



# TELECINCO

**FULL YEAR 2009  
(January – December)**

**Madrid – February 25<sup>th</sup>, 2010**

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## 1. Financial and operating highlights

Consolidated financial highlights for the year to December, include:

1. The company results are, once more, hit by the consequences of the crisis that is still affecting the world economies. **Total Net Revenues** in 2009 reached €656.26 million, -33.2% versus the same period of 2008. The “Gross Advertising Revenues of Television” in this period amount to €605.26 million, while the “Advertising Revenues of Other Media” totalled €14.04 million with an increase of 26.0% compared to last year. The “Total gross advertising revenues” amount to €619.30 million, 33.8% lower than 2008. Finally, the “Other Revenues” amount to €66.47 million with a decrease of -25.6% versus last year. This is mainly due to the fact that the decline in the economy is affecting consumption and this can be pin pointed as the origin of the decline in Call TV, SMS and Merchandising revenues.
2. The 15.1% average **audience share** in 2009, total-individuals (total day), situates Telecinco as the first commercial television network 0.4 ahead of Antena 3 (14.7%). The leader during the period was TVE-1 (16.4%) thanks to its aggressive programming strategy.

In total-individuals prime time<sup>1</sup> Telecinco’s audience share reaches 16.2% leading the commercial channels and distancing them from Antena 3 by 2.3pps; TVE-1 reached an audience of 16.7%. In “Commercial Target<sup>2</sup>” the audience of Telecinco was 16.4% in Prime Time, at a distance of 1.5pp and 2.0pp from Antena 3 and TVE-1 respectively. The audience total day “Commercial Target” of Telecinco was 15.5% 0.2pp ahead of Antena 3 and 1.7pp of TVE-1.

As per the audience of the digital channels, since the beginning of September 2009, and with the analogue switch off approaching the Group launched a new programming strategy in order to increase audiences. During the month of December LA SIETE reached an audience share in the 24 hours slot, total individuals (total TV) of 0.87% increasing the audience by 178% as of June 30<sup>th</sup>. FACTORIA DE FICCION, the other digital channel, got an audience of 0.77% increasing by 157% the number achieved on June 30<sup>th</sup>. At the end of the month of December, Telecinco as a group of channels attained a total audience of 16.7% distancing by 0.7pp the audience reached by the other commercial group Antena3, which stood at 16.0%.

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<sup>1</sup> Prime time: Time slot with the highest television consumption of the day, from 20:30 to 24:00.

<sup>2</sup> Commercial target: Audience group comprising individuals from 16 to 59 living in communities of over 10,000 inhabitants and across medium and upper social classes



3. During the period the Group reduced its **Total Operating Costs** by 10.3% reaching €533.48 million opposed to the €594.95 million reached last year. This **decrease** is mainly due to the cost control policy that the company has stressed since the beginning of the crisis. Part of this reduction is due to the reversal of a provision as already mentioned in the results presentation of the first half year.

On a percentage basis and despite the advertising market decline, Telecinco maintains its incomparable operating margins. The **Adjusted EBITDA**<sup>5</sup> margin reached 19.9% and 18.7% in terms of **EBIT**. This result confirms that Telecinco is one of the most profitable TV companies in Europe.

Given the weak conditions of the advertising market, the reliability of operating margins and strict cost control policy are the two most important elements that will ensure the natural development of the business through this crisis. Telecinco relies on a privileged position thanks to its traditional cost management and control, and the strength of its margins.

4. **Net profit**, after tax, was €48.44 million; the net profit margin reached 7.4%. If we isolate the accounting impact (after taxes) of the impairment test and the amortization of intangibles resulting from the "Purchase Price Allocation" (PPA) of Endemol which are recorded under the "Results of equity consolidated companies", then the adjusted result would improve by €64.20 million, reaching €112.64 million, with a margin of 17.2% over Net Revenues.
5. **Free cash flow** was €94.41 million with a Net Profit Adjusted conversion rate into Free Cash of 14.4%.
6. **The net financial position** as of December 31<sup>st</sup> 2009 was €-156.01 million, €60.0 of this is a long term loan from Mediaset to the Group for the acquisition of Endemol, this means that, if we include the net treasury position, the bank debt amounts to €105.3 million.
7. On December 18<sup>th</sup> Telecinco Group and Prisa Group announced the signature of an agreement for the purchase of 100% of Cuatro and 22% of Digital+ by Telecinco, for which Prisa will receive up to €500 million in cash and 18.3% of the fully diluted capital (after two capital increases) of Telecinco. The agreement is now in the process of confirmatory due diligence and is waiting for the European and Spanish Antitrust authorization.

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<sup>5</sup> (EBITDA post-rights amortisation)

## 2. Profit and loss account

**Table 1: Consolidated Profit and Loss Account**

<i>Millions of €</i>	2009	2008	% change
<b>TOTAL NET REVENUES</b>	<b>656,26</b>	<b>981,85</b>	<b>(33,2%)</b>
Rights Amortisation	(161,45)	(180,83)	(10,7%)
Personnel	(79,54)	(89,22)	(10,8%)
Other operating costs	(284,89)	(316,96)	(10,1%)
<b>Adjusted EBITDA</b>	<b>130,38</b>	<b>394,85</b>	<b>(67,0%)</b>
Other amortisations, provisions	(7,60)	(7,94)	(4,3%)
<b>EBIT</b>	<b>122,78</b>	<b>386,90</b>	<b>(68,3%)</b>
Equity consolidated results	(123,13)	(175,86)	(30,0%)
Financial results	3,20	(3,40)	-
<b>Pre-tax profits</b>	<b>2,85</b>	<b>207,65</b>	<b>(98,6%)</b>
Income taxes	24,14	(23,12)	-
Minority interests	21,45	26,75	(19,8%)
<b>Net profit</b>	<b>48,44</b>	<b>211,28</b>	<b>(77,1%)</b>
<b>Adjusted Net profit</b>	<b>112,64</b>	<b>282,57</b>	<b>(60,1%)</b>

As previously mentioned, compared to the same period last year and under consistent conditions, the Adjusted Net Profit amounted to €112.64 million, a 17.2% margin over Net Revenues.

The €64.20 million difference between the Net Profit and the adjusted Net Profit is due to the post-Tax impact of the amortisation of intangibles and the impairment test carried out within the Endemol Group in application of the international accounting standards and which is included under the "Results of equity consolidated companies". All this constitutes an accounting convention that does not affect the value or the cash flow of the Endemol Group, the operational results of which are satisfactory.

## 2.1. Revenues

**Table 2: Revenues**

	2009	2008	% change
<b>Gross advertising revenues</b>	<b>619,30</b>	<b>934,84</b>	<b>(33,8%)</b>
- Television	605,26	923,70	(34,5%)
- Others	14,04	11,15	26,0%
Discounts	(29,51)	(42,28)	(30,2%)
<b>Net advertising revenues</b>	<b>589,79</b>	<b>892,56</b>	<b>(33,9%)</b>
Other revenues	66,47	89,29	(25,6%)
<b>TOTAL NET REVENUES</b>	<b>656,26</b>	<b>981,85</b>	<b>(33,2%)</b>

**Gross advertising revenues** in 2009 reached €619.30 millions.

**Television's Gross advertising revenues**, which include advertising revenues from analogue and digital channels, reached €605.26 million.

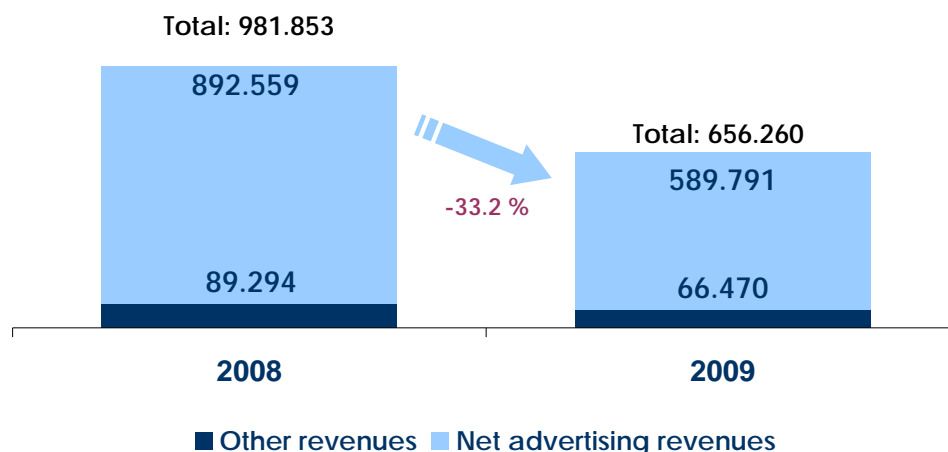
The **Other advertising revenues** made €14.04 million increasing by 26.0% compared to 2008 and include advertising revenues from other platforms such as the Internet, thematic channels and teletext, etc.

**Net advertising revenues** after commissions and allowances reached €589.79 million.

“**Other revenues**”, which mainly include the sale of coproduction film rights, merchandising rights, SMS and audio text services amounted to €66.47 million with a decrease of 25.6% versus last year. This reduction is mainly due to the consequences of the economic slowdown that the country is experiencing, it has affected consumption and this has reduced Call TV, SMS and Merchandising revenues. During the last quarter of the year these revenues were positively hit by the box office results of the movies produced by Telecinco Cinema: “Agora”, “Celda 211” and “Spanish Movie”, all of which were premiered in the period.

Finally, **Total Net Revenues** amounted to €656.26 million.

**Total Net Revenues, Advertising and Others Revenues,**



## 2.2. Operating costs

**Total operating costs**, amounted to €533.48 million, decreased by 10.3% compared to last year; this result is due once more to our long-established cost control policy. This cost control policy is a *well established trademark of the Group*. We also have to highlight that during this period we released a tax provision, of roughly €42 million, that was no longer necessary. In any case, excluding this exceptional item both in 2009 and in 2008, the operating costs would have decreased by 4.3%.

given the best interpretation of the law<sup>4</sup>, at the end of December the Group made a provision for the 3% legal contribution of the total gross revenues invoiced.

**Table 3: Operating costs**

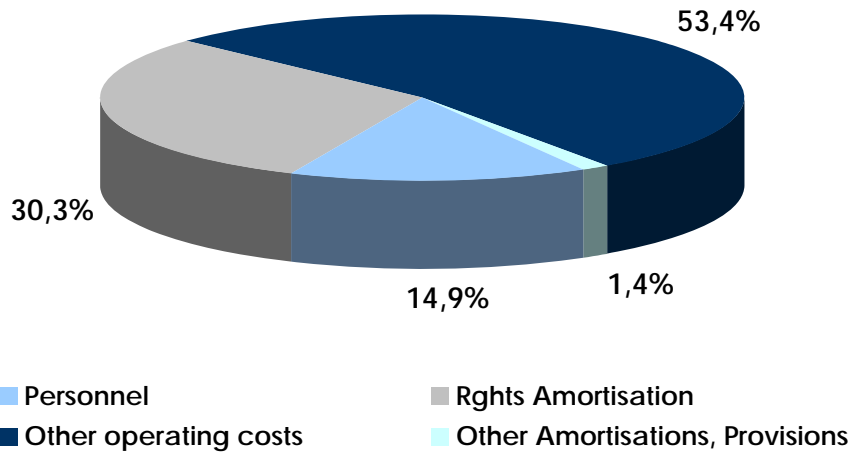
Millions of €	2009	2008	% change
<b>Personnel costs</b>	79,54	89,22	(10,8%)
<b>Rights amortisation</b>	161,45	180,83	(10,7%)
<b>Other operating costs</b>	284,89	316,96	(10,1%)
<b>Other amortisation and provisions</b>	7,60	7,94	(4,3%)
<b>TOTAL OPERATING COSTS</b>	<b>533,48</b>	<b>594,95</b>	<b>(10,3%)</b>

Telecinco's in-house production continues to dominate the network's programming in terms of broadcasting hours. In 2009, 85.4% of broadcasted programmes were produced in-house and the remaining 14.6% were external productions (compared with an 85.8% and 14.2% in the same period of 2008).

As per the digital channels, LA SIETE, 88.0% of production is in-house and 12.0% third parties rights broadcasting proportion; FACTORIA DE FICCION has a more equated proportion with 53.5% of in-house versus 46.5% of third parties.

<sup>4</sup> Law 8/2009 dated August 28th 2009 regarding the financing of the Spanish State TV (Corporacion de Radio y Television Española)

## Operating Costs



### 2.3 Operating profit and margins

**Adjusted EBITDA** reached €130.38 million, a margin over revenues of 19.9%.

**Net operating profit (EBIT)** was €122.78 million with a margin of 18.7% over revenues.

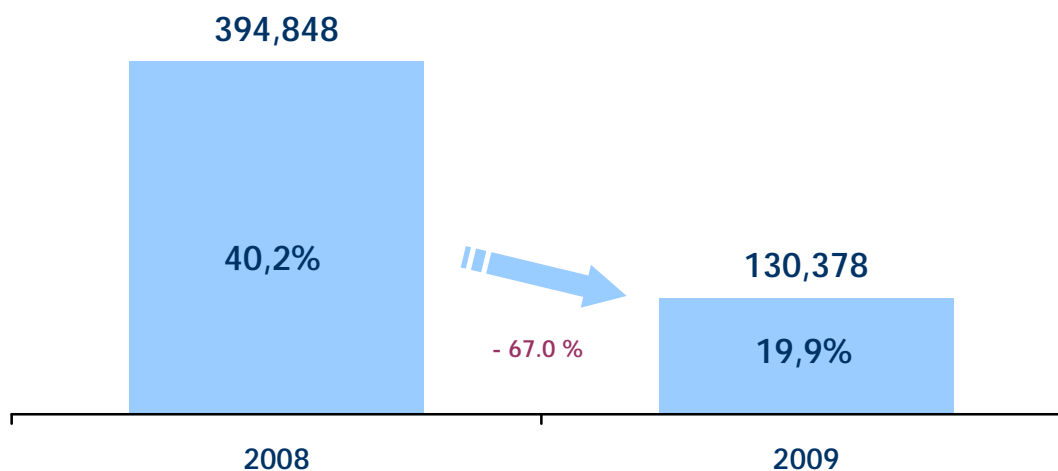
It's important to highlight that the operating margins of the company, in spite of the deterioration of the advertising market, are at a remarkable level.

**Table 4: Margins**

<i>Millions of €</i>	2009	2008	% change
<b>Total net revenues</b>	656,26	981,85	(33,2%)
<b>Adjusted EBITDA</b>	130,38	394,85	(67,0%)
<b>EBIT</b>	122,78	386,90	(68,3%)
<b>Net profit</b>	<b>48,44</b>	<b>211,28</b>	<b>(77,1%)</b>
<b>Adjusted Net profit</b>	<b>112,64</b>	<b>282,57</b>	<b>(60,1%)</b>
<b>Adj.EBITDA / Total net revenues</b>	<b>19,9%</b>	<b>40,2%</b>	
<b>EBIT/ Total net revenues</b>	<b>18,7%</b>	<b>39,4%</b>	
<b>Net profit / Total net revenues</b>	<b>7,4%</b>	<b>21,5%</b>	
<b>Adj. Net Profit / Total Net Revenues</b>	<b>17,2%</b>	<b>28,8%</b>	

As explained before, the net revenues were down in this period, but the operating margins (**EBITDA and EBIT**) have, on a percentage basis, remained in the region of 20%, demonstrating the efficiency of the business model in the context of an advertising market which is clearly deteriorating.

EBITDA adjusted (million €)  
EBITDA/Total Net Revenues (%)



#### 2.4. Financial result and equity consolidated companies

**Financial income** totalled €3.20 million, mainly due to the revenues arising from long term financial assets recognized as “amortized costs”.

A negative result is shown from the **equity consolidated companies**<sup>5</sup> totalling €123.13 million. This negative figure is almost exclusively related to the losses of the participated company Edam Adcquisition Holding Coop. which includes the PPA amortization and the result of the impairment test. This test, is the application of the international accounting standards, was carried out at the level of each cash generating unit of the Group.

This result includes the losses from the investment in Caribevision.

#### 2.5. Profit for the period January – December 2009

**Pre-tax profit**, corresponding to the period, reached €2.85 million; this is basically due to the above mentioned flexion of the advertising market.

A tax credit of €24.14 million is included in the period taking into consideration the accrued tax deductions related to the investments in Spanish fiction, which can be used in the following years to offset the amount of taxes due. The **net profit after minority interests** reached €48.44 million.

The impact of the impairment test and the amortization of intangibles following the “PPA” of participated companies (mainly Endemol), have no effect on their operational margins. This impact amounts to €64.20 million so that the Adjusted Net Profit reaches €112.64 million. The above mentioned Adjusted Net Result means a margin of 17.2%

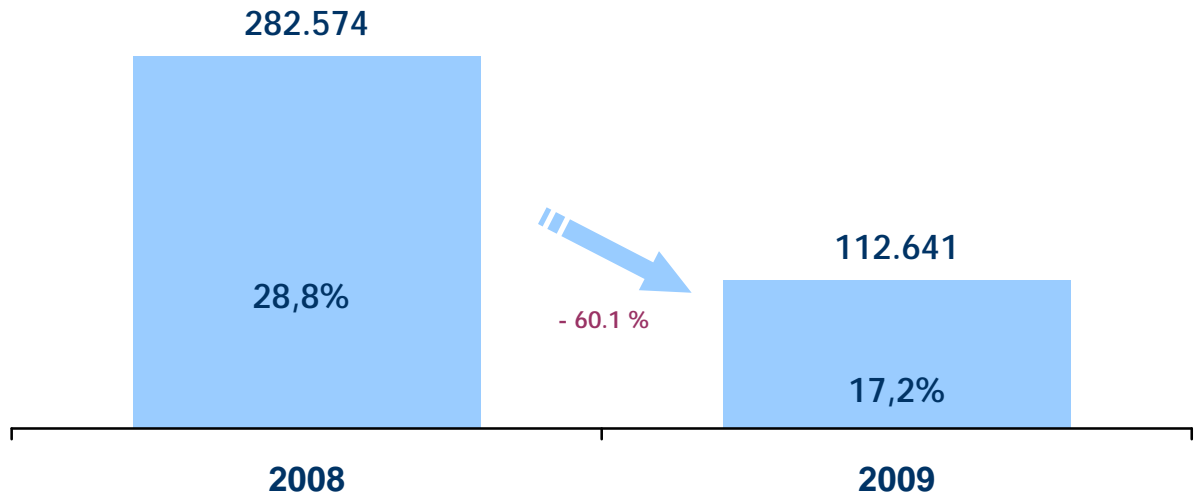
<sup>5</sup> Companies consolidated by the equity method are: Premiere Megaplex S.A. (50% shareholding), Pegaso Television Inc. (35%), Big Bang Media S.L. (30% indirect shareholding) and Publici Televisión S.A. (50% indirect shareholding), Producciones Mandarina S.L. (27.38% indirect shareholding), La Fábrica de la Tele S.L. (30% indirect shareholding), Edam Acquisition Holding Coöp (33% indirect shareholding).





this is a clear indication of the capacity of Telecinco's model to resist and react to the adverse market situation.

Adjusted Net Profit (million €)  
Adjusted Net Profit / Total Net Revenues (%)



### 3. Cash flow generation

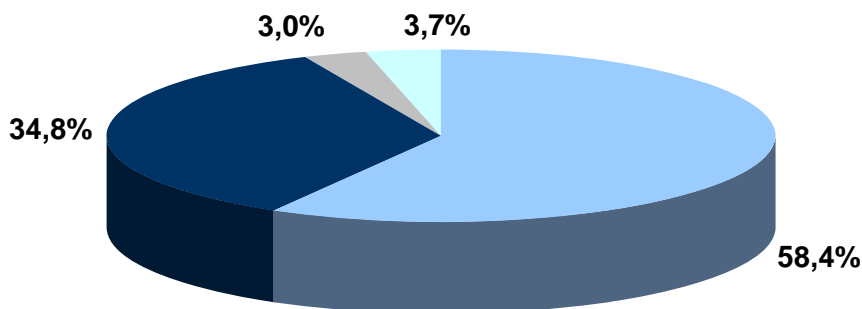
The **Operating Free Cash Flow** in 2009 amounts to €94.41 million, the reduction versus last year is explained by much lower revenues that have an impact on client's payments. In any case it's important to underline the Group's cash generation capacity under adverse market conditions; this is a notable strength of the enterprise during this time.

**Table 5: Cash Flow**

Millions of €	2009	2008	Change in millions of €
<b>Net profit (without minority interests)</b>	26,99	184,52	(157,54)
<b>Amortisation:</b>	168,66	186,87	(18,22)
- Rights	161,45	180,83	(19,37)
- Other	7,20	6,05	1,15
<b>Provisions</b>	0,36	1,90	(1,54)
<b>Other</b>	109,46	135,32	(25,86)
<b>OPERATING CASH FLOW</b>	<b>305,46</b>	<b>508,61</b>	<b>(203,15)</b>
<b>Investment in rights</b>	<b>(169,05)</b>	<b>(186,80)</b>	<b>17,75</b>
<b>Investments, other</b>	<b>(5,17)</b>	<b>(9,02)</b>	<b>3,85</b>
<b>Change in working capital</b>	<b>(36,82)</b>	<b>2,28</b>	<b>(39,10)</b>
<b>OPERATING FREE CASH FLOW</b>	<b>94,41</b>	<b>315,08</b>	<b>(220,66)</b>
<b>Change in Equity</b>	<b>(2,25)</b>	<b>(1,34)</b>	<b>(0,91)</b>
<b>Financial investments</b>	<b>(13,84)</b>	<b>(36,82)</b>	<b>22,98</b>
<b>Dividends received</b>	<b>1,79</b>	<b>1,64</b>	<b>0,15</b>
<b>Dividend payments</b>	<b>(210,27)</b>	<b>(317,56)</b>	<b>107,29</b>
<b>Net Cash Change</b>	<b>(130,15)</b>	<b>(39,00)</b>	<b>(91,15)</b>
<b>INITIAL FINANCIAL POSITION</b>	<b>(25,85)</b>	<b>13,15</b>	<b>(39,00)</b>
<b>FINAL FINANCIAL POSITION</b>	<b>(156,01)</b>	<b>(25,85)</b>	<b>(130,15)</b>

**Total net investment** decreased by €21.6 million in 2009 compared to last year, reaching €174.2 million. This is mainly due to a decrease in investment co-production (-€28.9 million) and in investments in Spanish fiction by -€1.8 million; investments in third party rights increases by +€13.0 million, versus the same period of last year, as explained by the following chart:

**Net investments 2009:  
€174,2 millions**



■ TV Rights Fiction ■ TV Rights Non Fiction ■ Fixed Assets ■ Co-production

#### 4. Balance Sheet

**Table 6: Summary Balance Sheet**

<i>Millions of €</i>	<i>December 2009</i>	<i>December 2008</i>
<b>Tangible assets</b>	<b>221,70</b>	<b>323,61</b>
- Financial	168,67	264,49
- Non Financial	53,03	59,12
<b>Audiovisual rights and Pre-payments</b>	<b>193,99</b>	<b>190,74</b>
- Third parties	121,27	96,57
- Fiction	37,12	27,26
- Co-production / Distribution	35,60	66,90
<b>Pre-paid taxes</b>	<b>108,21</b>	<b>26,31</b>
<b>TOTAL NON-CURRENT ASSETS</b>	<b>523,91</b>	<b>540,66</b>
Current assets	199,48	251,79
Financial investments and cash	10,70	35,11
<b>TOTAL CURRENT ASSETS</b>	<b>210,18</b>	<b>286,90</b>
<b>TOTAL ASSETS</b>	<b>734,09</b>	<b>827,56</b>
Shareholders` equity	291,61	461,47
Non-current provisions	21,32	43,80
Non-current payables	0,26	0,22
Non-current financial liabilities	90,67	59,81
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>112,26</b>	<b>103,83</b>
Current payables	254,19	261,10
Current financial liabilities	76,03	1,15
<b>TOTAL CURRENT LIABILITIES</b>	<b>330,23</b>	<b>262,25</b>
<b>TOTAL LIABILITIES</b>	<b>734,09</b>	<b>827,56</b>

The evolution of the **library** examples stability within the different categories and is in line with the business' strategy, and shows an increase in third parties rights mainly due to the content needs of the new digital channels. This increase is offset by lower investments in coproduction rights.

**Current Assets** are down due to a lower cash position resulting from the recent dividend payment and a lower balance of commercial clients as a result of lower revenues.

**Non current liabilities** are in line with the figures reached as of December 31<sup>st</sup> 2008, while **current liabilities** increases for the utilization of the available credit lines, partially compensated by the reduction of the amounts due for Taxes as a result of lower revenues.

The **Net financial position** reached, at the end of December 2009, was €-156.01 million.

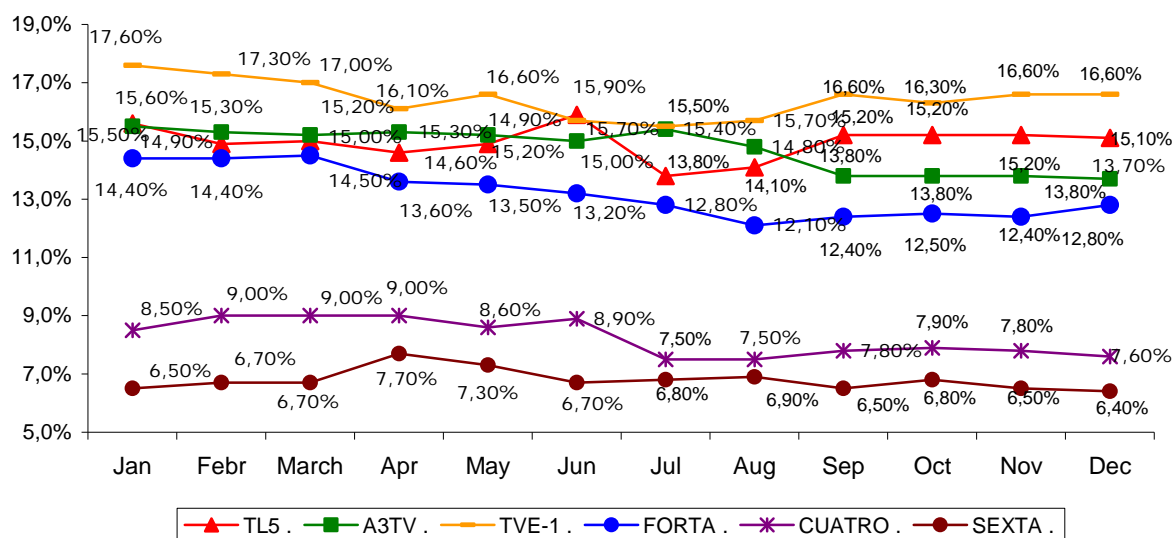
## 5. Audience share performance

Table 7: January-December average audience share

		2009	2008
Totals Individuals	Total Day	15,1%	18,1%
	PRIME TIME	16,2%	20,0%
	DAY TIME	14,5%	17,2%
Commercial Target	Total Day	15,5%	19,6%
	PRIME TIME	16,4%	21,5%
	DAY TIME	15,1%	18,6%

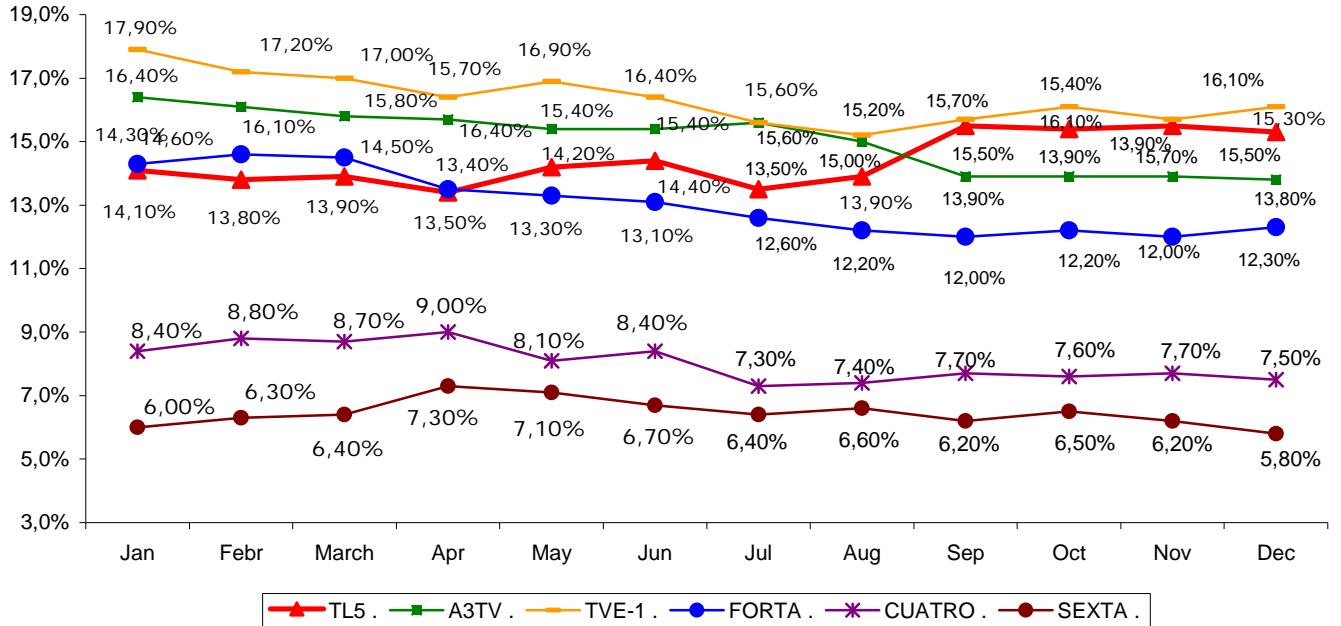
At the end of 2009 Telecinco reached 15.1% average audience share in total individuals (total day) and situates Telecinco as the leader commercial network 0.4 points ahead of Antena 3 (14.7%). Thanks to its aggressive programming strategy TVE-1 was the leader during the period with 16.4%

Audiencia Share, 24 Hours, Total Individuals (in%)



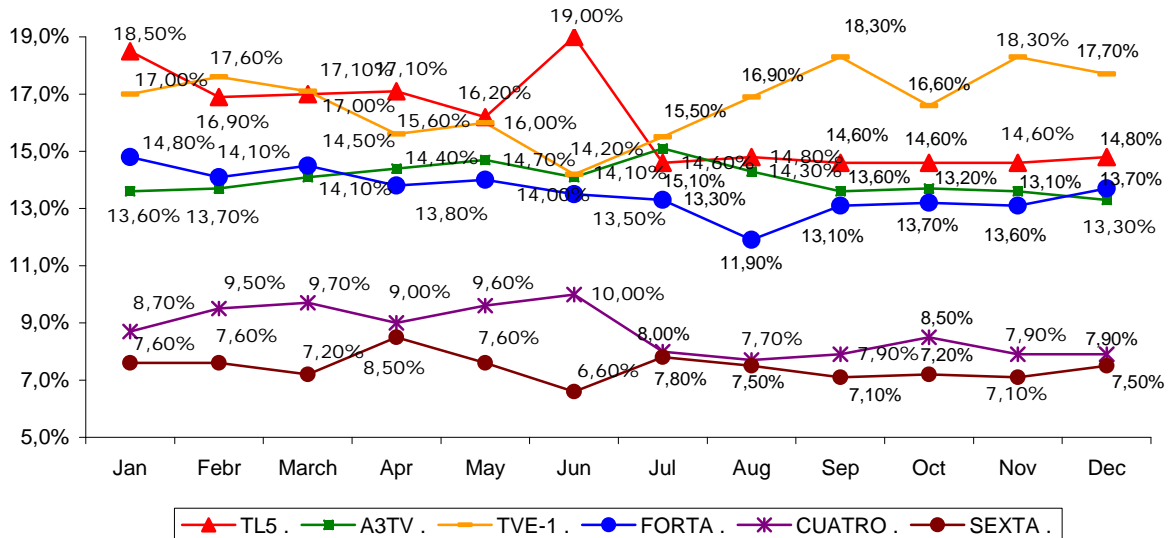
With regards to “day time” audience share, Telecinco achieves an average of 14.5%, even though they have suffered losses in some afternoon slots, they are maintaining a competitive position versus the other broadcasters and shows a clear recovery since the lowest figures were recorded in April 2009.

### Audience Share, Day Time, Total Individuals (in%)



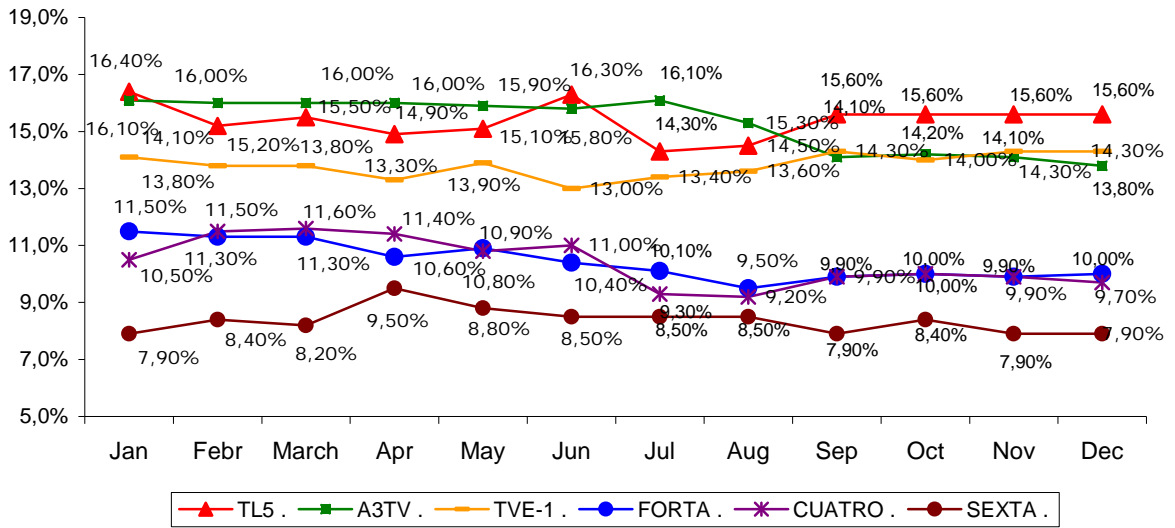
Telecinco preserves its leadership in prime time total-individuals between the commercial channels beating Antena 3 by 2.3 points; TVE-1 is leader with an audience of 16.7%.

### Audience Share, Prime Time, Total Individuals (in%)

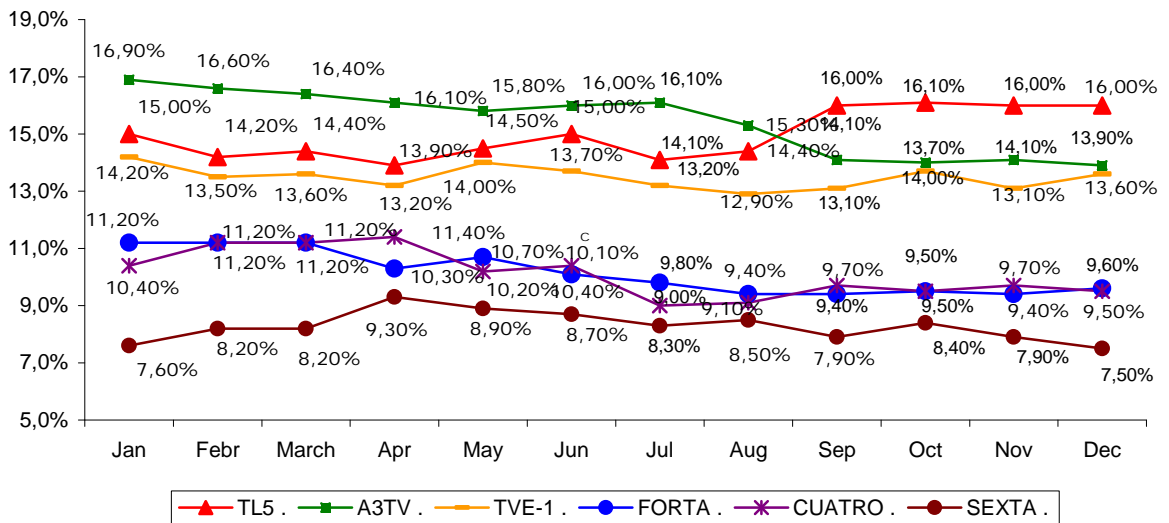


With regards to the commercial target audience share for 24 hours, prime time, and day time, Telecinco maintains the lead in 2009.

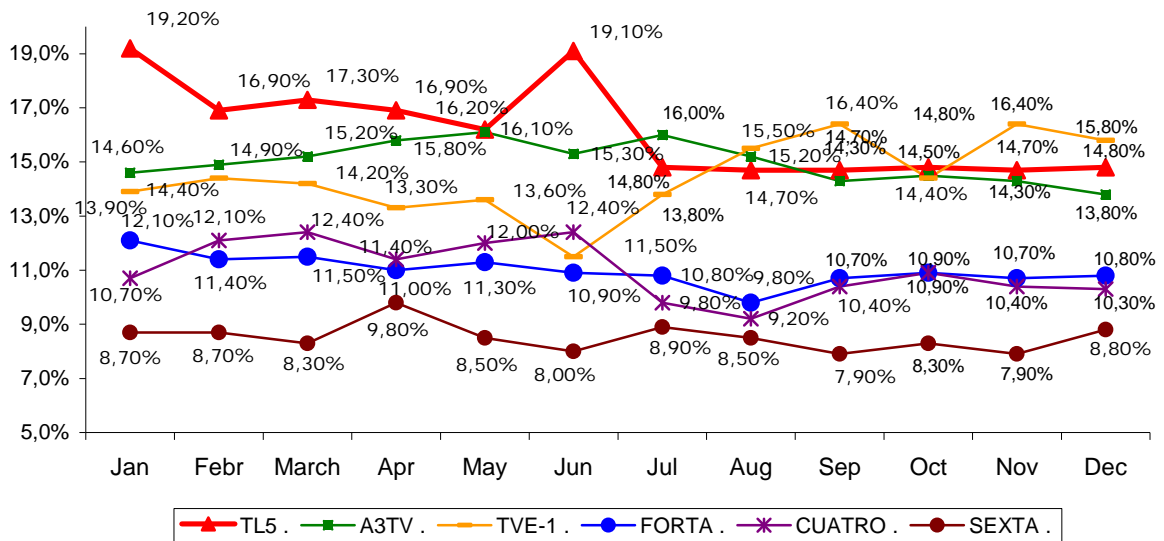
### Audiencia Share, 24 Hours, Commercial Target (in%)



### Audiencia Share, Day Time, Commercial Target (in%)



### Audience Share, Prime Time, Commercial Target (in%)



During the month of September the Group launched a new digital strategy reinforcing the programming grid for its digital channels due to the approaching of the imminent analogue switch off scheduled for March 30<sup>th</sup> 2010. LA SIETE (La7) the main digital channel of the Group reached an audience share of 0.87% in 24 hours as of the month of December, total individuals and Total TV, increasing the audience reached in June 2009 by 0.38pp. With this raise of +178% La7 prevails over Nova, the second digital channel from the Group Antena3 which ended December with an audience of 0.86%. Also the second digital channel of Telecinco FACTORIA DE FICCION (FDF) increased its audience share, by 0.28pp versus June 2009, up to 0.77% (+157%). Both the figures shown by La Siete and Factoría de Ficción are highly satisfactory; in just one month of new programming strategy the channels increased their figures reducing the gap with the other digital channels. This result demonstrates the ability of the Group's digital strategy to optimize the investments at the right moment without losing the competitive position in the digital world and preserving audiences from the main channel.

### Audience Share, 24 hours, DTV %

