
NINE MONTHS 2020 RESULTS

January – September 2020

MEDIASET*españa.*



Madrid – October 28th, 2020

CONTENTS

1. Financial and Operating highlights
2. Operating KPI's
 - 2.1 TV Consumption
 - 2.2 Audience share
 - 2.3 Content mix
 - 2.4 Associated & Participated Companies
 - 2.5 Internet
3. Profit and loss account
4. CAPEX
5. Balance sheet
6. Cash flow generation
7. Media For Europe (MFE)
8. Events following the close of the period
9. Definition of APMs
10. Contact

Conference Call / Web cast details

28th October 2020 at **18:30 CET** (17:30 UK Time)

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I. FINANCIAL AND OPERATING HIGHLIGHTS

mill. EUR	3Q2020	3Q2019	Var (%)	9M2020	9M2019	Var (%)
Total net revenues	171,5	178,3	(3,8%)	546,6	660,7	(17,3%)
Total operating costs	(121,0)	(137,3)	(11,9%)	(396,6)	(456,8)	(13,2%)
EBITDA Adj. ⁽¹⁾	50,5	41,0	23,3%	150,1	203,9	(26,4%)
EBITDA margin	29,4%	23,0%		27,5%	30,9%	
EBIT	44,0	36,0	22,3%	132,9	190,2	(30,1%)
EBIT margin	25,6%	20,2%		24,3%	28,8%	
NET PROFIT	33,2	29,6	12,3%	103,2	157,0	(34,2%)
EPS ⁽²⁾	0,11	0,09		0,33	0,50	
Free Cash - Flow				119,77	168,07	
Net Cash/ (Debt) Position				25,11	134,27	

(1) EBITDA Adj. includes TV rights consumption

(2) excluding any treasury shares as at 30.09

- **Infoadex** reported that the Audiovisual **Advertising market (TV+Digital*)** in the first nine months 2020 was **€1,588.9 million**, with the **TV ad market** being **€1,067.6 million** and the **Digital* ad market** **€521.3 million**. **Mediaset España's Audiovisual market share** in the period, as per the above figures, is **30.4%**.
- **Mediaset España' Total Net Revenues** in the first nine months 2020 amounted to **€546.6 million** compared to **€660.7 million** from the same period last year **(-17.3%)**. In the **third quarter** Total Net revenues were **€171.5 million**, **-3.8%** vs the same quarter 2019.
- In the **first nine months 2020**, **Mediaset España** registered an **EBITDA** of **€150.1 million (-26.4%)** whilst it obtained **€50.5 million EBITDA** in the **third quarter (+23.3%)**.
- **Net profit** in the **first nine months 2020** reaches **€103.2 million (-34.2%)** whilst in the **third quarter 2020** net profit was **€33.2 million (+12.3%)**.
- **Net Cash position** as at **30th September 2020** is **€25.1 million** whilst **Free Cash Flow** for the same period amounts to **€119.8 million**.
- **Mediaset España** lead audiences in the period **January-September 2020** with a **28.6% audience share** and a **29.6% commercial target**, both in total individuals total day.
- In the period **January-August 2020**, **Mediaset España** registered a **monthly average** of **18.3 million unique users/viewers** and **393 million videos streamed on the internet**. (Source: ComScore. Sept data not available.).
- At the end of September **Mediaset España** holds a **9.75% stake in ProSiebenSat**, **4.25%** of which was acquired in the first quarter 2020.
- As at **30th September 2020** **Mediaset España** holds **14,269,073** treasury shares, representing **4.36%** of the **share capital** of the company.
- Due to the **Covid 19** pandemic, **Mediaset España** implemented a thorough health and safety protocol immediately after the state of emergency was declared, this protocol is still in force today. **Mediaset España** obtained **AENOR certification** for the implementation of best practices due to the **Covid 19 outbreak**.

*Digital- Websites as reported by Infoadex

2. OPERATING KPI's

2.1 TV CONSUMPTION

The **daily average total TV consumption per person per day, 4 years old +**, in the **first nine months 2020 is 239 minutes**, which is the second highest amount of TV viewing time ever recorded, only after **2012 and 2013 both with 241 minutes** per person/per day. Also compared to the same period 2019, **TV viewing time has increased by 8.8%** (+19 minutes per person/per day). These figures **do not include television viewed** on devices such as tablets, mobiles, computers, etc...

In the **first nine months 2020, TV consumption in the Mediaset España Group** as well as in the **Telecinco** channel was greater than it's direct competitor. Also in this same period, **Cuatro** is the channel that sees the **largest increases in TV consumption** (+12.9%) in comparison with the same period 2019.

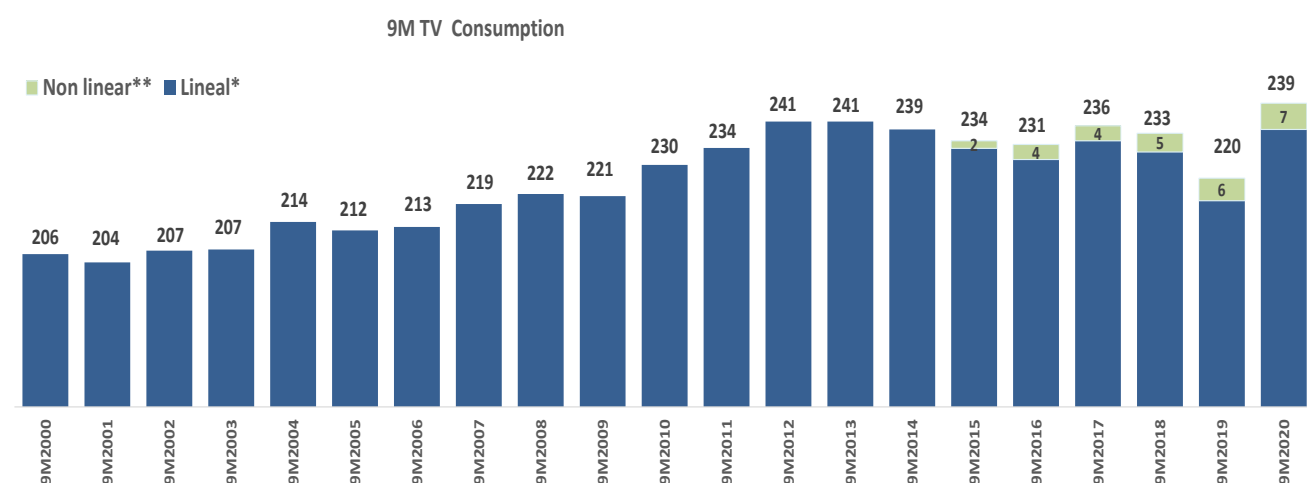
The strong increase in TV consumption, in the nine month period, is due to the **lockdown measures** taken as a consequence of the Covid19 outbreak. **April** registered the **highest TV consumption ever with 303 minutes per person/per day**. TV consumption recovered standardised levels once the lockdown was lifted on 21st June 2020, however the **third quarter 2020 TV consumption (205 minutes per person/per day) was still up** compared to the **same quarter 2019 (197 minutes per person/per day), +4.1%**, and +8 minutes per person /per day.

Television has proven, throughout the Covid19 crisis, **to have a relevant role** in homes, being a **reference for information and entertainment amongst the population**.

In the first nine months 2020, **linear TV consumption** ⁽¹⁾, amounted to **232 minutes** and represented **97.1% of the TV total consumption** (239 minutes).

Time Shift ⁽²⁾, the TV consumption within the **seven days after first broadcast**, totals **7 minutes** in the **first nine months 2020**, which represents **2.9% of total TV consumption**.

The **average daily television viewers, total day**, in the period stands at **7.3 million people**.



1) Linear includes guests TV consumption.-TV consumption from friends, family etc. visiting, measured since March 2017.

2) Time shift viewing: is the TV consumption within the 7 days following the first broadcast.

2.2 AUDIENCE SHARE

	Jan-Sep' 20		Jan-Sept'19	
	Total Individuals	Commercial Target	Total Individuals	Commercial Target
MEDIASET ESPAÑA				
Total Dia	28,6%	29,6%	28,8%	30,5%
Prime Time	27,5%	28,5%	28,4%	29,0%
TELECINCO				
Total Dia	14,5%	14,1%	14,5%	13,7%
Prime Time	13,9%	13,5%	14,6%	13,3%
CUATRO				
Total Dia	5,5%	6,2%	5,3%	6,4%
Prime Time	6,0%	6,8%	5,9%	7,1%
DIVINITY				
Total Dia	1,9%	2,2%	2,0%	2,4%
Prime Time	1,6%	1,9%	1,6%	1,9%
BOING				
Total Dia	1,1%	0,9%	1,1%	0,8%
Prime Time	0,9%	0,7%	0,9%	0,7%
ENERGY				
Total Dia	2,3%	2,5%	2,4%	2,9%
Prime Time	2,1%	2,1%	2,1%	2,3%
BE MAD tv				
Total Dia	0,7%	0,8%	0,6%	0,7%
Prime Time	0,7%	0,7%	0,5%	0,7%
FDF				
Total Dia	2,6%	3,1%	2,8%	3,6%
Prime Time	2,4%	2,7%	2,7%	3,1%

In the **first nine months 2020**, the **Mediaset España Group** has led audiences with a **28.6% share** and a **29.6% commercial target**, both in **total individuals total day**, which is **an advantage of +2.5pp and +2.1 pp, respectively**, over its nearest competitor. **Mediaset España** obtains its best performance in the **4-12 year old group** (29% share), **13-24 year old group** (32.5% share) and **25-34 year old group** (31.2% share).

In **Prime Time**, it also led audiences for the seventh consecutive year, in a **nine month period**, with a **27.5% share, +1.5pp ahead** of its nearest competitor. The Group also led in Prime Time commercial target where it achieved **28.5% share**, this is **+1.0 pp ahead** of its nearest competitor.

Telecinco is the most watched channel in the **first 9 months 2020** in total individuals total day, **with an audience of 14.5% and commercial target of 14,1%, this is an advantage of +3pp against its nearest competitor (11.5% and 14.1% respectively)**. Also, the Telecinco channel has been **leading audiences for 25 consecutive months**.

In Prime time **Telecinco** is also the preferred channel among the audience and obtains a **13.9% share in total individuals /total day** in the period, also leading **commercial target with 13.5% share** and advantage of **+1.8pp and +0.8pp respectively against its nearest competitor**.

The new programming season starting in September has brought to the **Telecinco channel** programs such as **“Idol kids”, “Love Island”, “Mi casa es la tuya”** amongst others. Also in this new season **Mediaset España Group** premiered new in house produced programs like **“Informe Covid”** which has been very successful among the audience.

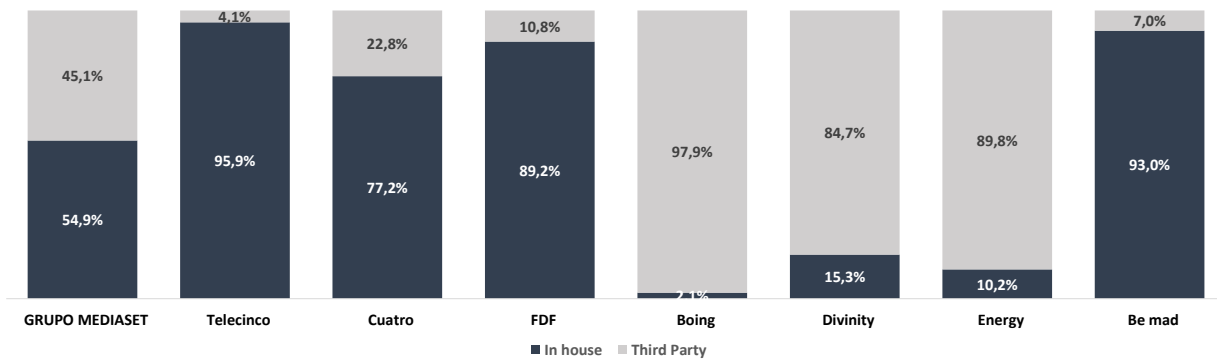
The **Cuatro** channel, on the other hand, obtained an audience share **in total individual’s total day of 5.5%** and a **commercial target of 6.2% in the first 9 months 2020**, whilst in **prime time** it registered an **audience of 6.0%** and **6.8%** in commercial target. **Cuatro** is the channel with **the best target conversion in prime time, +0.8**.

The **targeted channels**, Divinity, Boing, Energy, Be Mad and FDF, **obtained a total of 8.6% audience share** in the period **whilst achieving 9.5%** in commercial target. The different channels audience’s at **the end of September** in their targets are as follows: **FDF**, the most watched thematic channel, in its target **of 13 to 24 year olds** achieved **6.9%** audience share and in **25 to 34 year olds 4.5%**. **Divinity** channel had a **2.6% audience share in its target of 16 to 44 year old women**, **Energy** channel obtained a **2.6% share** in its target, **25 to 54 year old men**. **Boing**, the children’s channel, reached an **11.2%** share in its target of **4 to 12 year olds**. **Be Mad** registers a **0.9% share** in its **target of 25-54 year old men**.

2.3 CONTENT MIX

In the first nine months 2020 Mediaset España's in-house production represented 54.9% of the total broadcasted hours, which is an increase of +3.6pp compared to the same period last year (51.3%).

Third party rights, on the other hand were 45.1% of the total broadcasted hours in the same period. The distribution of in-house and third party broadcasted hours, in the first nine months 2020 across the seven Group channels was as follows:



Source: Kantar Media

The two main channels, Telecinco and Cuatro combined, have devoted 86.6% of their broadcasted hours to in-house production in the period January-September 2020, this is +0.7 pp more than the same period last year (85.8%).

With regard to the rest of the channels, Be Mad and Energy showed the greatest change in the mix in the period, compared to the same period 2019. Be Mad has increased its in-house production broadcasted hours by +11.0pp to 93.0%, whilst Energy has increased its in-house broadcasted hours by +6 pp to 10,2% in the same period.

2.4 ASSOCIATED & PARTICIPATED COMPANIES

Produccion Audiovisual Mediterraneo is Mediaset España's content unit that gathers all the Group's stakes in the different production companies. As at September 30th 2020, the Group has 7 associated and 4 participated production companies which are specialized in different types of content. The Group's associated production companies are: Producciones Mandarin, (30.0%), La Fábrica de la Tele (30.0%), Alea Media (40.0%), Bulldog (30.0%), Alma Producciones (30.0%), Unicorn (30.0%) and Fenix Media Audiovisual (40%) which was incorporated into the consolidation perimeter in the first quarter of 2020. The participated companies of the Group were: Supersport, (62.5%), Megamedia, (65%) and El Desmarque, (60%). The Group also has its cinema production unit, Telecinco Cinema, where it holds a 100% share.

In September Mediaset España announced the acquisition of 51% of BE A LION, a company that offers end to end advertising solutions within the digital and social network environments to enhance commercial actions and impact more effectively on the targeted audience. BE A LION is also a reference in the market for branded content and its distribution on social networks.

2.5 INTERNET

In the months January-August 2020, the **internet video consumption** (multiplatform since March 2017) reached **42 minutes per person/per day** for total Individuals, and represents **14.9%** of the total daily average audiovisual consumption, (282 minutes/per person/day) reaching **102 minutes per person/per day** in the **18-24 year old group**. In the same period, Mediaset España obtained a **monthly average of 18.3 million unique users** and **393 million videos streamed**, (multiplatform data), which are an increase of **+17% and +9%**, respectively, compared to the nine months 2019.

(Source: Company, Kantar & Comscore. September data not available).

	Total Unique users (000)	Total Page Viewed (million) ⁽¹⁾	Videos (000) ⁽²⁾	Minutes (million) ⁽³⁾
Agosto 2020	17.508	201	270.399	593
July 2020	17.518	252	371.217	964
June 2020	16.854	243	394.981	947
May 2020	18.831	231	368.043	983
April 2020	18.686	242	367.517	1.061
March 2020	18.988	286	399.575	1.054
February 2020	18.921	372	531.387	1.388
January 2020	18.820	355	441.411	1.332

Source: Comscore. All data Multiplatform.

From January to August 2020, **Mediaset España Group** ranks third in the **global video ranking** with a total of **3.145 million video streamed** only behind Google and Vebo, setting a record in February with 532 million videos streamed. Based on these numbers, **Mediaset España is leader** in the communication media sector with **9.941 million minutes** well ahead of its nearest competitor (+54.6%). **Telecinco’s** unique users **has grown by 26%** in the first nine months 2020 compared to the same period 2019 and registered a **monthly average of 10.6 million unique users** whilst in the same period **Cuatro** obtained **4.1 million unique users** and a total of **143 million videos streamed**.

On the other hand, **Mitele.es**, is the most demanded TV OTT platform with a total of **1,672 million videos streamed** since January 2020 well ahead of Atresplayer. During the **third quarter 2020** the strategy followed by the Group lead to a record figure of more than **180.000 subscriptions** in August. **MitelePlus basic package** adds more than 23,000 subscriptions in the months of **August and September**, whilst **Mitele Plus Internacional has more than 10,000 active users**. In September “Solo/Sola”, the first 24 hour live **Mitele Plus reality** was launched, a format produced entirely by Mediaset España only available as a premium content. “Love Island” also stands out as the most demanded content on digital since its premier (end of September). At the beginning of August, the Mediaset España Group launched a new platform, **Mitele CLUB**, free to all users of **Mitele Plus with an annual subscription**, that offers exclusive experiences related to the **Group’s programs and stars**, special promotions, access to debates in the Mediaset España community etc..

In the area of **native digital content**, **Mtmad** has had an outstanding performance **growing** its video streamed in the first nine months of 2020 by **+44%**. **El Desmarque** registered **4.9 million unique users**, setting its record high in May with 6.5 million unique users, whilst **Nius**, less than a year since it launched, registers 3.1 million unique users and recorded its best figure in April with 4.5 million unique users.

Overall, Mediaset España had an **excellent performance in its digital business**, with a substantial improvement in its main drivers: **unique user and video streamed** as well as very successful development and implementation of new projects within the digital arena.

Source: Comscore & Omniture

3. PROFIT AND LOSS ACCOUNT

mill. EUR	3Q2020	3Q2019	Var (%)	9M2020	9M2019	Var (%)
Gross Advertising Revenues	163,2	171,2	(4,7%)	488,3	644,0	(24,2%)
Mediaset España's Media	157,7	168,9	(6,6%)	478,9	633,5	(24,4%)
Third Party Media	5,5	2,2	145,8%	9,4	10,6	(10,7%)
Commission	(7,0)	(7,1)	(0,8%)	(18,1)	(27,5)	(34,2%)
Net advertising revenues	156,2	164,1	(4,8%)	470,2	616,5	(23,7%)
Other revenues	15,3	14,2	8,2%	76,4	44,2	72,8%
Total Net Revenues	171,5	178,3	(3,8%)	546,6	660,7	(17,3%)
Rights Amortisation	(23,7)	(20,0)	18,8%	(70,8)	(80,4)	(12,0%)
Personnel	(28,2)	(29,7)	(5,0%)	(84,6)	(88,4)	(4,3%)
Other operating costs	(69,1)	(87,7)	(21,2%)	(241,1)	(288,0)	(16,3%)
Total Costs	(121,0)	(137,3)	(11,9%)	(396,6)	(456,8)	(13,2%)
EBITDA	50,5	41,0	23,3%	150,1	203,9	(26,4%)
<i>EBITDA Margin</i>	29,4%	23,0%		27,5%	30,9%	
Other amortisations, provisions	(4,5)	(3,0)	50,1%	(11,06)	(7,73)	43,1%
Amortisation PPA	(2,0)	(2,0)	2,4%	(6,14)	(6,00)	2,4%
EBIT	44,0	36,0	22,3%	132,9	190,2	(30,1%)
<i>EBIT Margin</i>	25,6%	20,2%		24,3%	28,8%	
Equity Cons. Results and Depr. Fin. Assets	0,2	0,4	(50,6%)	1,9	5,3	(64,1%)
Financial results	(0,1)	(0,1)	-	(0,4)	(0,1)	-
Pre-tax Profit	44,0	36,3	21,5%	134,4	195,5	(31,2%)
Income taxes	(10,2)	(6,1)	67,8%	(29,5)	(37,3)	(20,7%)
Minority interests	(0,7)	(0,6)	10,4%	(1,7)	(1,2)	35,6%
Net Profit	33,2	29,6	12,3%	103,2	157,0	(34,2%)
<i>Net Profit Margin</i>	19,4%	16,6%		18,9%	23,8%	
EPS (excluding Treasury shares)	0,11	0,09		0,33	0,50	

Infoadex reports that **conventional advertising market**, in the first **nine months 2020**, stands at **€3,309.4 million** compared to the **€4,251.4 million** from the same period last year, a **22.2% reduction**.

The **Audiovisual Ad market** (TV + Webs*) was **€1,588.9 million**, -21% compared to the same period 2019 (€2,010.7 million) where Mediaset **España** had a **market share**, as per the above figures, of **30.4%**.

The **TV ad market**, in the nine months to September 2020, was **€1,067.6 million**, -24.4% compared to the same period 2019 (€1,412.2 million). Mediaset **España**, as per Infoadex figures obtained a **TV ad market share of 43.0% (€459.0 million)**.

The **Digital* ad market** reached **€521.3 million** in the period, -12.9% compared to the same period 2019 (€598.1 million).

*Digital.- Websites as reported by Infoadex.

The **TV advertising market performance** in the period **January-September** (-24.4%) has been affected by the **Covid19 outbreak**, where the **second quarter 2020** the TV advertising market **shrunk by -50.0%** whilst the **third quarter reduced by just -3.5%** as a result of an improvement in the Covid19 situation and the lifting of the lockdown and of the social distancing measures across most territories.

Gross Advertising Revenues in the **first nine months 2020** amounted to **€488.3 million**, compared to the **€644.0 million** from the same period last year. A **breakdown** of the aforementioned revenues is as follows:

- **Gross Advertising Revenues of Mediaset España's Media** include **advertising revenues** from, **Internet, Teletext**, and the **Group's 7 TV channels: TELECINCO, CUATRO, FACTORIA DE FICCION, BOING, DIVINITY, ENERGY and BE MAD**. In the nine months to **30th September 2020** these revenues amounted to a total of **€478.9 million, -24.4% vs the same period 2019**. This deviation is due to the Covid19 crisis that has had an **uneven impact throughout 2020 quarters** with the **third quarter 2020 posting a -6.6%** in comparison with the sharp fall of the **second quarter -50.5%**, the most affected by the Covid19 crisis.
- **Gross third-party media revenues** in the **first nine months 2020** amounted to **€9.4 million**. Since July, digital advertising revenues from **BE A LION** are included in this caption line, taking **third quarter revenues to a total of €5.5 million (+145.8%)**.

Advertisement commissions in the **period** amounted to **€18.1 million**, representing **3.7%** over gross advertising revenues, a **reduction of -34.2%** in comparison with the same period last year.

Net advertising revenues, after commissions, amounted to a total of **€470.2 million**.

Other Revenues include income from **movie activities, content sales, Mitele Plus** subscriptions and production services for the **Real Madrid** channel.

In the **first nine months 2020**, **Other Revenues**, amounted to **€76.4 million** compared to the **€44.2 million from last year (+72.8%)**. An excellent performance of other revenues **despite lower cinema activity**, due to the Covid19 restrictions, where just one film was released in the period: **"Adu"** (January 2020). On the other hand, **content sales** had an outstanding performance in the period (**€33.5 million**) and has multiplied **almost four-fold, 3.8x**, 2019's figure (**€8.9 million**). Also, **Mitele Plus** had, as at September 30th, contributed with a total of over **138.000 subscriptions**.

Other Revenues represent, in the first nine months 2020, **14.0% of the Total Net Revenues**, compared to the 6.7% in the same period 2019, a step forward in the diversification of the **Mediaset España** business.

Total Net Revenues, for the first nine months 2020, amount to **€546.6 million**, compared to **€660.7 million** from the same period last year (**-17.3%**). A good performance for **Mediaset España** when considering the **very difficult situation caused by Covid19**. Looking at the **third quarter 2020**, the figure has improved notably with **Total Net Revenues of €171.5 million**, a difference of just -3.7% compared to the same quarter 2019 (€178.3 million).

Total Costs for the period **January-September 2020** amounted to **€396.6 million**, a reduction of **-13.2%** (€60.3 million) compared to the same period 2019.

These savings are due to the effective **cost management** exercised by **Mediaset España** under the difficult situation due to **Covid19**, where the Group had to **rearrange its programming grid** to suit the new situation and re-negotiate some of its operating costs with suppliers to **align the costs to the new circumstances**. All of these, taking into account the **preservation of the Group's audience share**.

Cost savings in **the first nine months 2020**, **€60.2 million**, represent **52.8% of the total revenue reduction** of the period.

Looking at the performance of the **costs by quarter**, we can see that the greatest effort in cost saving was in the **second quarter 2020** where the Group managed to save **€50.7 million (-31.0%)**, and coincides with the hardest part of the Covid19 outbreak. **Third quarter 2020**, a period with some recovery in the Covid19 situation, cost savings were **€16.3 million (-11.9%)**. The Group's **exceptional cost management** brings out the great flexibility of the company under these exceptional circumstances.

In the **first nine months 2020** Mediaset España obtained an **EBITDA** of **€150.1 million (-26.4%)** and **EBIT** of **€132.9 million (-30.1%)** representing **margins of 27.5% and 24.3%** respectively. In the **third quarter 2020**, **EBITDA was €50.5 million (+23.3%)** and **EBIT €44.0 million (+22.3%)**, a remarkable performance in the quarter by Mediaset España.

Pre-Tax profit for the nine months reaches **€134.4 million** which includes, the **consolidated result** from the **associate companies**, **€1.9 million financial results -€0.1 million**.

Mediaset España's Net Profit for the period **January-August 2020** was **€103.2 million (-34.2%)**.

In the **third quarter 2020** **Net profit was €33.2 million (+12.3%)**, an excellent result for the **Mediaset España Group**.

4. CAPEX

mill. EUR	<u>9M2020</u>	<u>9M2019</u>	<u>Var (%)</u>
Third party	54,7	80,8	(32,2%)
Fiction	21,6	42,5	(49,2%)
Co-Produccion/Distribution	4,3	21,0	-
Tangible and Intangible Fix Assets	4,0	7,3	(45,0%)
Total Capex	84,6	151,5	(44,2%)

Total Net Investment in the period January-September 2020 reached a total of **€84.6 million**, compared **€151.5 million** from the same period last year, **-44.2%**

In this period, the **Group** has invested a total of **€54.7 million in third party rights** and **€21.6 million in local fiction rights**. Also, **Net Investment in co-Production/Distribution** reached **€4.3 million** in the period, whilst **Tangible and intangible** fixed assets were **€4.0 million**.

Due to the Covid19 situation, the restrictions and lockdown measures adopted led to a **reduction of the local content production activity**, mainly in the second quarter 2020. **Production activity was resumed in the third quarter 2020** under strict safety measures.

5. BALANCE SHEET

mill. EUR	September 2020	December 2019
Tangible assets	844,5	758,0
Financial	619,3	520,2
Non Financial	225,2	237,8
Audiovisual rights and Pre-payments	179,6	170,8
Third parties	96,0	83,3
Fiction	56,2	58,5
Co-production / Distribution	27,5	29,0
Pre-paid taxes	76,9	70,0
TOTAL NON-CURRENT ASSETS	1.101,1	998,8
Current assets	232,3	293,5
Financial investments and cash	246,6	130,9
TOTAL CURRENT ASSETS	478,8	424,4
TOTAL ASSETS	1.579,9	1.423,1
Shareholders` equity	1.012,2	915,8
Non-current provisions	11,6	11,1
Non-current payables	52,5	38,4
Non-current financial liabilities	277,2	186,5
TOTAL NON-CURRENT LIABILITIES	341,2	236,1
Current payables	222,8	270,4
Current financial liabilities	3,7	0,9
TOTAL CURRENT LIABILITIES	226,5	271,3
TOTAL LIABILITIES	1.579,9	1.423,1

Throughout this period, *Mediaset España's* priority has been to enhance the financial position of the Group making sure that we are prepared for even the most adverse business conditions.

Preserving the existing cash and trying to maximize the free cash flow generation under these unprecedented business conditions created by the coronavirus pandemic have been key objectives whilst, at the same time, we have been able to undertake the additional investment of **4.25% in ProSieben Sat 1** with an extra amount of debt which is perfectly affordable in light of the prevailing financial metrics.

Mediaset España has credit lines available as at 30th September, for an amount of **€300 million** which ensures a **solid financial base going forward**. This number is north of what existed at December 31st, 2019 by **€45.0 million**, an amount which corresponds to two **new credit lines negotiated and approved during the first half of the year**, aiming at ensuring the maximum availability of financial resources in preparation for the coming months and always by reference to the uncertainties surrounding the evolution of the pandemic. The financial conditions of these new facilities are competitive even though the demand for liquidity has been very significant, which attests to the **sound financial position** of the Group as appreciated by the Banks.

6. CASH FLOW GENERATION

Despite the very difficult situation caused by Covid19, **Mediaset España's Operating Free Cash Flow** in the **nine months to September 2020**, was **€119.8 million** and its **net cash position** at the end of that period **€25.1 million**. This is **after the acquisition of an additional 4.25% stake in ProsiebenSat.1** in the first quarter of 2020, valued at **€61.3 million**, part of which was financed with debt.

Mediaset España has achieved a positive **Operating free cash flow** in the **third quarter 2020**, **€32.4 million** and **increased its cash position by +€27.3 million**, despite the **challenging circumstances** of the period.

mill. EUR	9M2020	9M2019	Var (M€)
Net profit (without minority interests)	104,9	158,2	(53,3)
Amortisation:	87,4	96,2	(8,8)
Rights	70,8	80,4	(9,6)
Other	16,6	15,9	0,8
Provisions	1,3	(1,1)	2,4
Other	(1,9)	16,3	(18,1)
OPERATING CASH FLOW	191,7	269,6	(78,0)
Investment in rights	(80,6)	(144,3)	63,6
Investments, other	(4,0)	(7,3)	3,3
Change in working capital	12,7	50,0	(37,3)
OPERATING FREE CASH FLOW	119,77	168,1	(48,3)
Own stock purchase	0,0	(94,6)	94,6
Change in Equity	(0,2)	0,2	(0,4)
Financial investments/disinvestments	(66,7)	(6,7)	(60,0)
Dividends received	2,5	1,7	0,8
Dividend payments	0,0	(100,0)	100,0
Net Cash Change	55,3	(31,2)	86,6
INITIAL FINANCIAL POSITION	(30,2)	165,5 *	(195,7)
FINAL FINANCIAL POSITION	25,1	134,3	(109,2)

(*) Adjusted at the beginning of the period due to NIIF16

Mediaset España has a strong **cash conversion rate of 79.8% in the period: free cash flow (€119.8 million)** and **EBITDA (€150.1 million)**.

7. MEDIA FOR EUROPE (MFE)

The **project MFE** was suspended after the announcement from the Madrid Court, on **August 5th 2020**, that the **interim measures were upheld**, in view of the impossibility to complete the Merger before the deadline provided by the Dutch law of 2nd October 2020.

8. EVENTS FOLLOWING THE CLOSE OF THE PERIOD

No relevant event after the close of the period.

9. DEFINITION OF APMs

The **Mediaset España Group's financial information** contains magnitudes in accordance with current accounting regulations, as well as other measures that have been prepared according to the Mediaset España Group's Reporting model, i.e., **Alternative Performance Measures (APM)**.

These measures are **considered as complementary magnitudes** with respect to those presented in accordance with the **International Financial Reporting Standards (IFRS)**.

APMs are important for **financial information** users as they are the measures used by Mediaset España's Management to evaluate financial performance, cash flows, financial situation or operational and strategic decision making. Its **purpose is to promote the publication of transparent, impartial and comparable financial information** to allow users a better understanding of its financial position and results.

Net Revenues:

Total revenue includes the Group net of discounts and rebates.

Adjusted EBITDA:

(*"Earnings before Interest, Tax, Depreciation and Amortisation"*) is an indicator that measures the companies operating margin before deducting interest, taxes, impairments and amortisation.

They are based on the operating benefits to which the provisions for the amortisation of tangible and intangible assets are added, as well as the variations in the working capital provisions.

Due to the specific nature of the business, the consumption of audio-visual rights is included in the operating expenses even though their accounting treatment is amortisation of intellectual property.

Free Operating Cash Flow:

Measures the generation of monetary resources corresponding to operating and investment activities, and is used to evaluate the funds available for dividend payments to shareholders or for future investment activities.

Generated Cash Flow:

Corresponds to the cash from the operating and investment activities that, once deductible, dividend payments, interest on financing and treasury stock determine the Group's financial variation.

Liquidity or Net Financial Position:

The Group measures the liquidity or Net Financial Position as the sum of "Cash and other equivalent liquid assets" of other current financial assets and short and long-term credit lines arranged at the end of the period corresponding to loans granted by financial entities with terms, amounts and other conditions agreed in the contract.

Net Investments:

These APMs are used by the Group's Management to measure the investment activity of each period, and corresponds to those operating investments made by the same and net of divestments. It includes that corresponding to joint ventures and other companies operationally managed as such.

Coverage Ratio:

The active / passive liquidity coverage ratio is calculated by dividing Current Assets between Current Liabilities, and is used to determine the number of times the Group could face the maturities of short-term commercial debt with the outstanding debt and the current liquidity.

10. CONTACT US

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