



**TELECINCO**

**RESULTS  
FIRST HALF 2005  
(January – June)**

**Madrid – 28 July, 2005**

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## 0. Presentation format of financial results

The consolidated financial results for the first half of 2005 are presented in accordance with **International Financial Reporting Standards (IFRS)**, applied to Telecinco as of 1 January, 2005, as well as the combined results for the first half of 2004, included for comparative purposes. The combined format includes the results for Publiespaña and Subsidiary Companies, while the consolidated format only includes the last three quarters of 2004, after Gestevisión Telecinco took full ownership of Publiespaña. Therefore, the consolidated format excludes the results of Publiespaña and its subsidiaries corresponding to the first three months of 2004.

The financial results presented in IFRS shall be considered as preliminary according to IFRS 1 as the quantification of the impact of IFRS is subject to the IFRS and its interpretation, valid at date of closure of the Balance Sheet on first-time adoption, December 31<sup>st</sup> 2005.

The main accounting principles introduced by IFRS that affect Telecinco are the following:

- Presentation of assets and liabilities in the balance sheet separating current and non-current assets (IAS 1)
- Recording of deferred tax assets as non-current asset (IAS 2)
- Adoption of IAS 2, 32 and 39 in financial statements as of 1 January, 2005



## 1. Financial and operating highlights

Consolidated financial highlights for the year to June, include:

1. **Net operating revenues** grew by 25.8% compared with the first half of 2004 to €509.04 million. This is, fundamentally, due to the increase of net TV advertising revenues (+27.7%), which stood at €477.71 million.

The notable increase of revenues was driven by the increase in audience share and the excellence of Publiespaña's commercial strategy, as well as the positive performance of Spain's advertising market, and the elimination in commissions paid to media buyers.

The average 22.7% **audience share** during the six-month period in terms of total-individuals (total day) represents an increase of 0.3 points over the same period last year that places, once again, Telecinco as the leading television network ahead of TVE-1 (19.4%) and Antena 3TV (20.7%). Total-individuals prime time audience share<sup>1</sup> was 23.9%, confirming Telecinco as the undisputed leader among Spain's television networks. With regard to commercial target<sup>2</sup>, Telecinco's audience share was 25.0% in terms of total-day audience and 27.0% in the prime time slot, further consolidating its traditional leadership.

Telecinco's **programming** continued demonstrating its solidness and stability with high audience share figures across all slots applying to both, new ("El Programa de Ana Rosa", "Aída", "Motivos Personales") and traditional programmes. Notable audience shares were reported<sup>3</sup> for the Spanish fiction series "Hospital Central" (31.8%), "Aída" (31.2%), "Los Serrano" (30.6%) and "Motivos Personales" (28.2%), the talk-shows "El Programa de Ana Rosa" (26.2%) and "A Tu Lado" (22.9%) and the reality shows "La Casa De Tu Vida" (27.0%) and "Gran Hermano VIP" (25.7%).

2. **Operating costs** were €252.45 million and grew by 3.5%, despite increased variable costs due to higher revenues. The Company meets the cost control target set by the management.
3. **Adjusted EBITDA**<sup>4</sup> grew by 57.0% to €261.68 million, and **EBIT** totalled €256.59 million (+59.6%). The resulting operating margins were 51.4% for EBITDA (adj.)/total net revenues and 50.4% for EBIT/total net revenues.
4. **Net profit** after taxes was €175.86 million, up 59.5% vs. 1H04.
5. **Free cash flow** was €189.00 million, with **operating cash flow** up €57.34 million to €255.08 million.
6. **Net cash position** at June 30<sup>th</sup> 2005, was €263.16 million, after the distribution in May of dividends amounting to €172.64 million charged to 2004 results.

<sup>1</sup> Prime time: Time slot with the highest television consumption of the day, from 21:00 to 24:00.

<sup>2</sup> Commercial target: Audience group comprising individuals from 13 to 54 living in communities of over 10,000 inhabitants and across medium and upper social classes.

<sup>3</sup> January-June average audience share.

<sup>4</sup> Post-rights amortisation



## 2. Profit and loss account

**Table 1: Consolidated Profit and Loss Account<sup>5</sup>**

<b>Millions of €</b>	<b>1H05 IFRS</b>	<b>1H04 IFRS</b>	<b>% change</b>
<b>TOTAL NET REVENUES</b>	<b>509.04</b>	<b>404.69</b>	<b>25.8%</b>
Personnel costs	(36.10)	(34.38)	5.0 %
TV Rights amortisation	(70.85)	(72.58)	(2.4%)
Other operating costs	(140.41)	(131.05)	7.1 %
<b>Adjusted EBITDA</b>	<b>261.68</b>	<b>166.68</b>	<b>57.0 %</b>
Other amortizations, provisions	(5.09)	(5.86)	(13.2%)
<b>EBIT</b>	<b>256.59</b>	<b>160.81</b>	<b>59.6 %</b>
Equity consolidated results	0.55	0.49	11.9 %
Financial results	2.35	1.87	25.9%
<b>Pre-tax profit</b>	<b>259.49</b>	<b>163.17</b>	<b>59.0 %</b>
Income taxes	(83.62)	(52.93)	58.0 %
Minority interests	(0.01)	0.00	--
<b>Net profit</b>	<b>175.86</b>	<b>110.24</b>	<b>59.5 %</b>

### 2.1. Revenues

**Table 2: Revenues**

<b>Millions of €</b>	<b>1H05 IFRS</b>	<b>1H04 IFRS</b>	<b>% change</b>
<b>Gross TV advertising revenues</b>	<b>500.15</b>	<b>402.84</b>	<b>24.2 %</b>
- Commissions and discounts	(22.44)	(28.85)	(22.2 %)
<b>Net TV advertising revenues</b>	<b>477.71</b>	<b>373.99</b>	<b>27.7 %</b>
Other revenues	31.33	30.69	2.1 %
<b>TOTAL NET REVENUES</b>	<b>509.04</b>	<b>404.69</b>	<b>25.8 %</b>

<sup>5</sup> Combined format for 1H2004  
[www.inversores.telecinco.es](http://www.inversores.telecinco.es)



**Gross advertising TV revenues** for the six-month period grew by 24.2% to €500.15 million.

**Net advertising TV revenues** after commissions and allowances climbed by 27.7% to €477.71 million. The elimination of agency commissions, which in the first half of 2004 amounted to 2% of gross revenues, has contributed to the revenue growth.

“**Other revenues**” grew by 2.1% to €31.33 million, thanks among other, to the positive performance of revenues from sales of SMS services.

Finally, **total net revenues** grew by 25.8% to €509.04 million compared with the same period last year.

## 2.2. Operating costs

**Total operating costs**, which totalled €252.45 million and include amortizations of audiovisual rights and fixed assets, grew by 3.5% or €8.58 million in 1H05. Of this increase, €3.16 million stem from costs derived from payments to rights associations due to an increase in revenues and the remaining amount corresponds mainly to in-house production costs.

**Table 3: Operating costs**

Millions of €	1H05 IFRS	1H04 IFRS	% change
Personnel costs	36.10	34.38	5.0%
TV Rights amortisation	70.85	72.58	(2.4%)
Other operating costs	140.41	131.05	7.1 %
Other amortisation and provisions	5.09	5.86	(13.2%)
<b>TOTAL COSTS</b>	<b>252.45</b>	<b>243.87</b>	<b>3.5 %</b>

In terms of broadcasting hours, the weight of Telecinco's own productions has increased relative to external productions in the network's programming. In the first half 2005, 83% of programmes were own productions and the remaining 17% was external productions (compared with a 80-20 ratio in 1H04). For this reason, production costs increased and amortizations of external production rights decreased.



### 2.3 Operating profit and operating margins

**Adjusted EBITDA** (EBITDA post-rights amortisation) reached €261.68 million, up 57.0% by €95.00 million vs. 1H04.

**Net operating profit (EBIT)** was €256.59 million, representing an increase of 59.6% or €95.78 million vs. 1H04.

The resulting operating margins are as follows:

**Table 4: Operating margins**

Millions of €	1H05 IFRS	1H04 IFRS	% change
Total net revenues	509.04	404.69	25.8 %
Adjusted EBITDA	261.68	166.68	57.0 %
EBIT	256.59	160.81	59.6 %
Net profit	175.86	110.24	59.5 %
Adj. EBITDA / Total net revenues	51.4 %	41.2 %	-
EBIT / Total net revenues	50.4 %	39.7 %	-
Net profit / total net revenues	34.5 %	27.2 %	-

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

Given the almost absence of financial debt, the company obtained **financial income** of €2.35 million, most of which being interests obtained through cash investments.

Positive results were also recorded from **equity consolidated companies**<sup>6</sup> totalling €0.55 million.

### 2.5. Profit for the first half 2005

**Pre-tax profit** for 1H05 was €259.49 million, up by €96.32 million compared with €163.17 million in 1H04 (+59.0%).

After recording the €83.62 million provision for the estimated corporate tax payment (applying tax rules in place), compared with €52.93 million in 1H04, the **net profit after minority interests** for the first half 2005 was €175.86 million, an increase of €65.62 million or 59.5% over the same period of previous year.

<sup>6</sup> Companies consolidated by the equity method are: Premiere Megaplex S.A. (50% shareholding), Multipark Madrid S.A. (35%), Canal Factoría Ficción S.A. (40%), Europortal Jumpy España S.A. (50%), Aprop Imagen S.L. (40% indirect shareholding) and Publici Televisión S.A. (50% indirect shareholding).



### 3. Cash flow generation

Cash flow generation was boosted by the strong performance of revenues and cost containment. **Operating free cash flow** amounts to €189.00 million, increasing by €48.31 million compared to 1H04.

**Table 5: Cash Flow**

<i>Millions of €</i>	<i>1H05 IFRS</i>	<i>1H04 IFRS</i>	<i>Change in millions of €</i>
Net profit	175.86	110.24	65.62
Amortisations:	75.39	77.76	(2.37)
- TV rights	70.85	72.58	(1.73)
- Other	4.54	5.18	(0.64)
Provisions	0.55	0.68	(0.13)
Other	3.28	9.06	(5.78)
<b>OPERATING CASH FLOW</b>	<b>255.08</b>	<b>197.74</b>	<b>57.34</b>
Investment in TV rights	(99.96)	(73.77)	(26.19)
Investments, other	(2.88)	(2.11)	(0.78)
Change in working capital	36.77	18.83	17.94
<b>OPERATING FREE CASH FLOW</b>	<b>189.00</b>	<b>140.69</b>	<b>48.31</b>
Change in Equity	1.38	(10.35)	11.73
Dividends received	1.07	0.90	0.17
Dividend payments	(172.64)	(250.00)	77.36
Net cash increase	18.81	(118.76)	137.57
INITIAL CASH POSITION	244.35	252.52	---
FINAL CASH POSITION	263.16	133.76	---



#### 4. Balance Sheet

Table 6: Summary Balance Sheet

Millions of €	June 2005 IFRS	June 2004 IFRS
Tangible assets	65.76	67.99
Audiovisual rights	261.35	251.32
- TV rights	185.43	193.86
TV rights – Third parties	161.25	178.04
TV rights – Fiction	24.18	15.82
- Co-production – Distribution	11.14	10.73
- Pre-payment	64.78	46.73
Pre-paid taxes	16.34	17.01
<b>TOTAL NON-CURRENT ASSETS</b>	<b>343.45</b>	<b>336.32</b>
Current assets	223.60	188.16
Financial investments and cash	267.99	137.85
<b>TOTAL CURRENT ASSETS</b>	<b>491.59</b>	<b>326.01</b>
<b>TOTAL ASSETS</b>	<b>835.04</b>	<b>662.33</b>
Shareholders' equity	482.70	363.99
Non-current provisions	64.60	54.03
Non-current payables	1.17	2.22
Non-current financial liabilities	3.91	3.71
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>69.68</b>	<b>59.96</b>
Current payables	281.74	238.00
Current financial liabilities	0.92	0.38
<b>TOTAL CURRENT LIABILITIES</b>	<b>282.66</b>	<b>238.38</b>
<b>TOTAL LIABILITIES</b>	<b>835.04</b>	<b>662.33</b>

The evolution of the **library** reflects the containment strategy for the acquisition of external productions' rights.

As for **current assets**, an increase was recorded reflecting the growth of receivables as a result of increased sales. **Current liabilities** increase mainly due to higher corporate tax provisions.

The **net cash position** of €263.16 million in the first half 2005, reached after the distribution of the dividend of €172.64 million charged to 2004 results, is also worthy of mention.



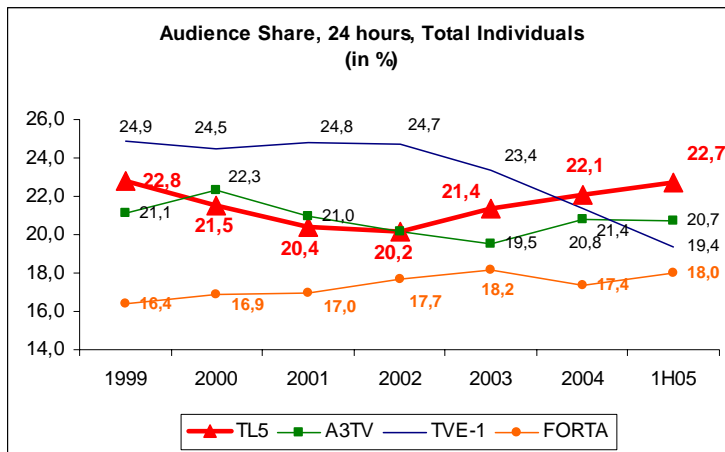


## 5. Audience share performance

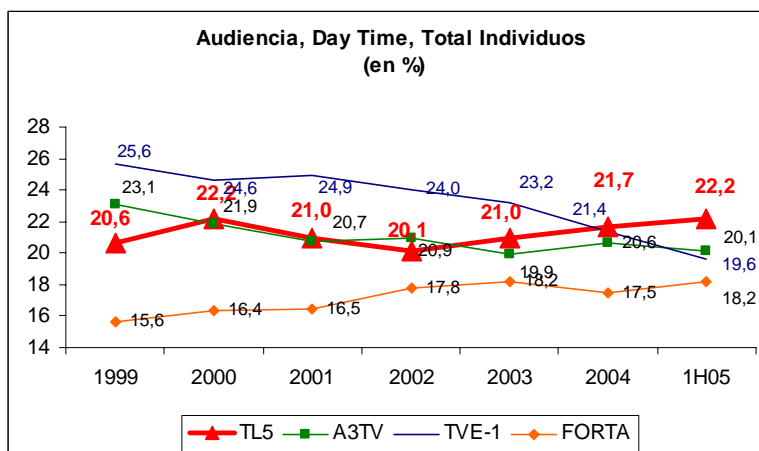
**Table 7: January-June average audience share**

Share	1H05	1H04
Total-day	22.7 %	22.4%
Day Time	22.2 %	22.0 %
Prime time (21:00h-24:00h)	23.9 %	23.5 %
Total-day, Commercial target	25.0 %	25.6 %
Day time, Commercial target	24.0 %	24.6 %
Prime Time, Commercial target	27.0 %	27.8 %

Telecinco, after being ranked first in 2004 for the first time in its history in terms of audience share-total individuals ahead of TVE-1, maintains its leadership in total-individuals 24 hours audience share, exceeding the record achieved in the first quarter 2005.

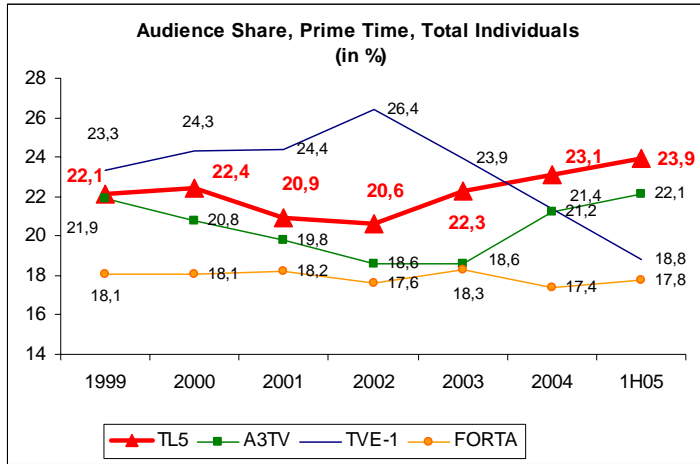


With regard to “day time” audience share Telecinco also leads the market since 2004 and has continuously increased its share.





Telecinco's prime time total-individuals audience share also beats TVE-1 and Antena 3TV, consolidating the leadership far ahead its competitors.



As for commercial target audience share for 24 hours, day time and prime time, Telecinco consolidated its undisputed leadership.

