

# MEDIASET *españa.*

## FIRST HALF RESULTS January – June 2011

Madrid – July 28<sup>th</sup>, 2011

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2. Profit and loss account
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## 1. Financial and operating highlights

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- **During the first half of 2011, Mediaset España recorded a recurring adjusted EBITDA of 124.0 million Euros, reaching a margin of 22.9% (+2.4pp versus first half 2010 pro-forma), also improving the Net Profit/Total Net Revenues margin to 15.7%.**

### **Consolidated results as of 30 June 2011, include:**

1. The first half of 2011 is driven by the global and European economic instability; in particular the situation of the sovereign debt crisis in Greece, the rising cost of raw materials and the monetary tightening in emerging economies, have all increased global market uncertainty. Also, the drop in private consumption in Spain reduces visibility complicating the management of the sale of advertising.

According to the latest Infoadex report, advertising investments, in the first half of 2011, has decreased by -5,9% versus the same period of 2010, reaching €2,504.6 million; the TV advertising market during the same period totalled €1,214.6 million, with a reduction of -7.4% compared to € 1,311.3 million of 2010, which represents a share of 48.5% of total advertising spend.

Mediaset España is again the TV market leader, with a share of 43.3% in the first half of 2011.

**Total Net Revenues** in the first half of 2011, reached €540.92 million. The Gross Advertising Revenues of the two Multiplex of Mediaset España amount to €522.56 million and the advertising Revenues of Other Media totalled €17.44 million. Total gross advertising revenues amount to €540.00 million. Finally, the "Other Revenues" amount to €32.34 million.

2. **Total Operating Costs** of Mediaset España reached €438.51 million in the first half of 2011, a decrease of 12.2% versus 2010. This decrease is mainly due to lower programming costs and lesser costs of sales related to fewer cinema exploitation. Also during the first part of the year the Group continues to effectively achieve the costs synergies generated from the integration of Cuatro.

On a percentage basis, Mediaset España has increased its recurring operating margin, thanks to the cost savings and cost synergies obtained during the first half of 2011, following the acquisition of Cuatro. The **Recurring Adjusted EBITDA**<sup>1</sup> margin reached 22.9%, +2.4pp ahead of the 20.5% pro-forma in the same period of 2010. This result continues to place Mediaset España among the most profitable commercial TV companies.

The strength of the traditional operating margins and strict cost management are very important elements to help develop business in a weak advertising market.

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<sup>1</sup> EBITDA post-rights amortisation, excluding one-off costs

3. **Net profit**, after tax, as of June 30<sup>th</sup>, 2011, reached €85.15 million representing a Total Net Income margin of 15.7% which is an improvement on the pro-forma figure for the same period of 2011 (15.5%). If we isolate the accounting impact (after taxes) of the amortisation of intangibles, then the adjusted result would improve reaching €89.15 million of net adjusted profit, with a margin of 16.5% over Net Revenues.
  
4. **Free cash flow** in the first half of 2011 was €60.39 million. This result includes the payment of the commercial liabilities related to Cuatro which were in place at the time of the acquisition as well as the indemnity payments made in the period.
  
5. **The net financial position** as of June 30<sup>th</sup> 2011 was negative €85.65 million, an improvement of €14.1 million versus the same period last year. The distribution of the 2010 dividend (ordinary and extraordinary), for a total amount of €140.16 million, has been deducted, representing €0.35 per circulating share and 199% pay-out ratio, paid on May 4th 2011. It also includes the Intercompany loan of Mediaset S.p.A. to the Group to acquire Endemol, which leaves a bank balance of € 12.66 million at the end of the period.
  
6. The average **audience share** of Mediaset España in the first half of 2011 total-individuals (total day), reaches 25.9%, with a +9.4pp lead on Antena3 Group (16.5%). The audience share total-individuals (total day) of the main channel, Telecinco, was 14.1%. This figure confirms Telecinco as the first commercial television network 2.9 ahead of Antena3 (11.2%).  
 In "Commercial Target<sup>2</sup>" (total day), the audience of Mediaset España was 28.2%, 10.8pp ahead of Antena3 Group (17.4%). The Telecinco channel audience share reaches 14.0%, 2.6pp ahead of Antena3 channel (11.4%).  
 The average audience share of Cuatro reached 6.4% total-individuals (total day) and 8.0% in commercial target, compared to 6.0% and 7.5% respectively of its main competitor La Sexta.  
 As per the audience of second generation channels, FACTORIA DE FICCION, LA SIETE, BOING and DIVINITY the trend in the audience share continues to set records, the sum of the channels has reached 5.2% in the first half, in total day, total-individuals and 6.0% in total day, commercial target.  
 Mediaset España consolidates its leadership in 2011 amongst the commercial channels.  
 In June, the main channel Telecinco, is again the most viewed TV after 10 months of leadership over TVE1.

<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

## 2. Profit and loss account

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

<i>Millions of €</i>	1H2011	Proforma 1H2010	% change	Reported 1H2010
<b>TOTAL NET REVENUES</b>	<b>540,92</b>	<b>631,82</b>	<b>(14,4%)</b>	<b>461,02</b>
Rights Amortisation	(111,41)	(114,67)	(2,8%)	(72,30)
Personnel	(54,20)	(56,12)	(3,4%)	(38,99)
Other operating costs	(251,32)	(331,21)	(24,1%)	(206,79)
<b>Recurring Adjusted EBITDA</b>	<b>123,99</b>	<b>129,82</b>	<b>(4,5%)</b>	<b>142,94</b>
Non recurring costs	(12,65)	8,10	-	8,10
<b>Adjusted EBITDA</b>	<b>111,34</b>	<b>137,92</b>	<b>(19,3%)</b>	<b>151,04</b>
Other amortisations, provisions	(4,93)	(5,38)	(8,4%)	(4,76)
Amortisation PPA (provisional)	(4,00)	0,00	-	-
<b>EBIT</b>	<b>102,41</b>	<b>132,54</b>	<b>(22,7%)</b>	<b>146,28</b>
Equity Cons. Results and Depr. Fin. Assets	(1,64)	(20,49)	-	(20,49)
Financial results	2,49	4,76	(47,7%)	4,86
<b>Pre-tax profits</b>	<b>103,26</b>	<b>116,81</b>	<b>(11,6%)</b>	<b>130,65</b>
Income taxes	(18,07)	(23,94)	(24,5%)	(28,09)
Minority interests	(0,04)	4,85	-	4,85
<b>Net profit</b>	<b>85,15</b>	<b>97,72</b>	<b>(12,9%)</b>	<b>107,40</b>
<b>Adjusted Net profit</b>	<b>89,15</b>	<b>104,74</b>	<b>(14,9%)</b>	<b>114,44</b>

The Adjusted Net Profit in the first half of 2011 amounted to €89.15 million, a 16.5% margin over Net Revenues.

The €4.00 million difference between the Net Profit and the adjusted Net Profit is due to the impact of the amortisation of intangibles following the "PPA" (Purchase Price Allocation) of Cuatro.

It should be noted that such allocation is preliminary and non-definitive, and is the amortisation expense charged in the period, which represents the best estimate. According to IFRS, there is one year from the date of the acquisition to complete the allocation process.

## 2.1. Revenues

Table 2: Revenues

	1H2011	Proforma 1H2010	% change	Reported 1H2010
Gross advertising revenues	540,00	617,18	(12,5%)	442,51
- <i>Multiplex</i>	522,56	589,46	(11,3%)	423,27
- <i>Others</i>	17,44	27,72	(37,1%)	19,24
Discounts	(31,42)	(30,95)	1,5%	(20,47)
Net advertising revenues	508,58	586,23	(13,2%)	422,04
Other revenues	32,34	45,59	(29,0%)	38,98
<b>TOTAL NET REVENUES</b>	<b>540,92</b>	<b>631,82</b>	<b>(14,4%)</b>	<b>461,02</b>

Gross advertising revenues in the first half 2011 reached €540.00 million.

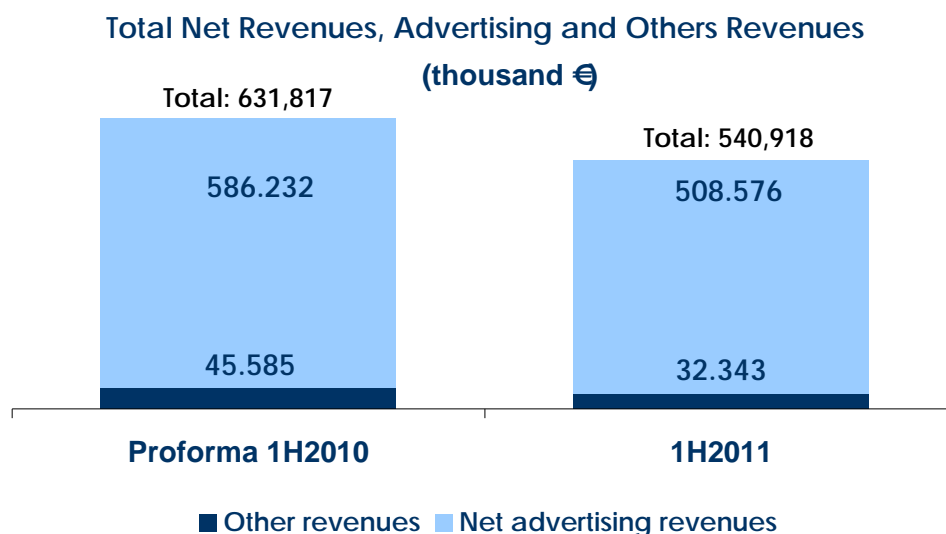
**Multiplex Mediaset España's Gross advertising revenues**, which include advertising revenues from TELECINCO, CUATRO, FACTORIA DE FICCION, LA SIETE, BOING and DIVINITY, reached €522.56 million.

The **Other advertising revenues** reached €17.44 million. This figure includes advertising revenues from other platforms such as the thematic channels, Internet and teletext, etc. The difference with 2010 pro-forma is mainly explained by the exclusion of external channels in 2011, in compliance with the limitations agreed with the antitrust authority following the acquisition of Cuatro.

**Net advertising revenues** after commissions reached €508.58 million.

**"Other revenues"**, which mainly include the sale of coproduction film rights, merchandising rights, SMS, Call TV and audiotex services amounted to €32.34 million, lower versus the amount reached in the same period of last year, mainly due to fewer cinema exploitation during the first half of 2011 (in 2010 there were significant revenues from the sale of film rights for "Agora", "Celda 211" and "Spanish Movie") and a reduction of Call TV, SMS and Merchandising revenues. This decline is mainly explained by the condition of the Spanish economy, which has produced a reduction in the consumption of these products.

Finally, **Total Net Revenues** amounted to €540.92 million.



## 2.2. Operating costs

**Total operating costs**, as of June 30<sup>th</sup> 2011 amounted to €438.51 million, which is a decrease of € 60.77 million (-12.2%) when compared to last year pro-forma. This decrease is mainly due to lower programming costs and lesser costs of sales related to fewer cinema exploitation. Also, during the first part of the year the Group effectively achieved part of the costs synergies arising from the integration of Cuatro.

Recurring operating costs have fallen, in just six months, by € 85.07 million (-16.9%); these costs exclude the impact of non-recurring restructuring costs (€12.65 million), the PPA amortisation (€4.00 million) and the impact of the reversal of the provision in 2010 (€8.10 million). This large cost reduction demonstrates the potential of the new group and the ability to manage costs to maximize margins, within an uncertain economic environment.

**Table 3: Operating costs**

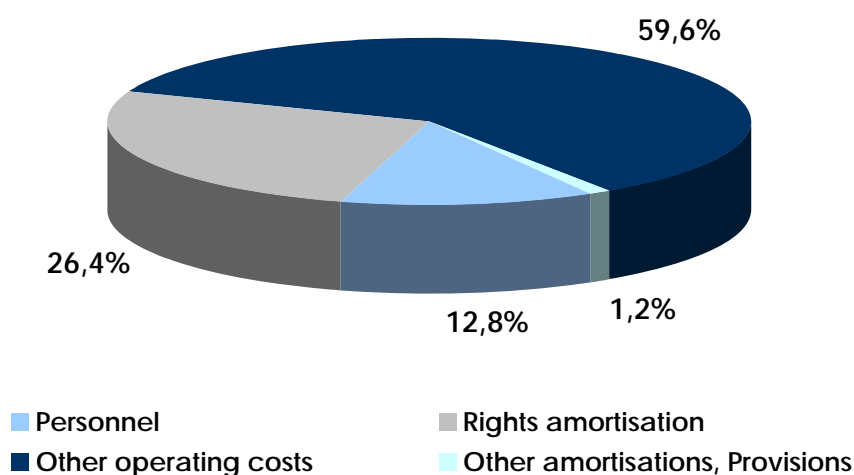
<i>Millions of €</i>	1H2011	Proforma 1H2010	% change	Reported 1H2010
<b>Personnel costs</b>	54,20	56,12	(3,4%)	38,99
<b>Rights amortisation</b>	111,41	114,67	(2,8%)	72,30
<b>Other operating costs</b>	251,32	331,21	(24,1%)	206,79
<b><u>Total recurring costs</u></b>	<b>416,93</b>	<b>502,00</b>	<b>(16,9%)</b>	<b>318,08</b>
<b>Non recurrings costs</b>	12,65	(8,10)	-	(8,10)
<b>Other amortisation and provisions</b>	4,93	5,38	(8,4%)	4,76
<b>Amortisation PPA (provisional)</b>	4,00	-	-	-
<b>TOTAL OPERATING COSTS</b>	<b>438,51</b>	<b>499,28</b>	<b>(12,2%)</b>	<b>314,74</b>

The Group's in-house production continues to dominate the network's programming in terms of broadcasting hours. In 2011, 91.4% of broadcasted programmes on the main channel (Telecinco) were produced in-house and the remaining 8.6% were external productions (compared with an 87.7% and 12.3% in 2010).

The proportion of the Cuatro channel is 59.0% of in-house and 41.0% of third parties.

As per the second generation channels, LA SIETE, 92.5% of production is in-house and 7.5% third parties rights, FACTORIA DE FICCION has a proportion of 42.3% of in-house versus 57.7% of third parties and BOING and DIVINITY are mostly intensive in third party rights.

### Operating Costs



### 2.3 Operating profit and margins

**Recurring Adjusted EBITDA** reached €123.99 million, representing a 22.9% margin over revenues.

**Net operating profit (EBIT)** reached €102.41 million with a margin of 18.9% over revenues.

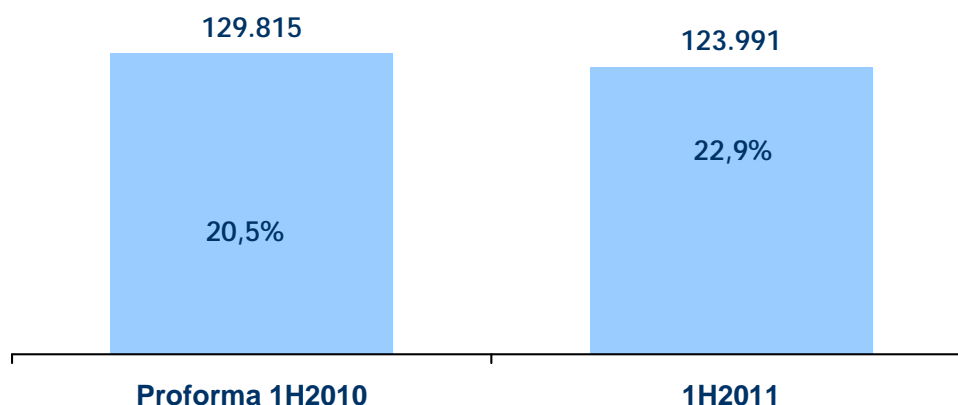
Despite a sharp contraction in the Group's turnover, due to the drop of the advertising market and the weak economic environment in Spain, Mediaset España has managed costs well offsetting the negative effects and improving the operating margins on a percentage basis.

**Table 4: Margins**

Millions of €	1H2011	Proforma 1H2010	% change	Reported 1H2010
Total net revenues	540,92	631,81	(14,4%)	461,02
Recurring Adjusted EBITDA	123,99	129,82	(4,5%)	142,94
Adjusted EBITDA	111,34	137,92	(19,3%)	151,04
EBIT	102,41	132,53	(22,7%)	146,28
<b>Net profit</b>	<b>85,15</b>	<b>97,71</b>	<b>(12,9%)</b>	<b>107,40</b>
<b>Ajusted Net profit</b>	<b>89,15</b>	<b>104,74</b>	<b>(14,9%)</b>	<b>114,44</b>
Rec. Adj.EBITDA / Total net revenues	22,9%	20,5%		31,0%
Adj.EBITDA / Total net revenues	20,6%	21,8%		32,8%
EBIT/ Total net revenues	18,9%	21,0%		31,7%
Net profit / Total net revenues	15,7%	15,5%		23,3%
Adj. Net Profit / Total Net Revenues	16,5%	16,6%		24,8%

On a percentage basis, operating margins (**Recurring Adj.EBITDA and EBIT**) are, 22.9% and 18.9% respectively, demonstrating the efficiency of the business model in terms of ability to sustain margins in a weak market environment, as well as the management's ability that allows the company to partially absorb the impact of the decline in advertising spending.

EBITDA Adjusted Rec. (Thousand €)  
EBITDA Adj. Rec. / Total Net Revenues (%)





## 2.4. Financial result and equity consolidated companies

**Financial income** totalled €2.49 million.

On the other hand, the result from the **equity consolidated companies**<sup>3</sup> amounted €1.64 million negative.

## 2.5. Profit for the period January – June 2011

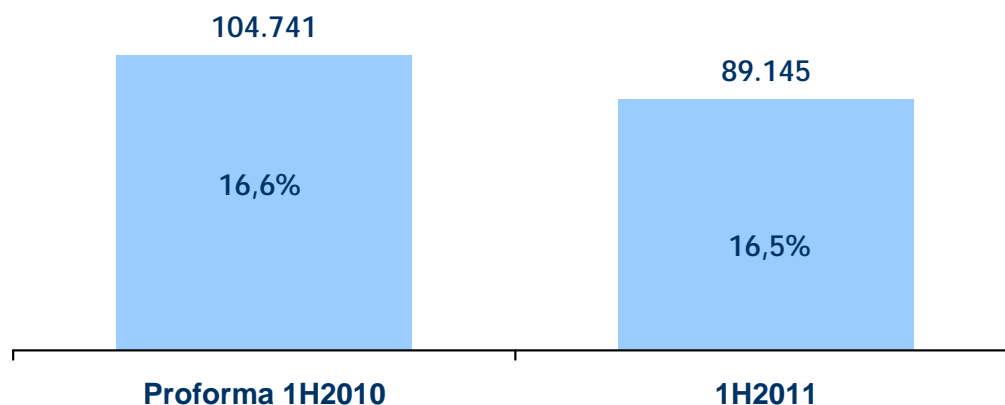
**Pre-tax profit** during the first half of 2011 reached €103.26.

After a €18.07 million corporate income tax expense calculated on the basis of the official rate in place, the **net profit after minority interests** amounted to €85.15 million (a margin of 15.7% over total net revenues).

In homogeneous conditions to 2010, **adjusted net income** amounted to €89.15 million, excluding the impact of the amortisation of intangibles arising from the allocation of the purchase price of Cuatro.

This represents an adjusted net income margin of 16.5% of total net income, which demonstrates the ability of Telecinco to further develop the business in a weak advertising market environment.

**Adjusted Net Profit (Thousand €)**  
**Adjusted Net Profit / Total Net Revenues (%)**



<sup>3</sup> Companies consolidated by the equity method are: Premiere Megaplex S.A. (50% shareholding), Pegaso Television Inc. (43.7%), DTS Distribuidora de Televisión Digital, S.A. (22%), Big Bang Media S.L. (30% shareholding), Producciones Mandarina S.L. (30% indirect shareholding), La Fábrica de la Tele S.L. (30% indirect shareholding), Aprok Imagen S.L. (3% indirect shareholding), Edam Acquisition Holding Coöp (33% indirect shareholding).

### 3. Cash flow generation

The **Operating Free Cash Flow** in the first half amounts to €60.39 million.

Note that the Cash Flow data from 2010 is not pro-forma, so it does not include the Sogecuatro and its participated companies' figures.

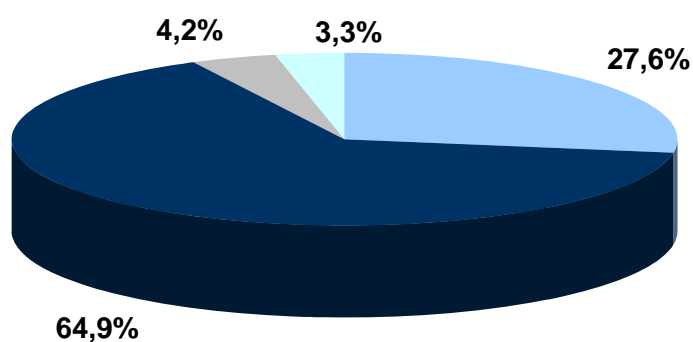
**Table 5: Cash Flow**

Millions of €	1H2011	Reported 1H2010
Net profit (without minority interests)	85,19	102,56
Amortisation:	118,52	76,79
- Rights	111,41	72,30
- Other	7,11	4,49
Provisions	1,82	0,28
Other	6,73	19,77
<b>OPERATING CASH FLOW</b>	<b>212,25</b>	<b>199,39</b>
Investment in rights	(145,21)	(81,23)
Investments, other	(6,43)	(1,32)
Change in working capital	(0,22)	13,77
<b>OPERATING FREE CASH FLOW</b>	<b>60,39</b>	<b>130,61</b>
Change in Equity	0,36	1,01
Financial investments	19,87	(27,94)
Dividends received	1,94	1,01
Dividend payments	(140,16)	(48,44)
Net Cash Change	(57,60)	56,26
<b>INITIAL FINANCIAL POSITION</b>	<b>(28,05)</b>	<b>(156,01)</b>
<b>FINAL FINANCIAL POSITION</b>	<b>(85,65)</b>	<b>(99,75)</b>

**Total net investment** reached €151.64 million in 2011.

During the first half of 2011 the investment in third party rights amounted €98.47 million, in Spanish fiction €41.81 million and in co-productions €4.94 million while investments in tangible and intangible fixed assets were €6.43 million.

**Net investments 1H2011**  
**€151.64 million**



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

#### 4. Balance Sheet

**Table 6: Summary Balance Sheet**

<i>Millions of €</i>	June 2011	December 2010
<b>Tangible assets</b>	<b>1.113,79</b>	<b>1.149,78</b>
- Financial	1.057,94	1.094,89
- Non Financial	55,86	54,88
<b>Audiovisual rights and Pre-payments</b>	<b>307,99</b>	<b>264,86</b>
- Third parties	232,48	190,36
- Fiction	31,27	32,12
- Co-production / Distribution	44,24	42,38
<b>Pre-paid taxes</b>	<b>159,27</b>	<b>154,05</b>
<b>TOTAL NON-CURRENT ASSETS</b>	<b>1.581,05</b>	<b>1.568,69</b>
Current assets	254,81	295,83
Financial investments and cash	104,07	116,39
<b>TOTAL CURRENT ASSETS</b>	<b>358,88</b>	<b>412,22</b>
<b>TOTAL ASSETS</b>	<b>1.939,93</b>	<b>1.980,91</b>
Shareholders` equity	1.321,10	1.376,10
Non-current provisions	33,48	31,98
Non-current payables	4,66	0,75
Non-current financial liabilities	73,20	73,10
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>111,34</b>	<b>105,83</b>
Current payables	390,96	427,63
Current financial liabilities	116,53	71,34
<b>TOTAL CURRENT LIABILITIES</b>	<b>507,49</b>	<b>498,97</b>
<b>TOTAL LIABILITIES</b>	<b>1.939,93</b>	<b>1.980,91</b>

The evolution of the **library** shows adaptability within the different categories and is in line with the business' strategy, and shows an increase in third parties rights due to the incorporation of rights to the library for the development of new channels.

**Current Assets** are down mainly due to a lower trade receivables balance as a result of lower revenues.

**Non current liabilities** increase compared to the figures reached as of December 31<sup>st</sup> 2010, due to increased drawdowns related to longer term credit lines.

The **Net financial position** at the end of June 2011 was a negative €85.65 million, after the distribution of the dividend amounted to €140.16 million (199% pay-out ratio), made on May 4<sup>th</sup> 2011; including an ordinary dividend of €97.91 million from 2010 Results and an extraordinary dividend of €42.25 million from the available reserves.

## 5. Audience share performance

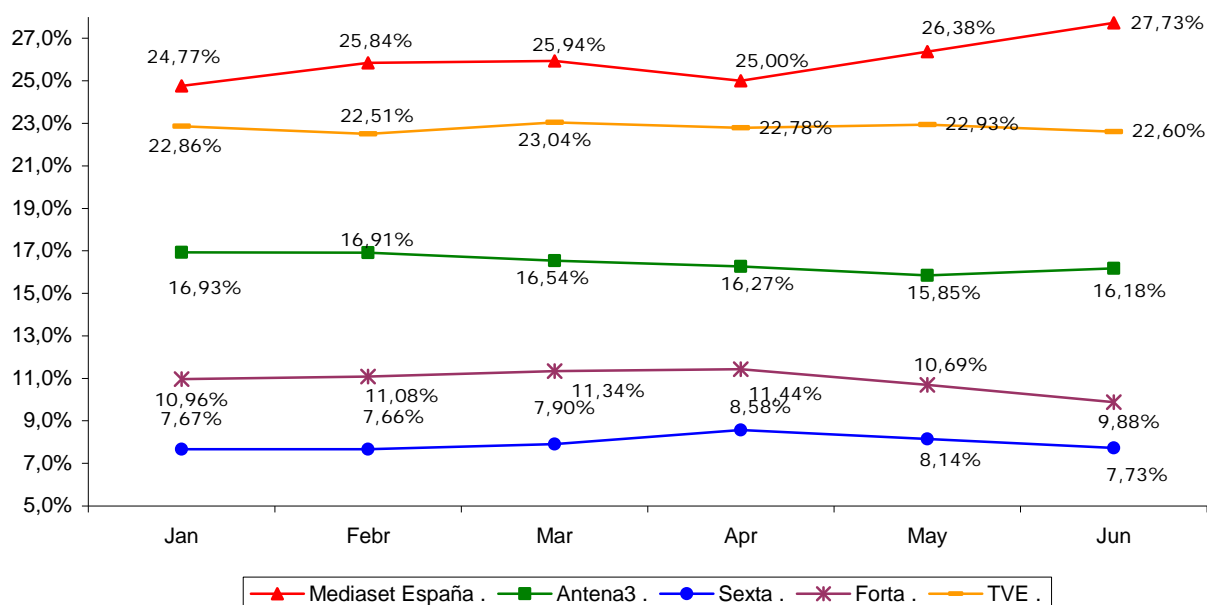
**Table 7: January-June average audience share for Mediaset España**

**1H2011**

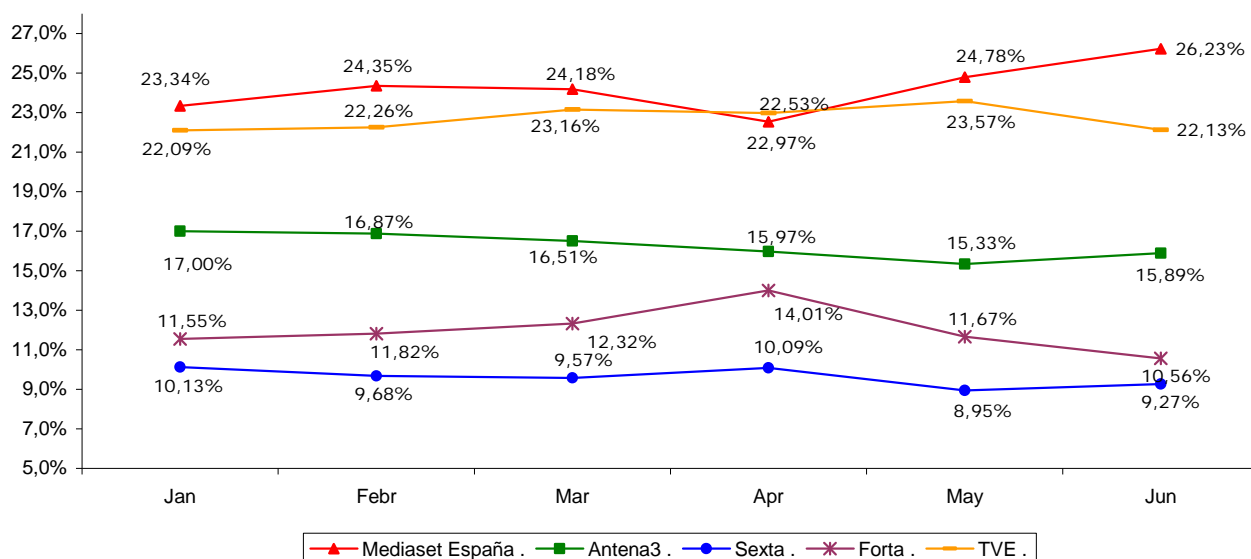
<b>Total Individuals</b>	<b>Total Day</b>	<b>25,9%</b>
	<b>PRIME TIME</b>	<b>24,2%</b>
	<b>DAY TIME</b>	<b>26,7%</b>
<b>Commercial Target</b>	<b>Total Day</b>	<b>28,2%</b>
	<b>PRIME TIME</b>	<b>26,0%</b>
	<b>DAY TIME</b>	<b>29,3%</b>

The Group audience share in the first half of 2011 consolidates Mediaset España as the leader of TVs in Spain. The audience share in total-individuals (total day) for the period, reached 25.9 (including the audience of Big Brother 24 hours channel with a contribution of 0.2 points), 9.4 points ahead of Antena3 Group (16.5%). Concerning the audience share in commercial target (total day), Mediaset España reached 28.2% (including the audience of Big Brother 24 hours channel with a contribution of 0.2 points), which represents an average 10.8 points ahead of Antena3 Group (17.4%).

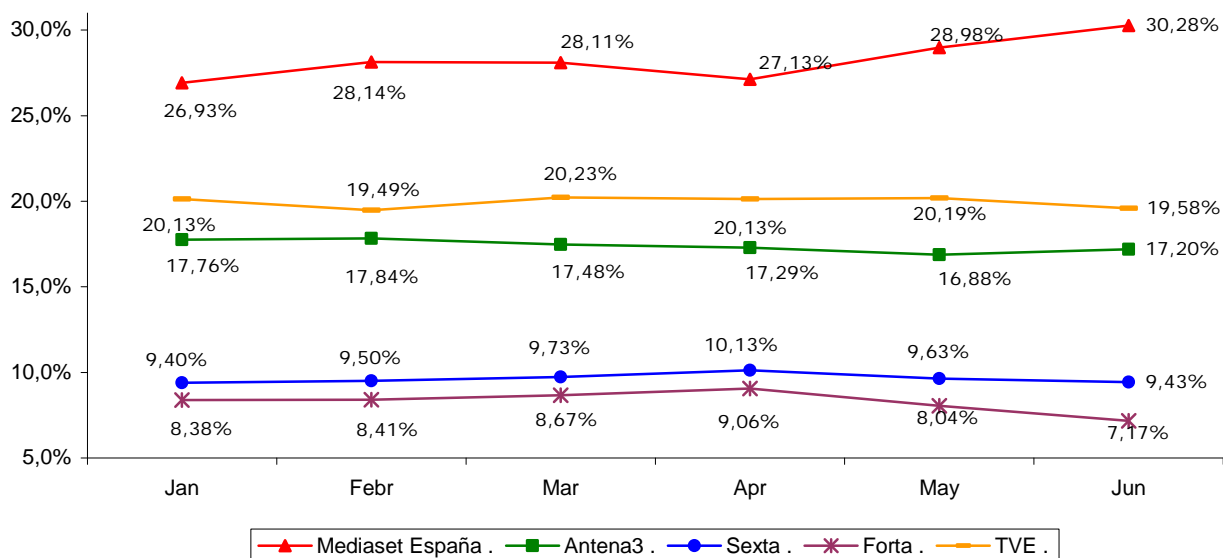
**Audience Share, 24 Hours, Total Individuals (in %) per Group**



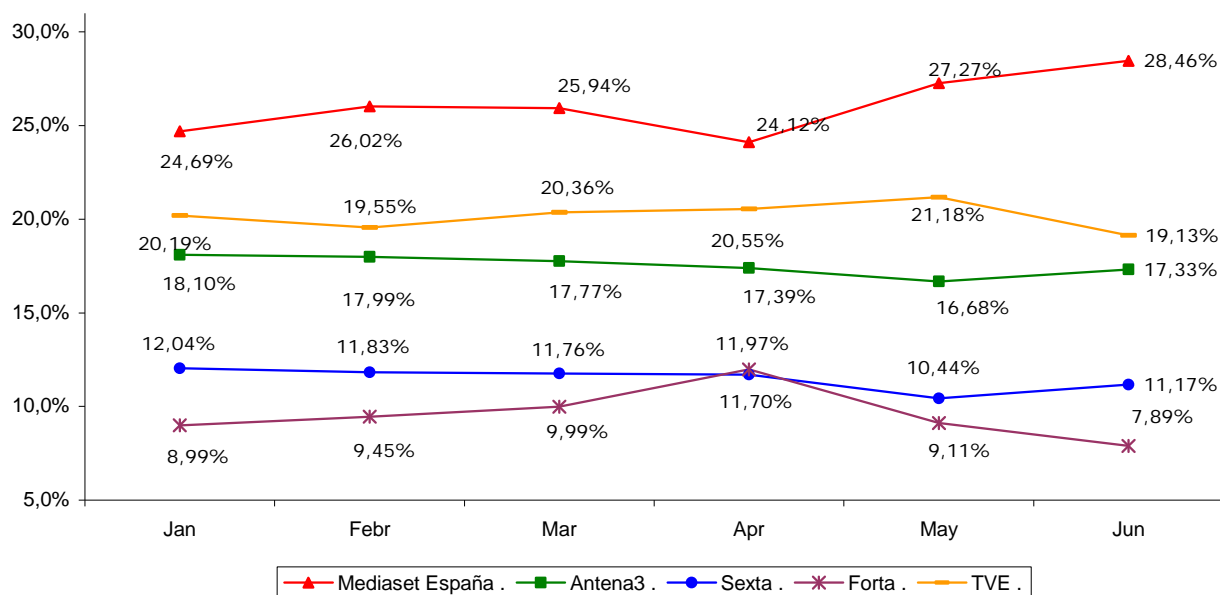
**Audience Share, Prime Time, Total Individuals (in %) per Group**



**Audience Share, 24 Hours, Commercial Target (in %) per Group**



**Audience Share, Prime Time, Commercial Target (in %) per Group**



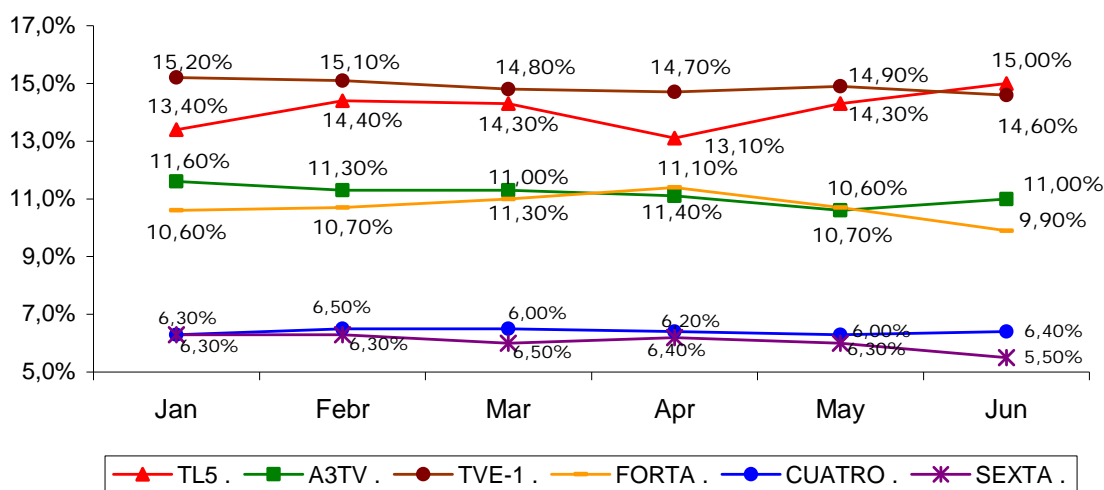
**Table 8: January-June average audience share for Telecinco**

	1S2011	1S2010
<b>Total Individuals</b>		
<b>Total Day</b>	<b>14,1%</b>	<b>14,9%</b>
<b>PRIME TIME</b>	<b>12,8%</b>	<b>14,7%</b>
<b>DAY TIME</b>	<b>14,7%</b>	<b>15,0%</b>
<b>Commercial Target</b>		
<b>Total Day</b>	<b>14,0%</b>	<b>15,5%</b>
<b>PRIME TIME</b>	<b>12,5%</b>	<b>14,8%</b>
<b>DAY TIME</b>	<b>14,8%</b>	<b>15,8%</b>

At the end of the first half of 2011, Telecinco channel reached 14.1% average audience share in total-individuals (total day). This situates Telecinco as the leading commercial network 2.9 points ahead of Antena3 (11.2%).

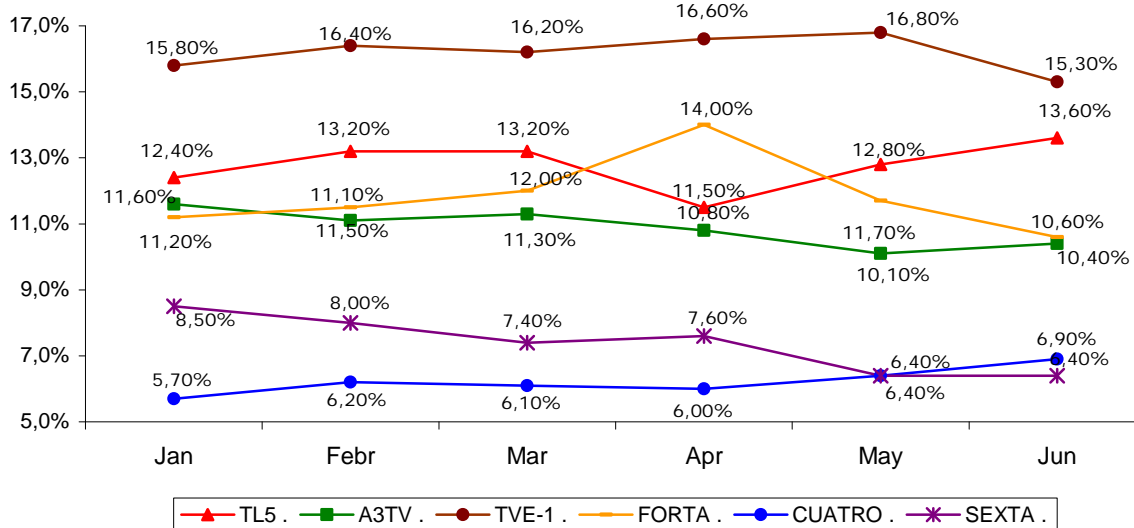
Regarding the audience share in commercial target (total day), Telecinco (14.0%) is an average of 2.6 points ahead of Antena3 (11.4%).

**Audience Share, 24 Hours, Total Individuals (in %)**



Telecinco continues to lead in prime time<sup>4</sup> total-individuals with an average of 12.8% in the period, 1.9 points ahead of Antena3.

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

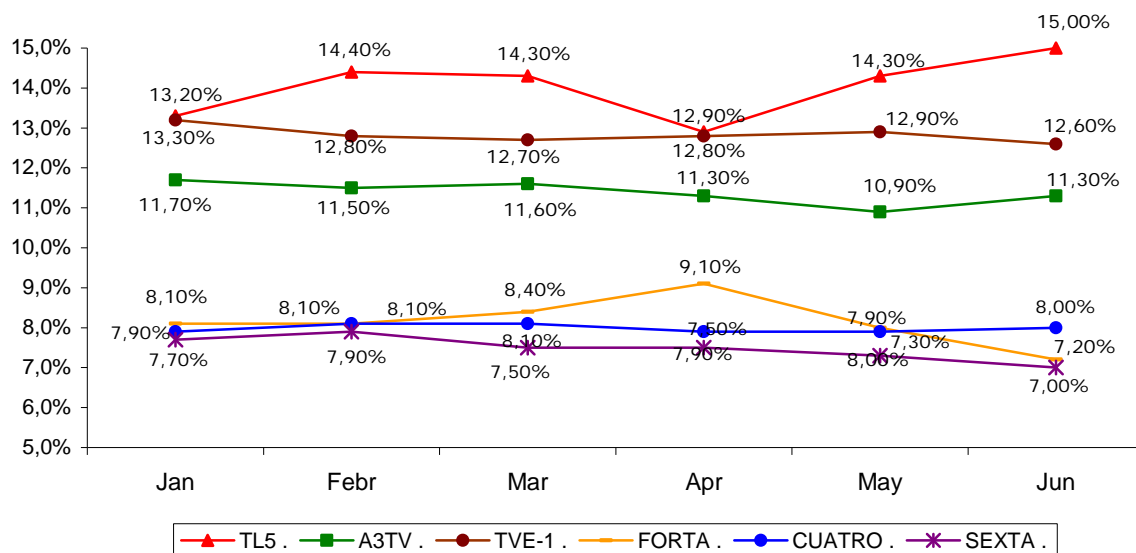


<sup>4</sup> Prime time: Time slot with the highest television consumption of the day, from 20:30 to 24:00.

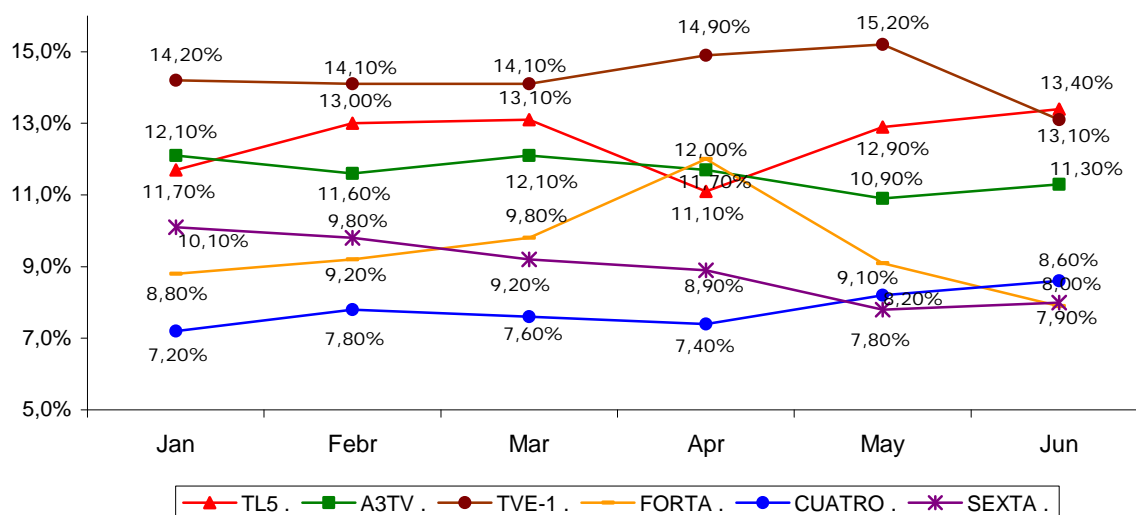


With regards to the commercial target audience share for 24 hours, prime time, and day time, Telecinco maintains the lead in 2011, increasing the distance from its main competitors.

**Audience Share, 24 Hours, Commercial Target (in %)**



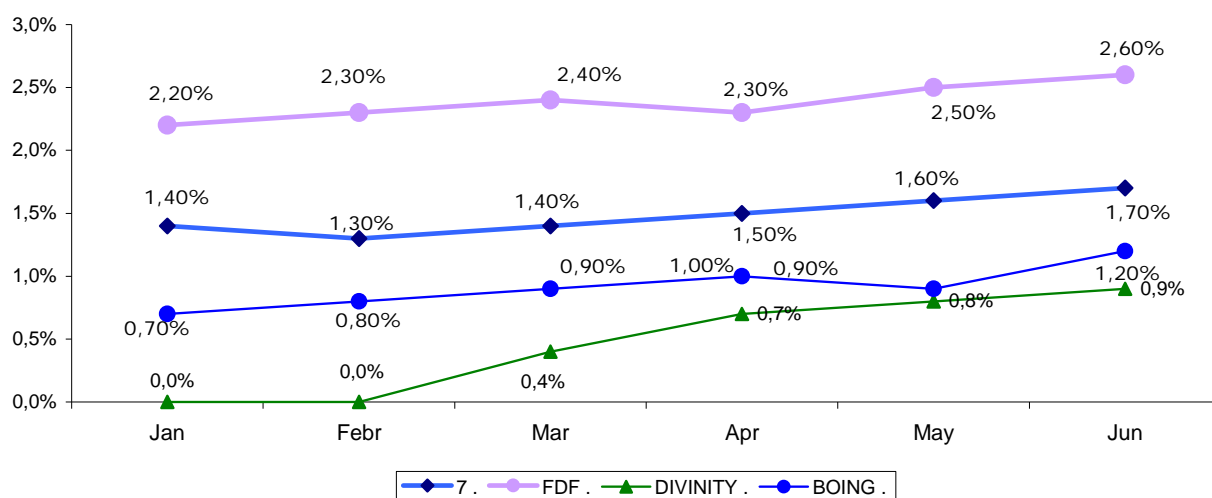
**Audience Share, Prime Time, Commercial Target (in %)**



In 2011 the development of the Group's channels FACTORIA DE FICCION, LA SIETE, BOING and the newly launched channel DIVINITY (from April 1<sup>st</sup>, 2011), which, in only three months, has secured an audience of 0.9% in June 2011.

In the first half 2011, FACTORIA DE FICCION has reached a total audience share in total day of 2.4%, LA SIETE a share of 1.5%, BOING 0.9% and DIVINITY 0.4%, contributing with 5.2% to the group's audience share.

Audience Share, 24 hours, DTV %



Audience Share, Prime Time, DTV %

