid of evidence, as Mediaset España has never coordinated its commercial advertising sales policy with Atresmedia and both companies do not hold a dominant position in the television advertising market. Furthermore, it is believed that the relevant market for analysis cannot continue to be the television advertising market, but rather must be the market of television and digital operators (internet, OTT, etc.). Based on these considerations and the total lack of any evidence concerning the presumed consequences of the conduct of which it is accused, and based on other errors and defects found in the procedural investigation, the Directors of Mediaset España trusted that a ruling would be made in their favour and therefore have not considered it necessary to create any provision in drawing up these Interim Condensed Consolidated Financial Statements.

In its judgment of 4 March 2019, the 1st Spanish Court on EU Trademarks acknowledged ITV Global Entertainment Limited ("ITV") as the owner of the Pasapalabra brand, rejecting the appeals filed by Mediaset España against the applications to acknowledge such brand ownership and for subsequent compensation, which ITV had filed in previous years against the use of the brand by Mediaset España In this judgment, the Court ignored the previous rulings of the Dutch Supreme Court of 19 October 2018 and of the Commercial Court of Turin of 14 December 2018, which confirm that ITV and the "Passaparola" brand are unconnected and that “Passaparola” is a valid brand of RTI. By acknowledging ITV as the owner of the brand, the judgment sentences Mediaset España to pay compensation of EUR 8.7 million for the company’s alleged misuse of the brand since 2009. An appeal was filed against this ruling within the statutory time limits. It is believed to be only reasonable that the Provincial Court will revoke the ruling given that there are proven facts and solid grounds to show that ITV has no better right than Mediaset España to be the owner of the trademark. Furthermore, the application for compensation contained in the ruling would hand ITV "undue double compensation”, as judgment no. 1181/2010 of the 6th Commercial Court of Madrid had already sentenced Mediaset España to compensate ITV for the use of the Pasapalabra format. This judgment would therefore lead to double compensation, on which basis it is held that the appeal should lead the penalty to be revoked. Therefore, no provision for this potential liability has been made in these Half-yearly condensed consolidated financial statements.

6.10 Trade and other payables

	30/06/2019	31/12/2018
Due to suppliers	699.7	641.7
Due to related parties	115.7	78.8
Total	**815.4**	**720.6**

Amounts due to related parties include payables to associates, affiliates and the parent company. Details of these payables are provided in Note 10 below (Related-Party Transactions). The change on the previous year mainly relates to the payables due to the EI Towers Group in costs for hosting and maintenance services, which were recognised on an accrual basis on 30 June 2019.

6.11 Net Financial Position

Below is a breakdown of the **consolidated net financial position** as required by Consob communication no. 6064293 dated 28 July 2006; the Group's current and non-current financial debt is detailed separately in the table.

For a breakdown of changes in the net financial position over the period, see the section on the Group's balance sheet and financial structure in the Interim Report on Operations.

	30/06/2019	31/12/2018
Cash in hand and cash equivalents	0.1	0.1
Bank and postal deposits	421.9	389.7
Liquidity	**422.0**	**389.8**
Receivables and other current financial assets	**22.1**	**30.7**
Due to banks	(441.0)	(0.2)
Current portion of non current debt	(312.0)	(7.3)
Other current payables and financial liabilities	(30.8)	(405.3)
Current Net Financial Position	**(783.9)**	**(412.8)**
Net current financial position	**(339.8)**	**7.7**
Due to banks	(732.0)	(743.1)
Other non current payables and financial liabilities	(123.0)	(1.0)
Non current financial debt	**(855.0)**	**(744.1)**
Net Financial Position	**(1,194.7)**	**(736.4)**

EUR 91.0 million of the item **Liquidity** refers to the Mediaset España Group.

The item **Receivables and other current financial assets** includes EUR 7.2 million (EUR 7.7 million at 31 December 2018) in government subsidies for movie productions made by Medusa Film and Taodue, which had been approved by the entities concerned, but not paid at the reporting date and the fair value of the derivatives hedging against foreign exchange risk exceeding the change in the foreign-currency payables hedged.

The item **Financial payables (current)** refers to short term credit facilities. The change compared to 31 December 2018 refers to a higher usage of this type of financing by the Group.

The **Current portion of non-current financial debt** consists of the current portion of medium-long term credit facilities for EUR 311.1 million (EUR 6.5 million as at 31 December 2018) and the current portion of the fair value of derivatives used to hedge interest rates for EUR 0.9 million (EUR 0.6 million as at 31

December 2018). The change mainly derives from the reclassification of the portion of payables relating to loans maturing in June 2020, amounting to EUR 249.9, and from the registration of the current portion of a new EUR 56.3 million loan taken out during the half-year.

Other current payables and financial liabilities mainly include the current portion of lease payables under IFRS 16 totalling EUR 18.1 million, current accounts managed by the parent Mediaset S.p.A. on behalf of associates and joint ventures totalling EUR 11.6 million (EUR 5.5 million at 31 December 2018), amounts owed to factoring companies totalling EUR 0.1 million (EUR 3.9 million at 31 December 2018), and loans totalling EUR 0.7 million received to finance film development, distribution and production operations (EUR 2.7 million at 31 December 2018). The change compared to 31 December 2018 mainly relates to the January repayment of the EUR 375 corporate bond issued by Mediaset S.p.A.

Due to banks (non current) refers to the portion of committed credit facilities maturing beyond 12 months. These payables are recognised in the financial statements using the amortised cost method.

A breakdown of the change of EUR 11.1 million for the year is provided below:

- Reclassification of current financial payables totalling EUR 249.9 million for loans maturing in June 2020;
- new credit facilities maturing in April 2022 for a total nominal amount of EUR 295 million, recognised in the Financial Statements at their amortised cost of EUR 236.9 million (net of the current portion recognised in *Current portion of non-current debt*)

Existing loans and credit facilities are subject to financial covenants on a half-year consolidated basis. Any breach of financial covenants, both for the loans and credit facilities, will require Mediaset S.p.A. to repay all amounts drawn. As at 30 June 2019, these parameters were met.

Other non-current financial payables and liabilities consisted of the non-current portion of lease payables recognised under IFRS 16, totalling EUR 116.5 million, the fair value of derivatives held to hedge against interest rate risk totalling EUR 0.3 million, EUR 1.0 million in loans received for film development, distribution and production operations, and EUR 5.2 million in financial payables relating to the Mediaset España Group.

7. Comments on main changes on costs and revenues

7.1 Revenues and operating costs

Comments on the changes in revenues and operating costs are provided in the section of the Management Report commenting on the Group's performance.

7.2 Depreciation, amortisation and write-downs

	1H 2019	1H 2018
Amortisation of TV and movie rights	234.2	430.7
Amortisation of other intangible assets	19.9	19.6
Amortisation of tangible assets	29.0	22.6
Write downs of receivables	(0.7)	3.6
Total amortisation, depreciation and write-downs	**282.4**	**476.4**

The change in *Amortisation of television broadcasting rights* is mainly due to the termination of the long-term contracts for Mediaset Premium football content which were still in force during the first half of last year, as well as the lower amortisation resulting from the write-downs and provisions posted for the recoverability assessments on assets and purchase commitments relating to Pay-TV rights, which were conducted when presenting the consolidated financial statements at 31 December 2018.

7.3 Financial income and expenses

	1H 2019	1H 2018
Interests on financial assets	0.4	0.4
Interests on financial liabilities	(5.7)	(13.4)
Other financial income/(losses)	(19.7)	(1.1)
Foreign exchange gains/(losses)	8.4	5.2
Total financial income/(losses)	**(16.7)**	**(8.9)**

The change compared to the first half of 2018 in *Interest expense on financial liabilities* mainly relates to the disappearance of financial expenses on the corporate bond issued by Mediaset S.p.A following its repayment in January 2019.

In the first half of 2019, *Other financial income/(charges)* included financial expenses on leases recognised pursuant to IFRS 16 and expenses paid to the financial counterpart relating to the collar transaction entered into to hedge the equity investment in Prosieben.

7.4 Profit/(loss) from equity investments

This item includes the portion of net result of companies accounted using equity method including any impairment or recoveries, write-downs of financial receivables for equity investments recognised under **other non-current financial assets**, allocations to the provision for risks on equity investments, and income from the collection of dividends and capital gains and losses.

	1H 2019	1H 2018
Result of equity investments valued with the equity method	13.0	5.2
Divided from FVTOCI investments	26.0	-
Gain/(losses) from the sale of equity investments	(0.6)	0.0
Other (expenses)/income	3.6	4.5
Total income/(expenses) from equity investments	**42.0**	**9.7**

The profit/(loss) for **equity investments valued with the equity method** mainly includes expenses and income related to the pro-rata recording of the profit/(loss) from equity investments in associates and joint ventures. In particular:

- income of EUR 13.5 million for the equity investment in EI Towers;
- income of EUR 0.9 million for the equity investment in La Fábrica de la Tele;
- income of EUR 1.1 million for the equity investment in Fascino PGT S.r.l.
- expense of EUR 2.1 million for the equity investment in Boing S.p.A.;

Dividends from FVTOCI investments refers to the dividends due to Mediaset from the subsidiary ProSiebenSat1 Media SA.

Other income/(expenses) includes income of EUR 2.9 million in income from the price adjustment paid to Mediaset España by Telefonica under the agreements for the sale of a 22% stake in Digital Plus-DTS of 4 July 2014, due to the achievement of pre-established DTS subscriber thresholds in the years after the transaction.

7.5 Taxes for the period

	1H 2019	1H 2018
IRES and IRAP tax expenses	4.9	1.7
Tax expenses (foreign companies)	18.7	15.0
Deferred tax expense	25.2	18.9
Total	**48.8**	**35.6**

IRES and IRAP taxes include costs for the estimated IRAP tax payable for the half year and taxes for the period levied against the non-tax-consolidated Italian companies.

Deferred tax assets and liabilities comprise the main financial movements for the period for the allocations and/or uses generated as a result of the changes in the temporary differences between the values for tax and accounting purposes. Deferred tax assets also include the estimated income for the period in view of a negative IRES tax base that arose due to the tax losses of the non-tax-consolidated Italian companies.

The *taxes of foreign companies* primarily include charges for current taxes recognised by companies of the Mediaset España Group.

7.6 Net profit/(loss) from discontinued operations

In accordance with IFRS 5, the *Net profit/(loss) from discontinued operations* for the first half of 2018 includes the net profit/(loss) of the EI Towers Group due to the reclassification of cash flows following its deconsolidation at the beginning of the fourth quarter of 2018.

7.7 Profit/loss per share

The calculation of basic and diluted earnings per share is based on the following data:

	1H 2019	**1H 2018**
Net result for the period (millions of euro)	108.9	42.8
Weighted average number of ordinary shares (without own shares)	1,137,142,325	1,136,402,064
Basic EPS	**0.10**	**0.04**
Weighted average number of ordinary shares for the diluted EPS computation	1,137,927,495	1,137,090,970
Diluted EPS	**0.10**	**0.04**

The figure for earnings per share is calculated using the ratio of the Group's net profit/loss to the weighted average number of shares in circulation during the period, net of treasury shares. The figure for diluted earnings per share is calculated using the number of shares in circulation and the potential diluting effect from the allocation of treasury shares to the beneficiaries of vested incentive plans.

8. Cash Flow Statement

The cash flows generated/absorbed by the EI Towers Group in the first half of the year are shown separately for each type of operations (management operations, investment operations and financing operations).

8.1 Business combinations net of cash and cash equivalents acquired

This item shows the impact on cash and cash equivalents of the equity investment in **R2 S.r.l.**, the acquisition of 60% of the share capital of **El Desmarque Portal Deportivo SL** and the increase in the stake held by Mediaset España in **Megamedia Television S.A.** and **Supersport Television SL,** as reported in the section entitled **Key information relating to the scope of consolidation**.

8.2 Change in treasury shares of the parent and subsidiaries

This item related to the total period expenditure for share buyback programmes made by the subsidiary Mediaset España S.A. under its share buyback programme.

9. Segment Reporting

As required under IFRS 8, the following information relates to the operating segments identified on the basis of the Group's present organisational structure and internal reporting system.

The Group's main operating segments, already included in the analysis of results contained in the Report on Operations, are the same as the *geographical areas* (Italy and Spain) identified according to the location of operations. In relation to Spain, which corresponds to the Mediaset España Group, no significant areas have been identified other than the core business of television, which is therefore the same as that entity.

The following paragraphs contain the information and reconciliations required under IFRS 8 in relation to profits, losses, assets and liabilities, based on this segmentation process. The information can be extrapolated from the two sub-consolidated financial statements prepared at that level, while the information provided for the three operating segments based in Italy has been given with reference to the earnings and operational activities directly attributable to them.

Geographical sectors

The following tables report key financial information for the two geographical operational areas of Italy and Spain, at 30 June 2019 and 2018 respectively.

The tables have been prepared on the basis of specific sub-consolidated financial statements in which the carrying amount of the equity investments held by companies belonging to a segment in companies belonging to another segment have been kept at their respective purchase cost and eliminated upon consolidation. Likewise, in the sector income statement, income and expenses (relating to any dividends received from these investments) have been included under *Income from other equity investments*.

In particular, the inter-segment assets figures relate to the elimination of equity investments recognised under the assets of the Italy geographic sector in Mediaset España.

Non-monetary costs relate to the provisions for risks and charges and the costs of medium/long-term incentive plans.

JUNE 2019	ITALY	SPAIN	Eliminations/ Adjustments	MEDIASET GROUP
MAIN INCOME STATEMENT FIGURES				
Revenues from external customers	1,000.0	482.5	-	1,482.5
Inter-segment revenues	2.2	-	(2.2)	-
Consolidated net revenues	**1,002.2**	**482.5**	**(2.2)**	**1,482.5**
%	68%	33%	0%	100%
EBIT	**39.3**	**154.2**	**(1.9)**	**191.6**
Financial income/(losses)	(16.7)	0.0	(0.0)	(16.7)
Income/(expenses) from equity investments valued with the equity method	11.5	1.4	0.1	13.0
Income/(expenses) from other equity investments	25.4	3.6	-	29.0
EBT	**59.5**	**159.2**	**(1.8)**	**217.0**
Income taxes	(18.1)	(31.2)	0.5	(48.8)
NET PROFIT FROM CONTINUING OPERATIONS	**41.4**	**128.0**	**(1.2)**	**168.2**
Net profit from discontinued operations	**-**	**-**	**-**	**-**
NET PROFIT FOR THE PERIOD	**41.4**	**128.0**	**(1.2)**	**168.2**
Attributable to:				
- Equity shareholders of the parent company	42.0	127.4	(60.5)	108.9
- Minority Interests	(0.6)	0.6	59.2	59.3
OTHER INFORMATION				
Assets	5,158.1	1,145.4	(488.6)	5,814.9
Liabilities	2,639.7	312.0	(3.9)	2,947.8
Investments in tangible and intangible non current assets	282.3	120.0	-	402.3
Amortization	213.5	69.2	(0.2)	282.4
Other non monetary expenses	**(7.5)**	**(0.6)**	**-**	**(8.1)**

(*) Includes the change in “Advances for the purchase of broadcasting rights”

JUNE 2018	ITALY	SPAIN	Eliminations/ Adjustments	MEDIASET GROUP
MAIN INCOME STATEMENT FIGURES				
Revenues from external customers	1,296.5	507.9	-	1,804.4
Inter-segment revenues	0.7	-	(0.7)	-
Consolidated net revenues	**1,297.2**	**507.9**	**(0.7)**	**1,804.4**
%	72%	28%	0%	100%
EBIT	**(28.3)**	**152.3**	**(0.5)**	**123.6**
Financial income/(losses)	(8.8)	(0.2)	-	(8.9)
Income/(expenses) from equity investments valued with the equity method	(0.5)	10.3	-	9.7
Income/(expenses) from other equity investments	0.0	-	-	-
EBT	**(37.5)**	**162.5**	**(0.5)**	**124.4**
Income taxes	1.5	(37.2)	0.1	(35.6)
NET PROFIT FROM CONTINUING OPERA	**(36.1)**	**125.3**	**(0.3)**	**88.9**
Net Gains/(Losses) from discontinued ope	**34.0**	**-**	**-**	**34.1**
NET PROFIT FOR THE PERIOD	**(2.1)**	**125.3**	**(0.3)**	**123.0**
Attributable to:				
- Equity shareholders of the parent company	(21.5)	125.3	(60.9)	42.8
- Minority Interests	19.4	-	60.6	80.0
OTHER INFORMATION				
Assets	7,450.1	1,172.5	(2.5)	8,620.2
Liabilities	2,680.4	345.3	(2.1)	3,023.5
Investments in tangible and intangible non current assets	287.1	112.7	(0.6)	399.1
Amortization	414.3	62.2	(0.2)	476.4
Other non monetary expenses	**10.5**	**0.1**	-	**10.7**

(*) Includes the change in "Advances for the purchase of broadcasting rights"

10. Related party transactions

The following summary table shows, for the main income statement and balance sheet groupings, the details of the companies that are the counterparts of these transactions (identified in accordance with IAS 24 and grouped by type of relation):

	Revenues	Operating costs	Financial Income / (Charge)	Trade receivables	Trade payables	other receivables/(payables)
CONTROLLING ENTITY						
Fininvest S.p.A.	0.0	2.5	-	0.0	0.0	0.0
AFFILIATED ENTITIES						
Alba Servizi Aerotrasporti S.p.A.	0.0	1.5	-	0.1	0.8	-
Arnoldo Mondadori Editore S.p.A.*	3.2	0.3	-	2.9	0.7	0.0
Fininvest Gestione Servizi S.p.A.	0.0	-	-	0.0	-	-
Isim S.p.A.	-	-	-	-	-	-
Mediobanca S.p.A.	-	-	(0.8)	0.0	-	(99.8)
Mediolanum S.p.A.*	2.2	-	-	1.7	-	-
Trefinance S.A.*	-	-	-	-	-	-
Altre consociate	0.0	0.3	-	0.0	0.0	-
Total Affiliated	**5.5**	**2.1**	**(0.8)**	**4.8**	**1.5**	**(99.7)**
JOINT CONTROLLED AND ASSOCIATES ENTITIES						
Alea Media	0.0	0.0	0.1	0.0	0.1	3.9
ALMA PRODUCTORA AUDIOVISUAL, S.L.	0.0	2.0	-	0.0	0.8	-
Auditel S.p.A.	-	4.4	-	-	0.9	-
Aunia Publicidad Interactiva SLU	0.0	0.0	-	0.2	0.0	-
Boing S.p.A.	4.9	12.6	0.0	3.3	10.5	(1.3)
Bulldog TV Spain, SL	(0.0)	15.1	-	-	12.0	0.8
Gruppo El Towers **	1.0	91.6	-	0.7	56.0	47.6
En Melodia Producciones SL	-	0.0	0.0	-	-	-
European Broadcaster Excange (EBX) Limited	-	-	-	-	-	-
Fascino Produzione Gestione Teatro S.r.l.	0.0	32.2	0.0	0.4	21.3	(6.8)
La Fabbrica De la Tele SL	0.0	14.0	-	-	5.2	0.1
Mediamond S.p.A.	53.1	0.7	0.0	53.1	1.8	(4.6)
Nessma Lux S.A.**	-	-	0.0	-	-	3.5
Pagoeta Media SL	-	-	-	-	-	-
Produciones Mandarina SL	0.0	1.1	-	0.0	0.5	0.0
Studio 71 Italia S.r.L.	-	0.1	-	-	0.0	-
SUPERGUIDATV S.r.l.	-	0.2	-	-	0.1	-
Titanus Elios S.p.A.	-	2.4	-	0.0	0.0	3.3
Tivù S.r.l.	0.2	0.6	-	0.1	0.5	0.2
Unicorn Content SL	0.0	9.8	-	0.0	4.3	-
Total Joint controlled and affiliates entities	**59.3**	**187.1**	**0.1**	**57.9**	**114.0**	**46.7**
KEY STRATEGIC MANAGERS (***)	**-**	**1.4**	**-**	**-**	**0.1**	**(8.8)**
PENSION FUND (Mediafonf)	**-**	**-**	**-**	**-**	**-**	**(0.7)**
OTHER RELATED PARTIES******	**0.0**	**0.1**	**-**	**0.0**	**0.0**	**0.0**
TOTAL RELATED PARTIES	**64.8**	**193.2**	**(0.7)**	**62.6**	**115.7**	**(62.5)**

* The figure includes the company and its subsidiaries, affiliates or jointly controlled companies.
** The figure includes the company and its subsidiaries.
*** the figure includes the directors of Mediaset S.p.A. and of Fininvest S.p.A., their close family members and companies in which these persons exercise control, joint control or significant influence or in which they hold, either directly or indirectly, a significant stake of no less than 20%, of the voting rights.
**** The figure includes transactions with several consortiums that mainly carry out activities connected with the television signal transmission operational management.

Revenues and *trade receivables* due from associated entities mainly relate to the sales of television advertising space. the *costs* and the related *trade payables* mainly refer to purchases of television productions and broadcasting rights and to the fees paid to associates for the sale of advertising space managed through exclusive concessions by Group companies.

The item *other receivables/(payables)* mainly refers to payables for loans and credit facilities due to affiliate companies, intercompany current accounts and loans given to associates.

This item includes EUR 100.0 million relating to the drawdown of committed credit facilities agreed by Mediobanca and Mediaset S.p.A.,

During the half year dividends were also received from associates and joint ventures for a total of EUR 20.8 million.

11. Guarantees and commitments

The overall value of guarantees received, mainly bank guarantees, for receivables from third parties totalled EUR 13.5 million and relate to the Mediaset España Group (EUR 17.4 million at 31 December 2018).

In addition, bank guarantees in favour of third party companies were issued for a total amount of EUR 104.6 million (EUR 109.7 million at 31 December 2018). Of this amount, EUR 88.8 million were issued by the Mediaset España Group (EUR 108.7 million at 31 December 2018).

The main commitments of the Mediaset Group can be summarised as follows:

- commitments for the acquisition of television and movie broadcasting rights (free and pay), totalling EUR 708.2 million (EUR 884.1 million at 31 December 2018). These future commitments relate mainly to volume deal contracts of the Mediaset Group with some of the leading American TV producers.
- commitments related to the acquisition of content, sport events and rental contracts totalling EUR 19.3 million to associates (EUR 24.0 million at 31 December 2018).
- commitments for artistic projects, television productions and press agency contracts of approximately EUR 155.8 million (EUR 222.9 million at 31 December 2018), of which EUR 22.7 million due to Related Parties;
- commitments for digital broadcasting capacity services of EUR 86.9 million (EUR 111.4 million at 31 December 2018);
- commitments to the EI Towers Group of approximately EUR 968 million (EUR 1,051 million at 31 December 2018) relating to the long-term contract for hospitality, support and maintenance services (full service), ending 30 June 2025.
- commitments for the purchase of new equipment, multi-year rents and leases, the supply of EDP services and commitments to trade associations for the use of intellectual property rights totalling EUR 107.5 million.

12. Movements resulting from atypical and/or unusual transactions

Pursuant to Consob Communication no. DEM/6064296 of 28 July 2006 it is hereby stated that in the first half of 2019 no atypical and/or unusual transactions were carried out by the Group as defined by the above Communication.

13. Subsequent events

For subsequent events, reference should be made to the section entitled *Events after 30 June 2019* in the Interim Report on Operations.

for the Board of Directors
the Chairman

LIST OF EQUITY INVESTMENTS INCLUDED IN THE GROUP'S CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

(valori in milioni di euro)

ompanies consolidated on a line-by-line basis	Registered Office	Currency	Share Capital	% held by the Group (*)
ediaset S.p.A.	Milan	EUR	614.2	0.00%
Publitalia '80 S.p.A.	Milan	EUR	52.0	100.00%
Digitalia '08 S.r.l.	Milan	EUR	10.3	100.00%
PubliEURpe Ltd.	London	GBP	5.0	100.00%
Adtech Ventures S.p.A.	Milan	EUR	0.1	75.82%
R.T.I. S.p.A.	Rome	EUR	500.0	100.00%
Blu Ocean S.r.l. (in liquidazione)	Milan	EUR	0.0	100.00%
Elettronica Industriale S.p.A.	Lissone (MB)	EUR	363.2	100.00%
Medusa Film S.p.A.	Rome	EUR	120.0	100.00%
Monradio S.r.l.	Milan	EUR	3.0	80.00%
Taodue S.r.l.	Rome	EUR	0.1	100.00%
Medset Film S.a.s.	Parigi	EUR	0.1	100.00%
R2 S.r.l.	Milan	EUR	0.1	100.00%
Mediaset Investment N.V.	Amsterdam	EUR	0.0	100.00%
Radio Mediaset S.p.A.	Milan	EUR	7.4	100.00%
Radio Studio 105 S.p.A.	Milan	EUR	0.8	100.00%
Radio Aut S.r.l.	Loc.Colle Bensi PG)	EUR	0.0	100.00%
Radio Subasio S.r.l.	Assisi (PG)	EUR	0.3	100.00%
RMC Italia S.p.A.	Milan	EUR	1.1	100.00%
Virgin Radio Italy S.p.A.	Milan	EUR	10.1	99.99%
Mediaset España Comunicaciòn S.A.	Madrid	EUR	168.4	51.63%
Advertisement 4 Adventure, SLU	Madrid	EUR	0.0	51.63%
Publiespaña S.A.U	Madrid	EUR	0.6	51.63%
Publimedia Gestion S.A.U.	Madrid	EUR	0.1	51.63%
Netsonic S.L	Barcelona	EUR	0.0	51.63%
Netsonic S.A.C.	Lima	SOL	0.0	51.58%
Grupo Editorial Tele 5 S.A.U.	Madrid	EUR	0.1	51.63%
Telecinco Cinema S.A.U.	Madrid	EUR	0.2	51.63%
Conecta 5 Telecinco S.A.U.	Madrid	EUR	0.1	51.63%
Mediacinco Cartera S.L.	Madrid	EUR	0.1	51.63%
Concursos Multiplataforma S.A.	Madrid	EUR	0.6	51.63%
Produccion y Distribucio de Contenidos Audiovisuales Mediterraneo SLU (ex Sogecable Editorial S.L.U.)	Madrid	EUR	0.3	51.63%
El Desmarque Portal Deportivo SL	Sevilla	EUR	0.0	30.98%
Megamedia Television S.L.	Madrid	EUR	0.1	33.56%
Supersport Television S.L.	Madrid	EUR	0.1	32.27%

ssociates and joint ventures	Registered Office	Currency	Share Capital	% held by the Group (*)
Agrupacion de interés Economico Furia de Titanes II A.I.E.	Santa Cruz de Tenerife	EUR	0.0	17.55%
Alea Media SA	Madrid	EUR	0.1	20.65%
Auditel S.r.l.	Milan	EUR	0.3	26.67%
Aunia Publicitad Interactiva SLU	Madrid	EUR	0.0	25.82%
Boing S.p.A.	Milan	EUR	10.0	51.00%
Bulldog TV Spain SL	Madrid	EUR	0.0	15.49%
EI Tower S.p.A.	Lissone	EUR	2.8	40.00%
EURpean Broadcaster Exchange (EBX) Limited	London	GBP	1.5	18.95%
Fascino Produzione Gestione Teatro S.r.l.	Rome	EUR	0.0	50.00%
La Fabrica De La Tele S.L.	Madrid	EUR	0.0	15.49%
Melodia Producciones SL en liquidacion	Madrid	EUR	0.0	20.65%

(*) The Group stakes have been calculated without taking into account treasury shares hold by subsidieries

(valori in milioni di euro)

Mediamond S.p.A.	Milan	EUR	2,4	50,00%
Nessma S.A.	Luxembourg	EUR	11,3	34,12%
Nessma Broadcast S.a.r.l.	Tunis	DINARO	1,0	32,30%
Producciones Mandarina S.L. in liquidazione	Madrid	EUR	0,0	15,49%
Titanus Elios S.p.A.	Rome	EUR	5,0	30,00%
Tivù S.r.l.	Rome	EUR	1,0	48,16%
Studio 71 Italia S.r.l.	Cologno Monzese (MI)	EUR	0,1	49,00%
Superguidatv S.r.l.	Napoli	EUR	1,4	49,00%
Unicorn Content SL	Madrid	EUR	0,0	15,49%

;uity investments held as "Available for sale"	**Registered Office**	**Currency**	**Share Capital**	**% held by the Group (*)**
21 Buttons App SL	Barcelona	EUR	0,0	4,30%
Aranova Freedom S.C.aR.L	Bologna	EUR	0,0	13,33%
Ares Film S.r.l.	Rome	EUR	0,1	5,00%
Audiradio S.r.l. (in liquidazione)	Milan	EUR	0,0	9,50%
Blooming Experience SL	Valencia	EUR	0,0	3,98%
ByHours Travel S.L.	Madrid	EUR	0,0	2,74%
Check Bonus S.r.l.	Milan	EUR	0,8	15,90%
Class CNBC S.p.A.	Milan	EUR	0,6	10,90%
Club Dab Italia Società Consortile per Azioni	Milan	EUR	0,2	10,00%
Deporvillage S.L.	Barcelona	EUR	0,2	13,46%
Hundredrooms S.L.	Palma de Mallorca	EUR	0,6	4,91%
Innovacon y Desarrollo Nuevos	Madrid	EUR	0,0	3,60%
Job Digital Networks SL	Barcelona	EUR	0,0	12,19%
Kirch Media GmbH & Co. Kommanditgesellschaft auf Aktien	Unterföhring (Germany)	EUR	55,3	2,28%
Midnight Call S.r.l.	Reggio Emila	EUR	0,0	9,35%
Playspace SL	Palma di Maiorca	EUR	0,0	4,69%
Radio e Reti S.r.l.	Milan	EUR	1,0	10,00%
Romaintv S.p.A. (in liquidazione)	Rome	EUR	0,8	13,64%
ProSiebenSat.I Media SE	Unterföhring (Germany)	EUR	226,1	9,60%
ProSiebenSat.I Digital Content GP Ltd	London	GBP	0,0	12,18%
ProSiebenSat.I Digital Content LP	London	GBP	0,0	12,12%
Spotted GmbH	Mannheim (Germania)	EUR	0,1	16,67%
Springlane Gmbh	Dusseldorf	EUR	0,1	8,09%
StyleRemains GmbH	Hamburg	EUR	0,0	5,65%
Tavolo Editori Radio S.r.l.	Milan	EUR	0,0	16,04%
Westwing Group Gmbh (già Jade 1290 Gmbh)	Munich	EUR	0,1	1,93%

(*) The Group stakes have been calculated without taking into account treasury shares hold by subsidiaries

Mediaset Group

Statement concerning the
Condensed Half-Year Financial Statements
in compliance with Art. 154-bis of
Italian Law Decree 58/98

Statement concerning the Condensed Half-Year Financial Statements in Compliance with Art. 154-bis of Italian Law Decree 58/98

1. The undersigned, Mr. Fedele Confalonieri, Chairman of the Board of Directors, and Mr. Luca Marconcini, Senior Executive Manager, responsible for the drafting of the corporate accounting documentation, of the company Mediaset S.p.A., also in compliance with the provisions set out in Art. 154-bis, par. 3 and 4 of Italian Law Decree No.58 of 24 February 1998, hereby declare:

   • the adequacy in relation to the Group's characteristics and

   • the effective application

   of the administrative and accounting procedures for the drafting of a condensed financial statements for the first half of 2019.

2. The valuation of the adequacy of the administrative and accounting procedures for the drafting of the condensed financial statements as at 30 June 2019 was carried out based on the standards and criteria defined by Mediaset S.p.A. consistently with the *Internal Control – Integrated Framework* model issued by the *Committee of Sponsoring Organizations of the Treadway Commission*, which groups together a set of general principles of reference for internal control generally accepted at the international level.

3. We also hereby declare that:

3.1 the condensed half-year financial statements:

   a) have been drafted in compliance with the applicable international accounting principles acknowledged at the EU level pursuant to EC regulation No. 1606/2002 of the EU Parliament and Council of 19 July 2002 and, in particular, IAS 34 – *Interim Financial Reporting,* as well as the provisions set out for the implementation of Art. 9 of Italian Law Decree No. 38/2005;

   b) reflect the accounting books and entries;

   c) provide a true and fair description of the financial position and results of operations of the Company and the businesses included in the consolidation area;

3.2 the half-year report on operations includes references to relevant events that have occurred in the first half of the year, their impact on the condensed half year financial statements and a description of the main risks and uncertainties for the remaining six months of the fiscal year under investigation as well as information on the relevant operations with related parties.

Date: 30th September 2019

For the Board of Directors
The Chairman

(Fedele Confalonieri)

The Senior Executive Manager responsible for the drafting of corporate accounting documents

(Luca Marconcini)

Mediaset Group

Auditors' review report on the interim condensed consolidated financial statements

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REPORT ON REVIEW OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of
Mediaset S.p.A.

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Mediaset S.p.A. and subsidiaries (the "Mediaset Group"), which comprise the interim consolidated statement of financial position as of June 30, 2019 and the interim consolidated income statement, interim consolidated statement of comprehensive income, interim consolidated cash flows statement and the interim consolidated statement of changes in shareholders' equity for the six month period then ended, and the related explanatory notes. The Directors are responsible for the preparation of the interim condensed consolidated financial statements in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on the interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with the criteria recommended by the Italian Regulatory Commission for Companies and the Stock Exchange ("Consob") for the review of the interim financial statements under Resolution n° 10867 of July 31, 1997. A review of interim condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements of the Mediaset Group as at June 30, 2019 are not prepared, in all material respects, in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union.

Deloitte.

Emphasis of Matter

We draw attention to Note 4 of the interim condensed consolidated financial statements, which describes the plan for the cross-border merger of Mediaset S.p.A. (hereinafter "Mediaset") and Mediaset España Comunicacìon S.A. (hereinafter "Mediaset España") into Mediaset Investment N.V., a Dutch directly wholly owned subsidiary of Mediaset, which will take the name "MFE – MediaForEurope N.V." (hereinafter "MFE"). As reported in the abovementioned Note 4, following the closing of the merger, each shareholder of Mediaset and Mediaset España (except for Mediaset), will receive MFE shares based on the defined exchange ratios. The ordinary shares of MFE will be listed on the Mercato Telematico Azionario and on the Spanish Stock Exchanges. MFE will be tax resident in Italy.
The merger has been approved by the shareholders' meetings of Mediaset and Mediaset España on September 4, 2019. Following these approvals, the transaction will be completed subject to certain conditions precedent being met including, among others, the amount of cash, if any, to be paid to the shareholders exercising their withdrawal right, the obtainment of the necessary authorizations by the competent authorities and the admission to the listing on the Mercato Telematico Azionario. Following the fulfillment of the foreseen conditions precedent, the merger effectiveness is expected in the fourth quarter of 2019. Our opinion is not modified in respect of this matter.

DELOITTE & TOUCHE S.p.A.

Signed by
Patrizia Arienti
Partner

Milan, Italy
September 30, 2019

This report has been translated into the English language solely for the convenience of international readers.