

MEDIASET *españa.*



QUARTERLY RESULTS *January – March 2014*

Madrid – May 7th, 2014

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FINANCIAL AND OPERATING HIGHLIGHTS

million €	1Q2014	1Q2013
Total net revenues	200,4	196,6
Total operating costs	173,5	173,5
EBITDA adj⁽¹⁾	26,9	23,1
<i>EBITDA margin</i>	13,4%	11,7%
EBIT	22,6	18,8
<i>EBIT margin</i>	11,3%	9,6%
NET PROFIT	12,8	12,5
NET PROFIT ADJ.⁽²⁾	16,6	16,3
EPS ADJ	0,04 €	0,04 €
Net cash position	103,9	66,8

(1) EBITDA Adj, includes TV rights consumption

(2) Adjusted Net profit excludes all impacts from non cash items like PPA amortization (on Cuatro and Digital+)

- **Mediaset España** records an operating **EBITDA** in the period of **€26.9 million**, that is a **17%** higher than first quarter 2013 and **EBIT €22.6 million** that is **20%** higher than in previous year.
- **Mediaset España's** operating margin is **13.4%** and EBIT margin is **11.3%**, thanks to the ability and flexibility to adapt to market conditions keeping operating costs flat.
- **Mediaset España** maintains a debt-free balance sheet and a net positive cash position of **€103.9 million** as of **31st march 2014**.
- According to the latest Infoadex data total ad spending during the first quarter of 2014 grew by **+0.2%** compared to 2013, with a better evolution of television advertising spending **+3.1%**. Mediaset España, as per Infoadex, holds a **42.8% market share**.
- Total net revenues in the first quarter of 2014 totaling **€200.4 million**, with net advertising revenues of **€183.8 million** and **16.6 million euros** in "Other income" which made the revenues from the successful film "**8 Apellidos Vascos**".
- Adjusted **net profit** for the first quarter of 2014 amounted to **€16.6 million**.
- **Mediaset España** and its television offer reaches an audience share of **29.4%** in 24h Total Individuals.
- **Mediaset España** continues to lead in Internet audiences reaching **27 million unique users** and **325 million page views** users by 31st march 2014.

1. PROFIT AND LOSS ACCOUNT

Table 1: Consolidated Profit and Loss Account

Millions of €	1Q2014	1Q2013	% change
TOTAL NET REVENUES	200,38	196,59	1,9%
Rights Amortisation	(51,12)	(42,42)	20,5%
Personnel	(25,85)	(25,16)	2,7%
Other operating costs	(96,52)	(105,95)	(8,9%)
Adjusted EBITDA	26,89	23,05	16,7%
Other amortisations, provisions	(2,25)	(2,25)	(0,1%)
Amortisation PPA	(2,00)	(2,00)	0,0%
EBIT	22,65	18,80	20,4%
Equity Cons. Results and Depr. Fin. Assets	(6,55)	(2,47)	-
Financial results	(0,48)	(0,34)	39,7%
Pre-tax profit	15,62	15,99	(2,3%)
Income taxes	(3,00)	(3,63)	(17,5%)
Minority interests	0,14	0,13	5,0%
Net profit	12,76	12,49	2,1%
Adjusted Net profit	16,56	16,29	1,6%

The **Adjusted Net profit** in the first quarter of **2014** amounted to **€16.56 million** representing a margin of **8.3%** of net revenues. The difference of **€3.8 million** between **net income** and **adjusted net income** is due to the impact of the amortization of PPA in **Cuatro** and **DTS Distribuidora de Televisión Digital, SA (DTS)**, derived from the final allocation of the purchase price to assets and liabilities of the respective companies.

1.1. Revenues

Table 2: Revenues

Millions of €	1Q2014	1Q2013	% change
Gross advertising revenues	194,56	191,23	1,7%
- Mediaset España's Media	184,41	181,25	1,7%
- Third Party Media	10,15	9,98	1,7%
Discounts	(10,75)	(11,34)	(5,2%)
Net advertising revenues	183,81	179,89	2,2%
Other revenues	16,57	16,70	(0,8%)
TOTAL NET REVENUES	200,38	196,59	1,9%

Gross advertising revenues for the first quarter 2014 amounted to a total of **€194.56 million**, an increase of **1.7 %**, in line with the evolution of the TV advertising market as indicated by Infoadex.

Mediaset España's Multiplex Gross advertising revenues, which comprise the income of the 8 channels of the group; TELECINCO, CUATRO, FACTORIA DE FICCION, LA SIETE, BOING, DIVINITY, NUEVE, ENERGY, the advertising on the internet and the teletext group, reach a total of **€184.41 million**.

The third party media advertising revenue, totaling **€10.15 million**, represents an increase of **1.7 %** from the same quarter 2013.

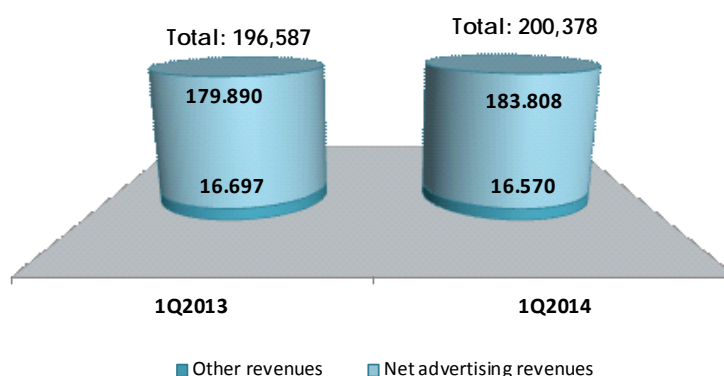
Net advertising revenues after discounts increased by **2.2%** totaling **€183.81 million**.

Other income mainly includes the sale and distribution of film rights, co-production, merchandising and game revenues. These revenues amounted to **€16.57 million**, a figure in line with the 2013 first quarter. The film "8 apellidos vascos" contributes to this line in the quarter equating the movies revenues of the same period of 2013.

Finally, **net income** for the first quarter of 2014 totals **€200.38 million**.

Total Net Revenues, Advertising and Others Revenues

(Thousand €)



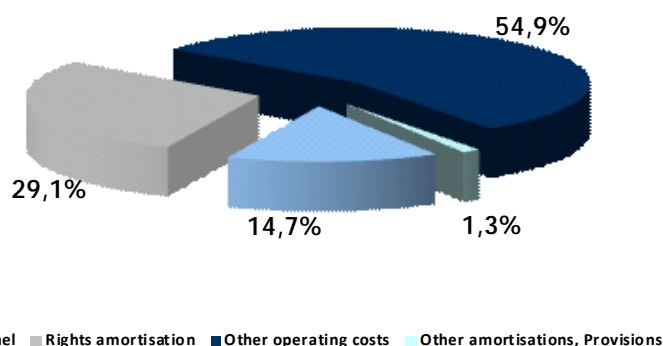
1.2. Operating costs

Total operating costs for the period January-March 2014 amounted to **€177.73 million**, a figure similar to the same period in 2013 and in line with the cost optimisation policy of the company.

Table 3: Operating costs

Millions of €	1Q2014	1Q2013	% change
Personnel costs	25,85	25,16	2,7%
Rights amortisation	51,12	42,42	20,5%
Other operating costs	96,52	105,95	(8,9%)
Other amortisation and provisions	2,25	2,25	(0,1%)
Total Operating Costs	175,73	175,78	(0,0%)
Amortisation PPA	2,00	2,00	-
TOTAL COSTS	177,73	177,78	(0,0%)

Operating Costs



From the beginning of the crisis, and due to the deterioration of the advertising market, the Group has strengthened the cost control policies, reducing operating costs in 2013 by **€54.73 million (-23.7%)** on a cumulative basis in the last four years (base year 2010 pro-forma)

million €	1Q2010*	1Q2011	1Q2012	1Q2013	1Q2014	Var.
Operating Costs	230,46	205,02	195,60	175,78	175,73	-23,7%

* Pro-forma consolidated P&L accounts under IFRS of Telecinco's Group and Sogecuatro's Group

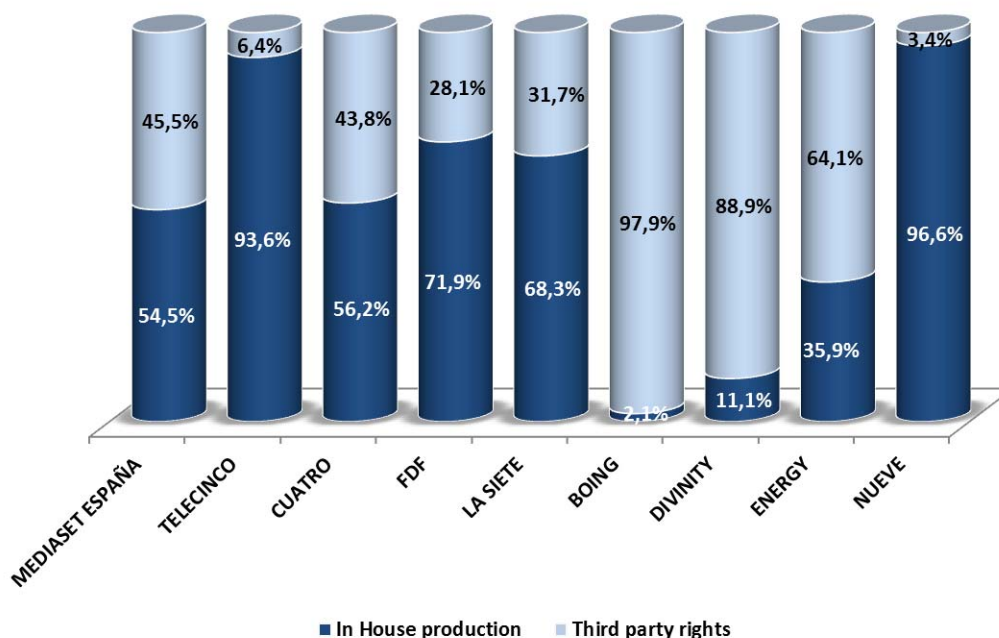
Content

The Group's in-house production continues to dominate the network's programming in terms of broadcasting hours. At a group level **54.5%** belongs to in-house production contents versus **45.5%** of external production.

Programmes on the main channel **TELECINCO** represented **93, 6%** in-house production, the remaining **6.4%** were external productions.

The proportion for the channel **CUATRO** is **56.2%** in-house and **43.8%** by third parties.

As per the other channels, **FACTORIA DE FICCION** **71.9%** of its contents, represents in-house production compared to **28.1%** of third party rights, **BOING** takes almost all of its contents, **97,9%** from third parties, **DIVINITY** has 11.1% in house production and third party production adds up to an **88,9%**, **ENERGY** has a **35,9%** in house production and **64,1%** third party rights and **LA NUEVE** has **96,6%** in house production and a **3.4%** third party rights. **LA SIETE** rearranged its programming contents increasing its offer in third party rights to 31.7% (from a 0.9% as 31.12.2013)



1.3. Operating profit and margins

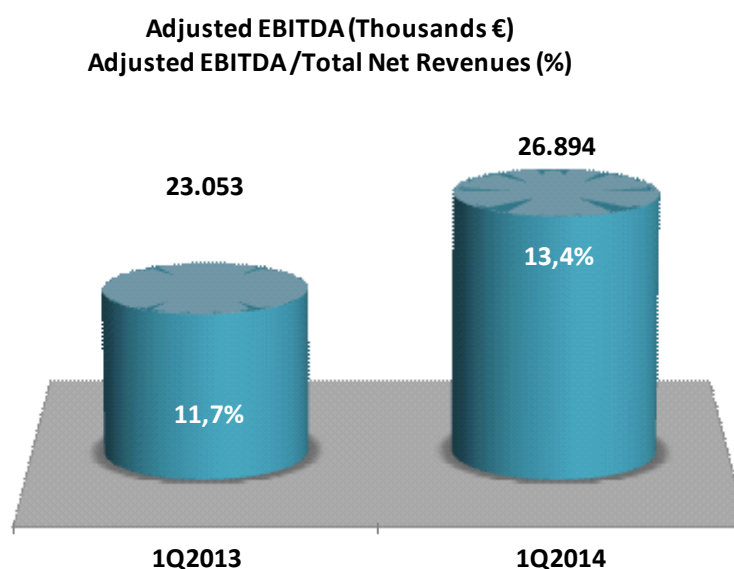
Adjusted EBITDA reached **€26, 89 million**, an increase of **€3.84 million (+16.7%)**, compared to the first quarter 2013 and represents a **13.4% over 2014 total net revenues**.

Net operating profit (EBIT) amounted to **€22.65 million**, representing an increase of **20.4%** compared to the first quarter 2013 and represents a **11.3% over 2014 total net revenues**

In first quarter 2014, Mediaset España keeps improving operating margins thanks to the effectiveness of the business model and strict cost management. This has allowed that the increase in advertising revenue had not resulted in increased operating costs, compared to the same period the previous year.

Table 4: Margins

Millions of €	1Q2014	1Q2013
Total net revenues	200,38	196,59
Adjusted EBITDA	26,89	23,05
<i>Adjusted EBITDA Margin</i>	<i>13,4%</i>	<i>11,7%</i>
EBIT	22,65	18,80
<i>EBIT Margin</i>	<i>11,3%</i>	<i>9,6%</i>
Net Profit	12,76	12,49
<i>Net Profit Margin</i>	<i>6,4%</i>	<i>6,4%</i>
Adjusted Net Profit	16,56	16,29
<i>Adjusted Net Profit Margin</i>	<i>8,3%</i>	<i>8,3%</i>



1.4. Financial result and equity consolidated companies

Financial income represents a net expense of **€0.48 million**.

On the other hand, the result from the **equity consolidated companies**¹ shows a negative result of **€6.55 million** which includes the impact of the amortization of intangibles arising from the allocation of the purchase price of DTS Distribuidora de Televisión Digital, SA

1.5. Profit for the period January –March 2014

Pre-tax profit as of 31 March 2014 amounts to **€15.62 million** while **net profit after taxes and minority interests**, reached **€12.76 million**.

Adjusted net income, amounts to **€16.56 million**. This figure excludes the PPA arising from the purchase of Cuatro and also excludes the result of the impairment test in DTS. This represents an adjusted net income margin of **8.3%** of **total net income**.

¹ Companies consolidated by the equity method are: Editora Digital de Medios, S.L (50%), Pegaso Television Inc. (43,7%), Netsonic, S.L. (38% indirect shareholding), A.I.E. (Furia de titanes 2) (34% indirect shareholding), Supersport TV, S.L. (30%), , Big Bang Media S.L. (30%), Producciones Mandarina S.L. (30%), La Fábrica de la Tele S.L. (30%), Aprak Imagen S.L. (3%), 60DB Entertainment, S.L. (30%), Megamedia TV, S.L. (30% indirect shareholding), DTS Distribuidora de Televisión Digital, S.A. (22%).

2. CASH FLOW GENERATION

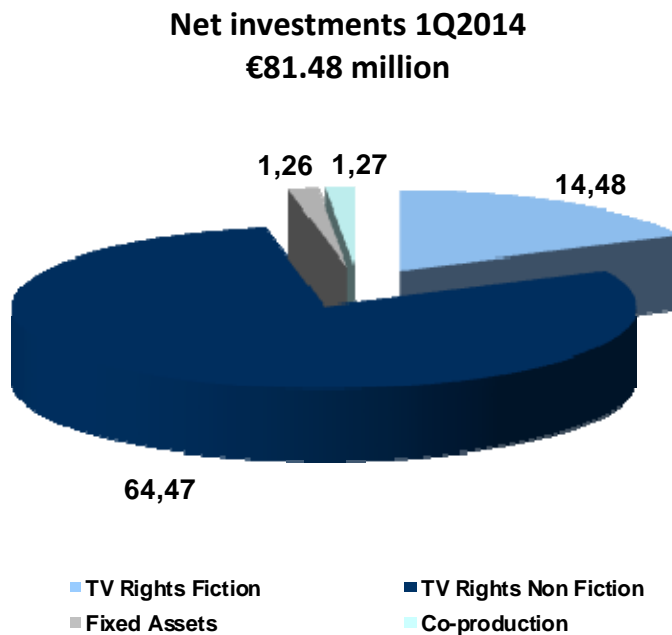
The **Operating Free Cash Flow** for the first quarter 2014 is **€8.86 million**, an increase of **€15.41 million** over the same period last year.

Table 5: Cash Flow

Millions of €	1Q2014	1Q2013	Change in millions of €
Net profit (without minority interests)	12,62	12,36	0,26
Amortisation:	55,38	46,74	8,64
- Rights	51,12	42,42	8,69
- Other	4,27	4,32	(0,05)
Provisions	(0,02)	(0,07)	0,05
Other	6,53	2,95	3,58
OPERATING CASH FLOW	74,52	61,99	12,53
Investment in rights	(80,21)	(81,30)	1,09
Investments, other	(1,26)	(0,80)	(0,46)
Change in working capital	15,81	13,55	2,26
OPERATING FREE CASH FLOW	8,86	(6,56)	15,41
Change in Equity	1,94	0,09	1,85
Financial investments	(0,38)	(0,47)	0,09
Dividends received	0,00	0,00	0,00
Dividend payments	0,00	0,00	0,00
Net Cash Change	10,42	(6,93)	17,35
INITIAL FINANCIAL POSITION	93,48	73,72	19,76
FINAL FINANCIAL POSITION	103,90	66,78	37,11

Total net investment as of 31st of March 2014 reached **€81.48 million**.

During 2014, the investment in third party rights amounted to **€64.47 million**, in Spanish fiction **€14.48 million** and in co-productions **€1.27 million** while investments in tangible and intangible fixed assets were **€1.26 million**.



3. BALANCE SHEET

Table 6: Summary Balance Sheet

Millions of €	March 2014	December 2013
Tangible assets	953,49	962,86
- Financial	680,68	686,80
- Non Financial	272,82	276,06
Audiovisual rights and Pre-payments	264,63	235,54
- Third parties	221,33	183,33
- Fiction	26,76	35,14
- Co-production / Distribution	16,55	17,07
Pre-paid taxes	188,30	186,29
TOTAL NON-CURRENT ASSETS	1.406,43	1.384,69
Current assets	214,96	236,39
Financial investments and cash	124,45	113,53
TOTAL CURRENT ASSETS	339,41	349,92
TOTAL ASSETS	1.745,84	1.734,61
SHAREHOLDERS' EQUITY	1.445,98	1.431,38
Non-current provisions	10,13	10,38
Non-current payables	10,31	10,06
Non-current financial liabilities	0,01	0,01
TOTAL NON-CURRENT LIABILITIES	20,44	20,45
Current payables	258,86	262,74
Current financial liabilities	20,56	20,05
TOTAL CURRENT LIABILITIES	279,41	282,78
TOTAL LIABILITIES	1.745,84	1.734,61

Our Balance Sheet reflects a very healthy match between long and short term assets and liabilities as well as an excellent liquidity ratio between current receivables and payables.

The evolution of the **library** shows adaptability within the different categories and in line with the business' strategy of the Group.

The **current assets and liabilities** reflect sound operational management of working capital.

The **Net financial position** reached **€103.9 million** as of 31st March 2014. The financial position of the Group is strong, certainly a relevant factor considering the difficulties still surrounding the financial markets.

4. AUDIENCE SHARE PERFORMANCE²

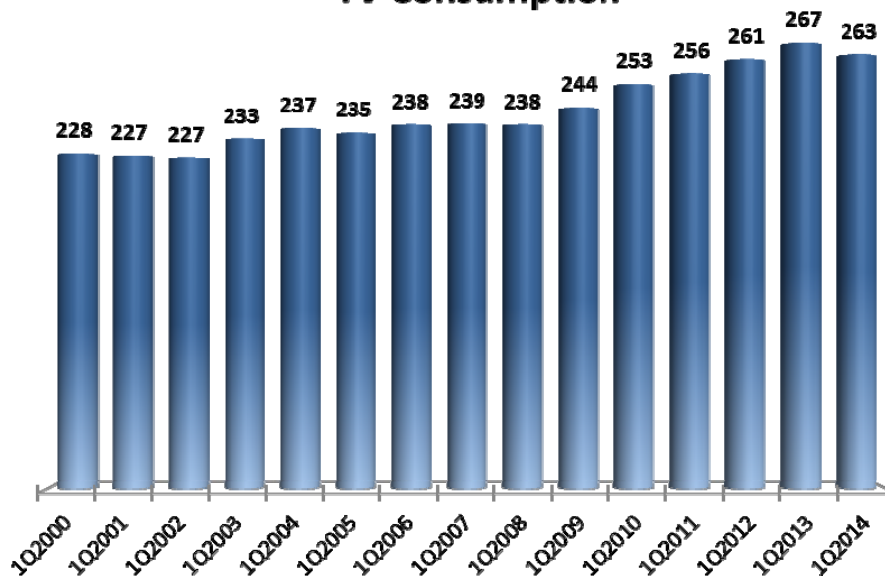
4.1. TV Consumption

Years	Minutes	Thousands
1Q2000	228	6.123
1Q2001	227	6.189
1Q2002	227	6.189
1Q2003	233	6.380
1Q2004	237	6.689
1Q2005	235	6.734
1Q2006	238	6.870
1Q2007	239	6.958
1Q2008	238	7.029
1Q2009	244	7.411
1Q2010	253	7.696
1Q2011	256	7.825
1Q2012	261	7.984
1Q2013	267	8.171
1Q2014	263	8.097

The average TV consumption is reduced slightly compared to 2013, standing at **4.4 hours per person per day**, with a **daily average of 8 million viewers**. The number of minutes in this first quarter 2014 is **the second best result ever**.

The comprehensive offer for the DTT television channels enables Mediaset España to reach all profiles of audiences by meeting criteria of today's most demanded contents. Moreover, the support of new technologies reinforces the scope of audiovisual content and makes it more attractive to an increasingly demanding public. Social networks play an important role in promoting content and Mediaset España has made a major effort to make this technology available to its television audience.

TV Consumption



² Source: Kantar Media

4.2. Group

Table 7: January-March 2014 average audience share for Mediaset España

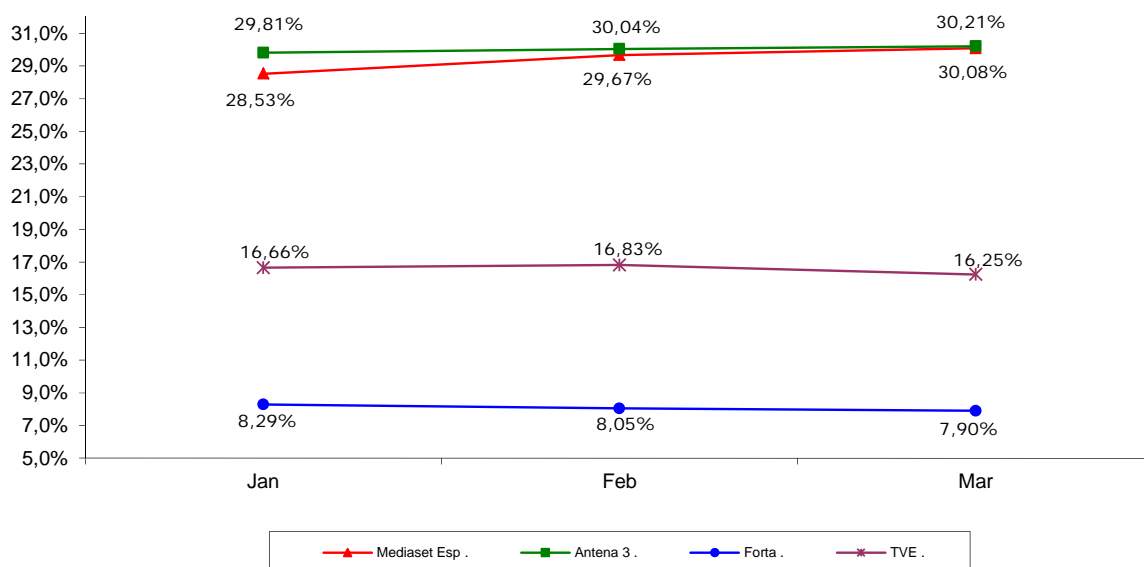
		1Q2014	1Q2013
Total Individuals	Total Day	29,4%	28,3%
	PRIME TIME	28,5%	27,4%
	DAY TIME	29,8%	28,8%
Commercial Target	Total Day	31,5%	30,3%
	PRIME TIME	29,7%	28,7%
	DAY TIME	32,4%	31,2%

Mediaset España closed the first quarter 2014 with **29.4%** audience share in total day individuals.

Regarding the share of commercial target audience, Mediaset España reached, in 2014, a share of **31.5%**, representing an improvement of **4%** over the same period last year.

The friendly match, "**Spain-Italy**", broadcast on March the 5th on Telecinco achieved **34.4%** audience share and **6.994.000 viewers** and becomes the most watched friendly game in four years (since the France-Spain: in March'10). "**The Voice Kids**" also ended its first season in March, achieving **30.1%** to **5.156.000 viewers**.

Audience Share, 24 Hours, Total Individuals (in %) per Group



4.3. Main Channels

Table 8: January- March 2014 average audience share for Telecinco and Cuatro

		TL5		CUATRO	
		1Q2014	1Q2013	1Q2014	1Q2013
Total Individuals	Total Day	14,2%	13,3%	6,1%	5,9%
	PRIME TIME	15,1%	13,5%	5,3%	5,8%
	DAY TIME	13,8%	13,2%	6,5%	6,0%
Commercial Target	Total Day	13,5%	12,4%	7,5%	7,3%
	PRIME TIME	14,1%	12,3%	6,5%	7,2%
	DAY TIME	13,2%	12,5%	7,9%	7,4%

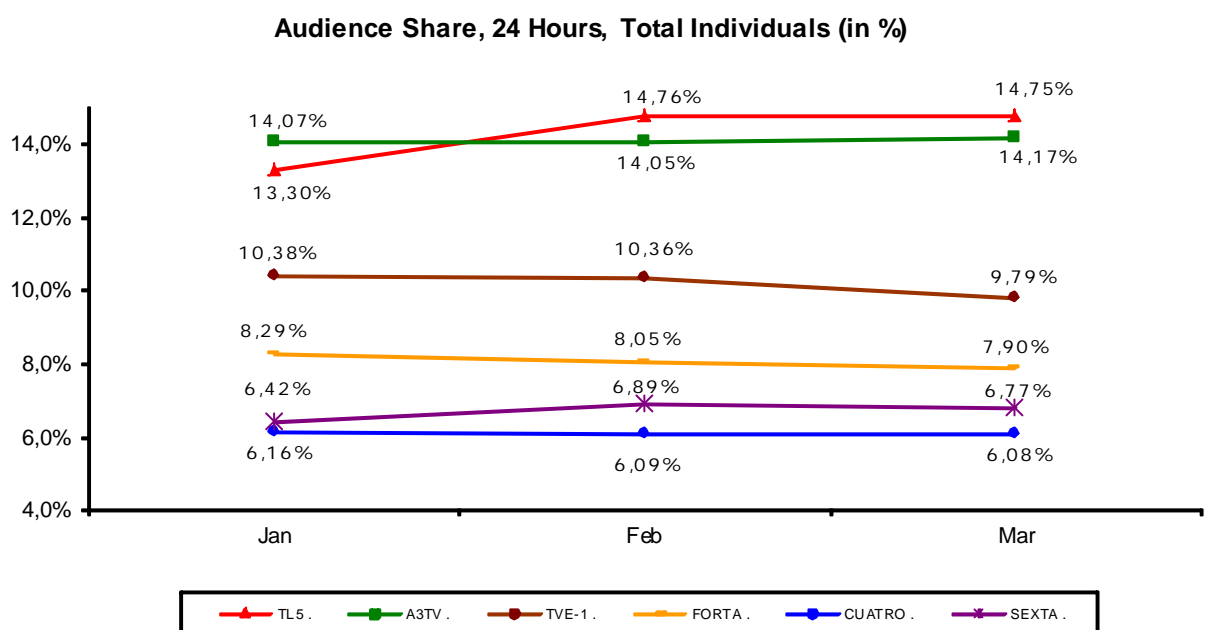
The Telecinco channel reached, an average of **14.2% share**, in the first quarter 2014, in total day total individuals, an improvement of almost one percentage point.

Regarding the share of commercial target audience, Telecinco has an average in the year of **13.5% share**.

Cuatro achieved a market share of **6.1%** in total day total individuals and **7.5%** commercial target.

In "prime time", Telecinco leads total individuals groups, with an average share of **15.1%** by **1.6** points higher than its nearest competitor.

Meanwhile Cuatro has a market share of **5.3%** in "prime time", all individuals.

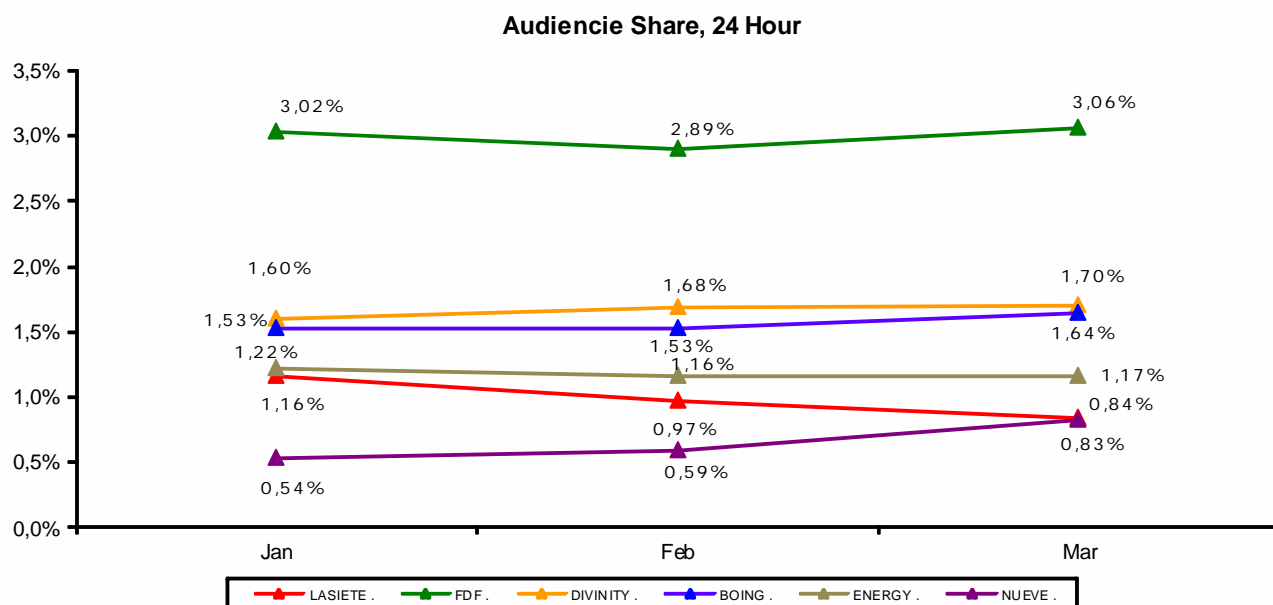


4.4. New Generation Channels

Table 9: January-March average audience share for New Generation Channels

1Q2014			
		Total Individuals	Commercial Target
LASIETE			
	Total Day	1,0%	1,1%
	PRIME TIME	1,0%	1,0%
FDF			
	Total Day	3,0%	3,8%
	PRIME TIME	2,8%	3,4%
DIVINITY			
	Total Day	1,7%	2,2%
	PRIME TIME	1,3%	1,7%
BOING			
	Total Day	1,6%	1,2%
	PRIME TIME	1,4%	1,1%
ENERGY			
	Total Day	1,2%	1,5%
	PRIME TIME	1,0%	1,2%
NUEVE			
	Total Day	0,7%	0,7%
	PRIME TIME	0,6%	0,7%

Mediaset España continues its multi-channel strategy providing each channel the content specific to its target audience therefore achieving greater loyalty from the audiences. In the three months from January to March 2014, all the DTT channels represent a total share of **9.2%**, and a **10.5%** commercial target.



4.5. Internet Audience³

In 2014, Mediaset España continues its leadership in both unique users and page views. Special mention for the number of videos served it has been a historical record in Mediaset España.

There has been a significant increase in the first quarter 2014 in the number of unique users. The average unique users first quarter 2014 were **22 million** that is an increase of **44.4%** in respect of the first quarter 2013.

On the other hand the totals of page viewed and video stream for the first three months 2014 was **732 million** and **399.5 million** respectively.

	Unique Users	Page Viewed	Video Streamed
march 2014	27.016.960	324.591.066	145.233.691
february 2014	21.168.369	230.573.071	139.503.643
january 2014	18.297.184	177.208.484	114.785.872

the presence of programs and other Mediaset content on social networks such as Facebook and Twitter must also be highlighted;

- With more than 11 million reviews during the first quarter of 2014, Mediaset España comfortably leads the ranking of social impact of television.
- 50% of the comments about television on social networks and the Internet were related to Mediaset España.
- Telecinco is the leading chain in social impact during the quarter with **7.5 million comments**.
- **The Voice Kids**, **Europa League** matches broadcasted on Cuatro, **Supervivientes** and **La que se avecina** were the most talked about content on social networks.

³ Source: OJD Nielsen and ComScore