



Madrid, 18th April 2018

General Shareholders Meeting 2018 Paolo Vasile, CEO

This year's Shareholders' Meeting has been a special event for me, different from so many meetings that we have held since the company began listing on the Stock Market, on June 24, 2004, that company which was then called Gestevisión Telecinco. Giuliano Adreani, José Ramón Álvarez Rendueles, Ángel Durández, Alfredo Messina and Giuseppe Tringali have left Mediaset España's Board of Directors. Some of them for personal reasons, others due to obligatory compliance with the Corporate Governance's rules, given that independent directors cannot remain in their position for more than 12 years since their initial appointment.

The Board thanks all of them for the tasks carried out over these long, exciting and at sometimes difficult years. They have my full and affectionate personal gratitude: for the contribution of wisdom and professionalism that I have received and because during this time they have always made me feel supported, appreciated and understood. Especially in the most complex and difficult periods of Mediaset España's life, and being a communication company, the usual problems of industrial management add to the difficulties of editorial and political management.

So, while we affectionately say goodbye to the outgoing CEOs, we welcome the new ones that we are going to propose for this Meeting's approval, Consuelo Crespo Bofill, Javier Díez de Polanco, Cristina Garmendia Mendizábal, Gina Nieri and Niccolò Querci, who will become part of Mediaset España's Board of Directors. All of them professionals of the highest level who will provide this company with a great human and expert contribution. Welcome and thank you for agreeing to be part of our family.

2017 has been a year with a lot of negative talk -partly out of ignorance and partly out of convenience- regarding the industrial future of commercial television, Mediaset España has recorded its best data in the last nine years. This great result is entirely due to the ability with which Mediaset España's management team has faced all the challenges and has solved the multiple problems that have arisen during the year. It has even more merit if we consider that all advertising investment has been clearly lower than the forecasts and that television investment has increased by barely 1%.

A year, then, of great management, of measured and scrupulous use of content, of great cohesion and coordination between the editorial and the commercial sides of the business. This last aspect has probably been the most relevant to an extraordinary result in a "normal" year: the careful distribution of investments in the most significant time slots, targets and periods of the year for our viewers and our customers.

The truth is that this has always been the key to our television and all commercial televisions around the world, but I think Mediaset España has consolidated, year after year, a level of absolute excellence in controlling costs and opportunities, repeating all the historical records: absolute leadership in audience, maximum variety of content, full complementarity between advertising and publishing, control and optimisation of product costs and austerity in industrial management.

While many others seek, in the ever more mythical "change", an alibi for their own difficulties and an illusion in the face of an uncertain future, in Mediaset España we spend all our time following the "movement", interpreting its direction and demands, preventing the risks involved and ride the opportunities. The moving present is our obsession and moving with it, is our mission.

The centrality of private free to air television is confirmed more each day, both in terms of the audience's acceptance (who continue consuming four hours of television a day) and with regards to advertising investments. The arrival and very rapid evolution of digital communication, social networks, the OTT'S great film and fiction offer, and the payment platforms dethrone other traditional communication operators.

It is true that everything that did not exist before and now does exist, takes something away from all of us, but it also leaves our unique and unrepeatable ability to contact everyone at the same time intact, with the same message, with the same content, with the same emotion.

These are our qualities and none of the new proposals can dispute it.

Our viewers and also our clients have noticed this: there are no companies that consider the advertising investment in large commercial television channels to be absolutely irrelevant.

Investment in the Internet world continues to grow, and also grows for our activities on the web, but at the expense of other sectors, other forms of communication.

As I said before, when anything new comes about it certainly affects everyone either a lot or little, but at Mediaset España we think that in anything new, opportunity must be found to expand our scope of action, our cultural and industrial limits: the threats are external, not in our territory, not in the world of communication.

In recent years, our limits have expanded enormously, it was a region that has become a continent. A great territory that together with the other entities with whom we compete for the audience's attention and the client's investments, we now share with new operators, hopefully, always competing with loyalty and transparency.

We must learn to live with them and try all the paths that lead everyone to a productive collaboration. Thus, in the last year we have laid solid foundations for this coexistence: we have started to produce for Netflix and HBO through some of our production subsidiary companies and we have signed excellent contracts for the sale of programme rights produced by our channels. It is the beginning of a new adventure, of a new line of business.

A clear example of how to deal with the inconveniences imposed by progress or institutions is that of our film production activity.

Producing movies was certainly not one of our business priorities, quite the opposite. Years ago, a controversial law imposed an obligation on us to allocate an important part of our turnover towards the production of national and European films. The fact that it was itself a deficit business line,

did not serve as an excuse for us to lose money, on the contrary, we endeavoured to do this work, which was far from our activity, a television company's activity, in the best possible way.

We founded Telecinco Cinema, we put two great professionals in charge who had been working in rights acquisition and programming roles within the company and we began to work very seriously in the film production business, developing scripts and stories with the utmost attention and paying special attention to the direction, the artistic and technical cast, while working on costs, always keeping in mind the objective of not losing money.

Today, Telecinco Cinema is clearly recognised as the most successful film producer in this country. Our films occupy almost all of the top ten most viewed titles of recent years. In 2017, our four films were the top four in the Spanish cinema box office; and we accomplished this without losing money, and we actually produced profits.

With regard to the Internet, the digital world of Mediaset España has been growing at a good pace for a long time, month after month, year after year, in terms of unique visitors, page views, with millions of our programmes replayed and, above all, our fiction. Even with such good results, in 2017 we have taken a new leap forward in technological development to accompany the increase in consumption through Smartphones and Smart TV, increasing our offer in relation to television programmes.

Additionally: we have introduced a lot of native digital content, i.e., not directly derived from our television programming, initiating a path that will see the launch of many new initiatives this year. For this reason, we have launched, together with our traditional internet activity, a new division dedicated entirely to the creation of original websites and digital content.

The opportunity that we offer our advertising clients is to convey their message in a safe and reliable environment, with an absolutely transparent quality control and with the complete peace of mind that their messages will not end up in dangerous places: the Internet world of Mediaset España is absolutely closed, safe and free of deceit.

MEDIASET ESPAÑA, LEADING TELEVISION GROUP

Mediaset España has been the country's leader in audiences since it began, seven years ago. Its offer has once again been the most demanded, confirming that our model is in tune with the viewers. The channels' offer has included all kinds of genres and formats, an offer marked by closeness

and quality and where in-house production has shone.

Telecinco has achieved the sixth consecutive annual victory and has celebrated 18 years as the absolute leader of commercial television with victory in 11 out of 12 months of the year. It has also celebrated its coming of age as the undisputed queen of *prime time* among commercial television.

Cuatro has once again completed the podium of the most popular commercial channels among those under 55 and, it has done so as a reference for the *millennials* with an excellent commercial profile, a target that is highly appreciated by our advertisers.

Our set of thematic channels have played a leading role in national thematic free to air television. **Factoría de Ficción** has been the leader for the sixth year in a row, the third television in youngsters surpassing even the generalist's channels, with an unparalleled commercial *target*.

Divinity is the third most watched thematic channel and the leading female channel. It is one of the most recognised brands by viewers and advertisers thanks to the capability of communication provided to the channel by the young urban audience.

Energy has closed the best year in its history being the first international thematic fiction channel for the young male audience, with a rising commercial target that ratifies our commitment.

Boing has once again become the leading children's channel for commercial television for the fifth consecutive year.

Be Mad, a channel that broadcasts exclusively in HD that currently binds all native digital content along with Radioset's radio offer, which has also improved its data, surpassing the newly created channels.

The viewers have once again chosen Informativos Telecinco as the first option for news this year, characterised by an agenda with matters of great importance that have awakened an extraordinary interest in citizens. Informativos Telecinco and Noticias Cuatro's editorial teams have responded to this interest with professionalism, impartiality, independence and truthfulness.

One more year, and this is the fourth, **Informativos Telecinco** has emerged as an outstanding leader among the main news programmes with a large distance between the news programme and its competitors. The

edition presented by Pedro Piqueras has been the most watched out of all the channels.

We have also maintained our commitment to keep viewers company with our fiction and entertainment proposals, placing us as one of the main content creators in Spain. **Our in-house production** has once again been Telecinco's hallmark, with almost 95% of its content produced independently, as a result of close collaboration with external and in-house producers, with which we contribute to the growth of the audio-visual sector in our country.

The star format has been 'La Voz Kids', the most watched entertainment programme in television with some spectacular data among young people.

It is closely followed by 'Supervivientes', the second most watched entertainment format of the year, it also stood out among the television consumption of younger audiences.

Third, closing a podium completely occupied by Telecinco, 'Got Talent' has become the third most watched entertainment programme.

In the realities section, 'Gran Hermano Revolution' and 'Gran Hermano VIP' have once again shown that they are invincible in their respective broadcast slots.

Telecinco also stood out for its **fiction** proposals. 'La que se avecina' has been the channel's most watched series and the leading fiction in commercial target, with success in deferred viewings among all the fiction programmes.

We have bet on new productions. Together with 'El Accidente' and 'Sé quien eres', 'Pérdoname Señor' has stood out in premieres, the most watched new series of the year.

Telecinco's undisputed strength in **day time** has once again been based on solid foundations such as 'El programa de Ana Rosa', leader of the morning slot for 12 consecutive years with the largest distance over its main competitor.

In the afternoon, the unique universe of 'Sálvame' has led its time slot with the greatest advantage over its competitor of the last six years. Its commercial target makes this format one of the most versatile for our advertisers.

The final touch in the afternoon slot has once again been provided by 'Pasapalabra', the most competitive television competition, which has led its time slot for the tenth consecutive year.

Mediaset España has established itself as the leading audio-visual group in major sports events. This year we have broadcasted the EuroBasket 2017, the Spanish National Football Team's friendly matches, the European Sub 21 football championship, the Copa del Rey football final, the Spanish Supercopa and the Roland Garros final.

Cuatro has broadcast **the Spanish Under-21 Football Team's matches of the European Championship in Poland** with an average of almost 3 million viewers, exceeding the 4 million mark in the final between Spain and Germany.

The channel has witnessed another success of the Spanish Basketball Team, achieving the bronze medal at the **Eurobasket 2017**. The final between Spain and Slovenia exceeded 3 million followers.

Cuatro has established itself as the perfect complement to Mediaset España's multichannel strategy. It has endorsed its differentiating tendency capturing the attention of the majority of young and cosmopolitan viewers. Cuatro is the national generalist channel that best converts its total audience into this group, establishing itself as one of the great television references for *millennials* with its entertainment formats.

The channel is a TV reference in the creation of new entertainment brands, and it is the channel with the most original in-house production formats premiered this year, such as 'Ven a cenar conmigo', 'A cara de perro', 'Samanta y ... ', 'Espiritu salvaje' or 'Heroes', among others. Proposals such as 'En el punto de mira', 'Fuera de cobertura', 'Los gipsy Kings', 'Volando voy', 'Planeta Calleja', 'Chester', 'El Xef' or 'First Dates' have stood out on the programming grid due to their acceptance by youngsters.

'Las Mañanas de Cuatro' has established itself as a talk show space and political analysis, while Deportes Cuatro has once again demonstrated that it is unbeatable with its inimitable style.

Mediaset España also addresses Spanish-speaking viewers in the Americas through CincoMAS. Our international channel is present in territories such as the United States, Mexico and Ecuador, Panama, Argentina, Chile, Paraguay and Peru, already standing at close to one million subscribers.

MEDIASET ESPAÑA, THE LEADING NATIONAL MEDIA GROUP IN INTERNET VIDEO CONSUMPTION

Apart from leading the audience in off line consumption, Mediaset España has made great strides towards consolidating itself as an engine of the audio-visual TV digitalisation process, positioning itself as the leader in Internet video consumption for another year.

We have reached the first position in videos viewed on our channel's websites, with our live content and on demand platforms Mitele.es and Mtmad.es, and the new developments added this year, such as GeneraciónPro, aimed at youth sports and Yasss, with contents aimed at the 'generation Z'.

The user's engagement with Mediaset España's contents has placed us as leaders in loyalty with almost 4 hours of videos consumed per month per user, figures that almost duplicate those of our main competitors and show our strength in the digital environment.

We continue believing in interactivity through mobile applications, with more than 15 million downloads on smartphones and tablets, 13% more than the previous year.

Mitele has positioned itself as the leading national platform for video consumption; while Mtmad.es has obtained its best results, surpassing the 2.1 million videos in December.

We have led the social impact of the year, accumulating 48% of the comments about television on social networks with almost 36.5 million mentions, with Telecinco as absolute leader. In social networks, we are the group of channels most participated in, with more than 40 million followers in our 180 active accounts on the different social networks.

The Communications Department directly manages our corporate networks on social networks, with Mediasetcom as the most followed in the sector, through which the Company becomes a source of direct information with our users.

TELECINCO CINEMA, LEADER OF SPANISH CINEMA FOR THE FOURTH CONSECUTIVE YEAR

In this current legal framework that obliges us to invest in film and series productions, Telecinco Cinema, with just four films, has been the leading producer of Spanish cinema for the fourth consecutive year with a market share of 47.7% and more than 8 million viewers.

An animated film; two comedies and a psychological thriller have been the four most watched and top-grossing Spanish films of the year. I am talking about 'Tad, The lost explorer and the Secret of King Midas', with 3.2 million viewers; 'Perfectos Desconocidos', which between 2017 and 2018 has become a phenomenon taking more than 21 million euros and more than 3.3 million viewers; 'Es por tu bien' third with 9.5 million euros at the box office and 'Marrowbone', a wonderful story that has completed the poker hand with four of a kind, occupying the fourth position with takings of 7.3 million euros.

Among the premieres of 2018, "El cuaderno de Sara" stands out, exceeding 5 million euros at the box office. The documentary 'Sanz. Lo que fui es lo que soy', which is about the career of singer Alejandro Sanz, 'Yucatan', 'Ola de Crímenes' and 'Superlópez'.

MEDIASET ESPAÑA, ADVERTISING MARKET LEADER

2017 has shown once again that commercial television is the main media as a means of advertising; the only one capable of guaranteeing the advertiser the greatest coverage. An ever-growing reality in which, despite the entry of new platforms, Mediaset España offers the market the most effective and visible means of television in linear and digital media.

Through Publiespaña we have confirmed our market leadership with the largest share of media investment in our country. And all this with margins that once again place us as one of the most profitable audio-visual groups in Europe.

We have offered 7 out of the 10 most watched spots, 6 of them on Telecinco, the leading channel in efficiency and permanence and in *advertising ratings* in *prime time*, confirming the success of our layout in short blocks.

We have expanded the offer of qualitative products with exclusive formats and premium positioning and we have promoted digital advertising with a

commercial policy for our online content.

On and off line media in a secure environment of quality content for the brands, ensuring that advertising is seen thanks to our *anti-adblocker* systems, a guarantee of investment profitability and the definitive take-off of a sustainable digital model.

NEW TECHNOLOGICAL DEVELOPMENTS: THE DIGITALISATION OF MEDIASET ESPAÑA

Mediaset España's digital environment is evolving to adjust to the changes in audience's consumption habits and the technological advances around us. In 2017 we developed projects related to advanced analytics and big data, with the incorporation of computer engineering professionals, mathematicians and statisticians in the digital area.

All of our websites have released *responsive* design and architecture, improving the browsing experience, with a faster content load in terms of time and quality. Our sites have also adjusted to digital consumption on mobile devices, enhancing vertical navigation and incorporating a new television guide.

Our production centre, which has the largest facilities nationwide, has also undertaken the last phase of its technical renovation, with pioneering technological advances in terms of image, sound and remote operability with which the company intends to further expand in-house production content.

DIVIDEND DISTRIBUTION OF 100% OF 2017 NET PROFIT

We consider shareholder remuneration to be a priority. Our dividend policy has always been aimed at distributing all the money that was not necessary for the management of the company's normal activity.

That is why we propose to the Shareholders' Meeting again, at your approval, the distribution of a total dividend of €164.5m. The approval of an extraordinary dividend amounting to almost 33 million euros is also proposed which, added to the ordinary dividend, allows us to distribute 100% of the consolidated net result obtained in 2017, amounting to €197.5m.

We must also take into account that in 2017 Mediaset España completed a

share buyback program amounting to 100 million euros.

12 MESES, 18 YEARS AS A HALLMARK OF SOCIAL RESPONSIBILITY IN THE MEDIA COMPANIES

12 Meses has reached the 18 year mark in the information and awareness field and we have done so focusing on one of the major problems that has affected us since childhood. We have championed our particular fight against bullying through 'Se buscan Valientes' with a rap that has become an anthem against bullying and has received unanimous applause from society, being the most successful campaign of all those undertaken by 12 meses to date and it has accounted for seven important awards.

In parallel, we have maintained our alliance with the National Transplant Organisation to publicise organ donation through the 'Eres perfecto para otros' campaign and we have launched an initiative for the early detection of breast and prostate cancers. We have also given support to the Spanish Committee of UNHCR with the premiere of the documentary 'La Niña Bonita', which focuses on the refugee crisis in Syria; and the Madwomen Fest against gender violence.

As you have seen, Mediaset España has not settled for the success and leadership of previous years. As you have seen, the idea that "it is not enough" is a recurring thought for us that pursues all of our activities, both creating and organising content and looking after the client; both in the management of those who work in this small city and in that of the most recognised stars. All of which are linked to the extreme care in administration, finances and operations, and the investment strategy.

We have managed to transform 2017, a year in which, *a priori*, has been without merits or demerits for Spanish companies in general and for the audio-visual sector in particular, into the best of recent years, obviously excepting this year, the current year, which will be even better than the previous one.