



TELECINCO

**RESULTS
THIRD QUARTER 2006
(January – September)**

Madrid – 24 October, 2006

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1. Financial and operating highlights

Consolidated¹ financial highlights for the year to September, include:

1. **Net advertising revenues** grew by 4.4% compared with the year ago period to €655.69 million. This growth has been mainly driven by a 3.9% increase in the gross advertising revenues of Telecinco (€676.70 million). **Total net operating revenues** grew by 4.4% compared with the year ago period to €700.87 million

The first nine months of 2006 show growing revenues for Telecinco despite increased competition due to the entrance of new FTA channels in the Spanish market. Publiespaña's commercial strategy has taken advantage of a growing advertising market, and has managed to offset the impact of a more competitive environment and the broadcasting of the Football World Cup by the new channels Cuatro and La Sexta.

The average 21.3% **audience share** during the nine-month period in terms of total-individuals (total day) places Telecinco, as the leading television network ahead of Antena 3TV (19.8%) and TVE-1 (18.2%). Telecinco consolidates its leadership in terms of the most attractive audience for advertisers: Total-individuals prime time audience share² was 21.5%. With regard to commercial target³, Telecinco's audience share was 23.1% in terms of total-day audience and 23.8% in the prime time slot.

Telecinco's **programming** continued demonstrating its solidness and stability with high audience share figures across all slots. Notable audience shares were reported⁴ for the Spanish fiction series "Hospital Central" (28.5%), "Aída" (27.6%), "Los Serrano" (25.8%), "El Comisario" (25.1%), the "reality" Gran Hermano (27.3%), the American series "CSI" (26.8%), as well as the talk-show "Dolce Vita" (26.0%), El Programa de Ana Rosa (25.8%) and the comedy "Camera Café" (23.2%). The Formula 1 races have reached higher audience shares than in last years editions with an average audience share of 46.6%.

2. **Operating costs** were €383.56 million and grew by 4.7%. This cost growth includes DTT for the first nine months 2006 (9.15 million €) and shows the cost control capacity of the Company.
3. **Adjusted EBITDA**⁵ grew by 3.0% to €321.96 million, and **EBIT** totalled €317.31 million (+4.0%). The resulting operating margins were 45.9% for EBITDA (adj.)/total net revenues and 45.3% for EBIT/total net revenues. Telecinco continues to be one of the most profitable companies in its sector.
4. **Net profit** after taxes was €229.30 million, up 7.8% compared to first nine months 2005.

¹ Consolidated financial accounts are presented in accordance with International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS).

² Prime time: Time slot with the highest television consumption of the day, from 20:30 to 24:00.

³ 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.

⁴ January-September average audience share.

⁵ Post-rights amortisation



5. **Free cash flow** was €305.47 million, with **operating cash flow** up €24.18 million to €351.60 million and a significant contribution of the change in working capital.
6. **The net financial position** at September 30st 2006, was €363.84 million, after the distribution in April 25th of dividends amounting to €290.31 million charged to 2005 results.

2. Profit and loss account

Table 1: Consolidated Profit and Loss Account

Millions of €	9M06	9M05	% change
TOTAL NET REVENUES	700.87	671.54	4.4%
Personnel costs	(56.73)	(54.05)	5.0 %
Rights amortisation	(111.46)	(101.01)	10.3%
Other operating costs	(210.72)	(203.76)	3.4 %
Adjusted EBITDA	321.96	312.72	3.0 %
Other amortisations, provisions	(4.65)	(7.49)	(38.0%)
EBIT	317.31	305.23	4.0 %
Equity consolidated results	0.49	0.66	(26.3%)
Financial results	6.82	3.99	71.1%
Pre-tax profit	324.62	309.88	4.8 %
Income taxes	(95.07)	(97.22)	(2.2%)
Minority interests	(0.25)	(0.03)	--
Net profit	229.30	212.63	7.8 %

2.1. Revenues

Table 2: Revenues

Millions of €	9M06	9M05	% change
Gross advertising revenues	685.08	657.30	4.2 %
- <i>Telecinco</i>	676.70	651.23	3.9 %
- <i>Other media</i>	8.38	6.07	38.0 %
Commissions and discounts	(29.38)	(29.48)	(0.3%)
Net advertising revenues	655.69	627.82	4.4 %
Other revenues	45.17	43.72	3.3%
TOTAL NET REVENUES	700.87	671.54	4.4 %



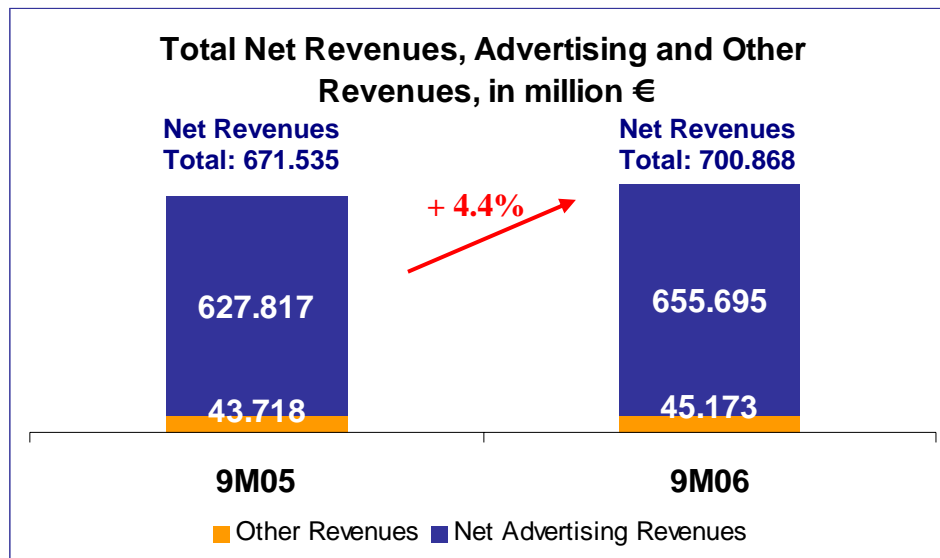
Gross advertising revenues for the first nine months 2006 grew by 4.2% reaching €685.08 million.

Telecinco's channel **gross advertising revenues** grew by 3.9% to €676.70 million with **other advertising revenues** reaching €8.38 million. The later includes advertising revenues from other TV activities (thematic channels and DTT), as well as Internet and teletext.

Net advertising revenues after commissions and allowances climbed by 4.4% to €655.69 million.

"**Other revenues**" amounted to €45.17 million increasing its contribution to the EBITDA margin of the Company.

Finally, **total net revenues** grew by 4.4% to €700.87 million compared with the same period last year.



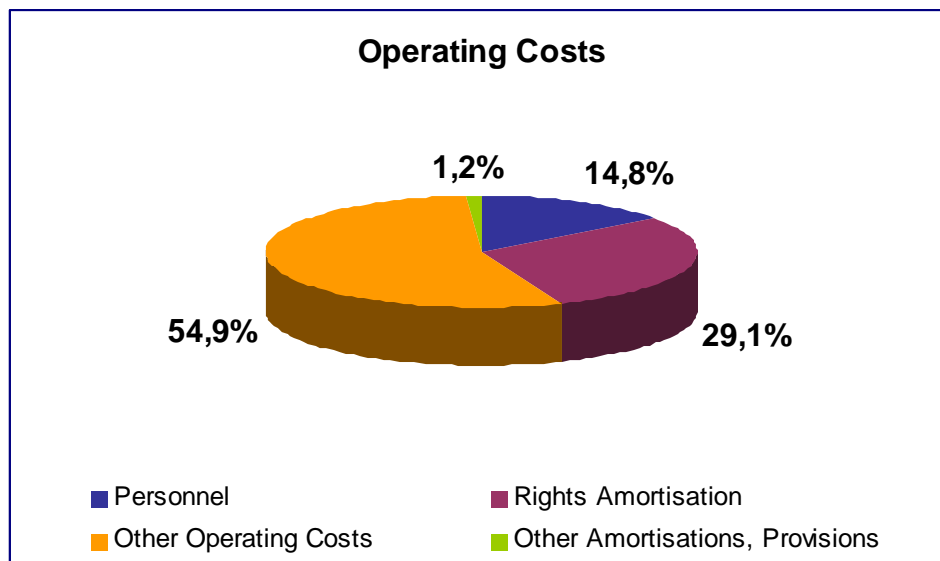


2.2. Operating costs

Total operating costs, which totalled €383.56 million and include amortisation of audiovisual rights and fixed assets, grew by 4.7% in the first nine months 2006 (including €9.15 million corresponding to the DTT channels).

Table 3: Operating costs

Millions of €	9M06	9M05	% change
Personnel costs	56.73	54.05	5.0%
Rights amortisation	111.46	101.01	10.3%
Other operating costs	210.72	203.76	3.4 %
Other amortisation and provisions	4.65	7.49	(38.0%)
TOTAL OPERATING COSTS	383.56	366.31	4.7 %



The growth of the operating costs is lower than the target set for the year 2006, as the Company expects operating costs to increase in the last quarter of the year as a result of strengthening the programming line-up and the contribution of the film production activities. The cost target for 2006 foresees that costs related to the underlying TV business grow in line with inflation while the development of new business, DTT and film production, imply estimated additional costs of respectively €15 million and €8-12 million (the later linked to the achievement of revenues in similar amount).

In terms of broadcasting hours, the weight of Telecinco's in-house production exceeds external production in the network's programming. In the first nine months 2006, 79.6% of programmes were in-house production and the remaining 20.4% was external production (compared with a 81.1-18.9 ratio in 9M05).



2.3 Operating profit and operating margins

Adjusted EBITDA (EBITDA post-rights amortisation) reached €321.96 million, up 3.0% by €9.24 million vs. 9M05.

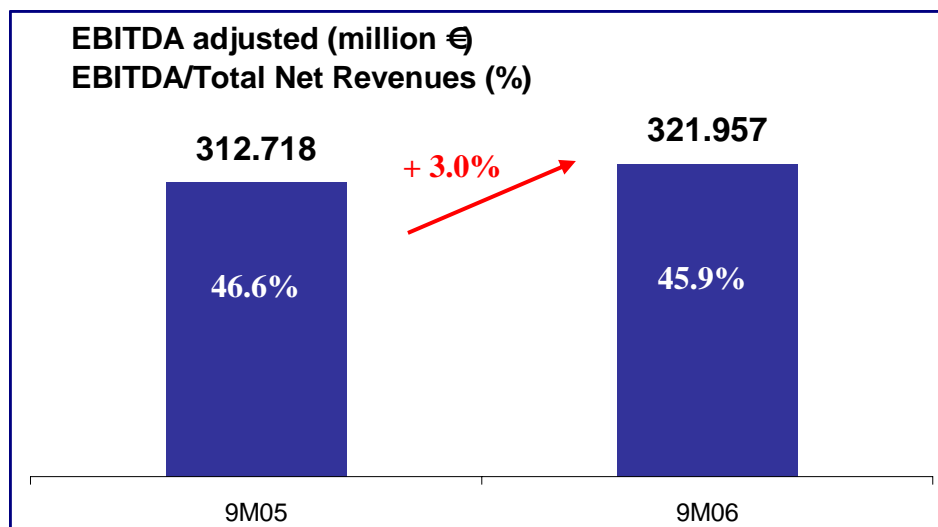
Net operating profit (EBIT) was €317.31 million, representing an increase of 4.0% or €12.08 million compared to 9M05.

The resulting operating margins are as follows:

Table 4: Operating margins

Millions of €	9M06	9M05	% change
Total net revenues	700.87	671.54	4.4 %
Adjusted EBITDA	321.96	312.72	3.0 %
EBIT	317.31	305.23	4.0 %
Net profit	229.30	212.63	7.8 %
Adj. EBITDA / Total net revenues	45.9 %	46.6 %	-
EBIT / Total net revenues	45.3 %	45.5 %	-
Net profit / Total net revenues	32.7 %	31.7 %	-

Maintaining a high level of EBITDA Adj. margin shows the efficiency of the business model, in which operating margins are at high level as a result of a strict cost-control policy and an effective commercial policy targeted at capturing advertising market share. Thanks to this business model the company has Maintained excellent operating profitability despite a more difficult and competitive market environment.





2.4. Financial result, equity consolidated companies and extraordinary result

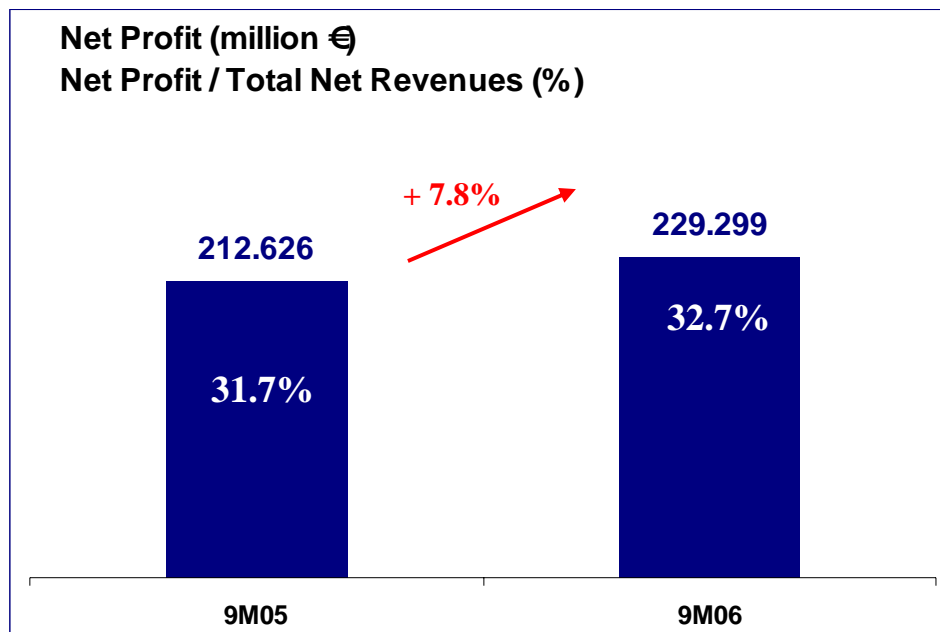
Given the almost absence of financial debt, the company obtained **financial income** of €6.82 million, most of which being returns obtained through cash investments.

A positive result was recorded from **equity consolidated companies**⁶ totalling €0.49 million.

2.5. Profit for the first nine months 2006

Pre-tax profit for the first nine months 2006 was €324.62 million, up by €14.74 million compared with €309.88 million in 9M05 (+4.8%).

After recording the €95.07 million provision for the corporate income tax expense (applying tax rules in place), compared with €97.22 million in 9M05, the **net profit after minority interests** for 9M06 was €229.30 million, an increase of €16.67 million or 7.8% over 9M05.



⁶ Companies consolidated by the equity method are: Premiere Megaplex S.A. (50% shareholding), Canal Factoría Ficción S.A. (40%), Europortal Jumpy España S.A. (50%), Aprox Imagen S.L. (40% indirect shareholding) and Publici Televisión S.A. (50% indirect shareholding), Producciones Mandarina S.L. (30%), Hormigas Blancas Producciones S.L. (30%).



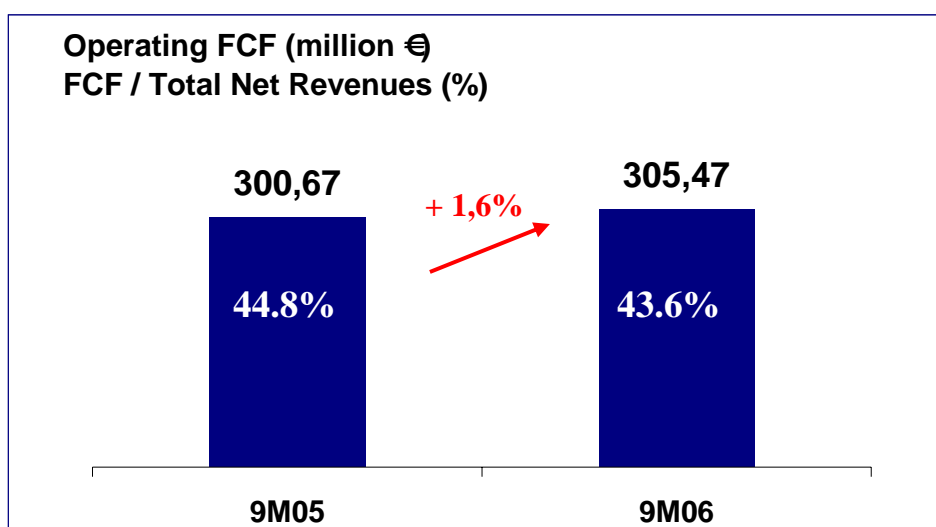
3. Cash flow generation

Cash flow generation was boosted, once again, by the strong performance of the operating margins and a high contribution of Change in Working Capital. **Operating free cash flow** amounts to €305.47 million, increasing by €4.80 million compared to first nine months 2005.

Table 5: Cash Flow

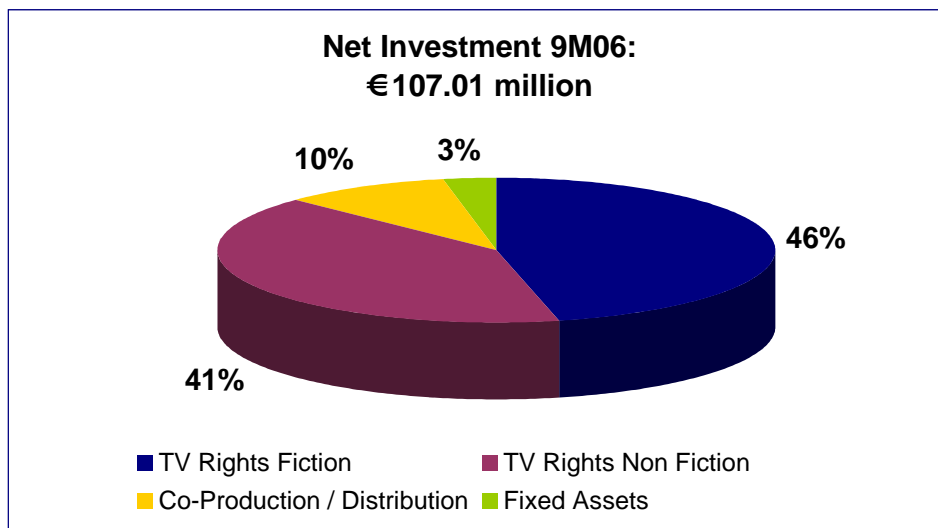
Millions of €	9M06	9M05	Change in millions of €
Net profit	229.30	212.63	16.67
Amortisations:	116.08	107.69	8.39
- Rights	111.46	101.00	10.46
- Other	4.62	6.69	(2.07)
Provisions	0.02	0.80	(0.78)
Other	6.20	6.30	(0.10)
OPERATING CASH FLOW	351.60	327.42	24.18
Investment in rights	(103.76)	(124.21)	20.45
Investments, other	(3.25)	(3.29)	0.04
Change in working capital	60.88	100.75	(39.87)
OPERATING FREE CASH FLOW	305.47	300.67	4.80
Change in Equity	3.31	(9.71)	13.02
Financial investments	(11.59)	(1.98)	(9.61)
Dividends received	1.15	1.07	0.08
Dividend payments	(290.31)	(172.64)	(117.67)
Net cash increase	8.03	117.42	(109.39)
INITIAL FINANCIAL POSITION	355.82	244.35	111.47
FINAL FINANCIAL POSITION	363.84	361.77	2.07

As a result of the strong generation of **operating free cash flow**, the free cash flow conversion ratio (Free Cash Flow as a % of total net revenues) has reached 43.6%.





The **total net investment** decreased by 16.1% in the first nine months 2006. This is due mainly to lower disbursement related to the obligation of investing 5% of total revenues in European and Spanish productions, which is of temporary nature and shall increase in the future. Net investment is made, primarily, of investment in rights which in 9M06 reached €103.76 million (-16.5%). This includes investment in Spanish fiction of €49.71 million (-5.8%), third-party rights acquisitions of €43.69 (+6.5%) and investment in co-production and distribution of €10.36 million (-65.9%).





4. Balance Sheet

Table 6: Summary Balance Sheet

Millions of €	September 2006	December 2005
Tangible assets	71.71	65.21
Audiovisual rights and Pre-payments	224.59	233.94
- Third parties	153.52	160.28
- Fiction	16.91	23.44
- Co-production/Distribution	54.15	50.22
Pre-paid taxes	17.50	19.36
TOTAL NON-CURRENT ASSETS	313.81	318.51
Current assets	164.25	214.54
Financial investments and cash	366.83	360.28
TOTAL CURRENT ASSETS	531.07	574.82
TOTAL ASSETS	844.88	893.33
Shareholders' equity	513.44	571.14
Non-current provisions	73.26	71.25
Non-current payables	1.50	1.45
Non-current financial liabilities	1.97	3.31
TOTAL NON-CURRENT LIABILITIES	76.73	76.01
Current payables	253.69	245.02
Current financial liabilities	1.02	1.16
TOTAL CURRENT LIABILITIES	254.71	246.18
TOTAL LIABILITIES	844.88	893.33

The evolution of the **library** is similar to the trend shown in the last reporting periods.

Total current assets, shows the seasonality of receivables. **Current liabilities** increase mainly due to higher corporate income tax provisions.

The **net financial position** amounts to €363.84 million at the end of September 2006, after the distribution (on April 25th 2006) of the dividend of €290.31 million charged to 2005 results, is also worthy of mention.

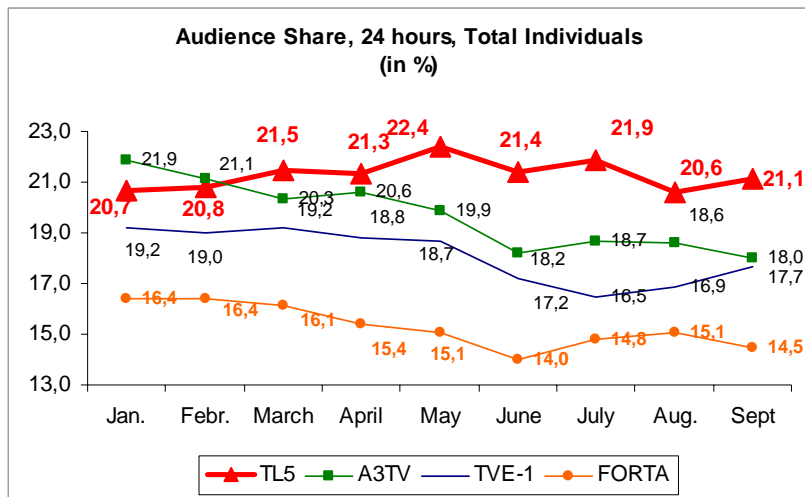


5. Audience share performance

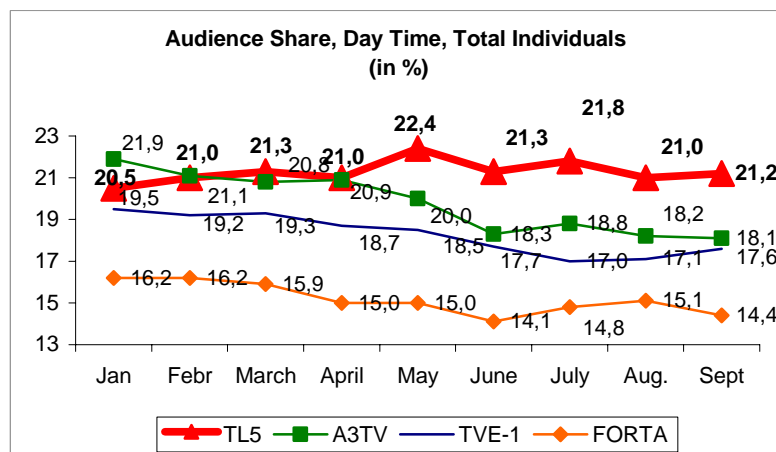
Table 7: January-September average audience share

Share	9M06	9M05
Total-day	21.3 %	22.5 %
Day Time	21.3 %	22.0 %
Prime time (21:00h-24:00h)	21.5 %	23.1 %
Total-day, Commercial target	23.1 %	24.9 %
Day time, Commercial target	22.8 %	24.3 %
Prime Time, Commercial target	23.8 %	25.7 %

Telecinco has reached an audience share of 21.3% in the first nine months of 2006, ahead of Antena 3TV (19.9%) and TVE1 (18.3%). Telecinco has progressively improved its audience share consolidating its leadership after the month of February as shown in the graph below.

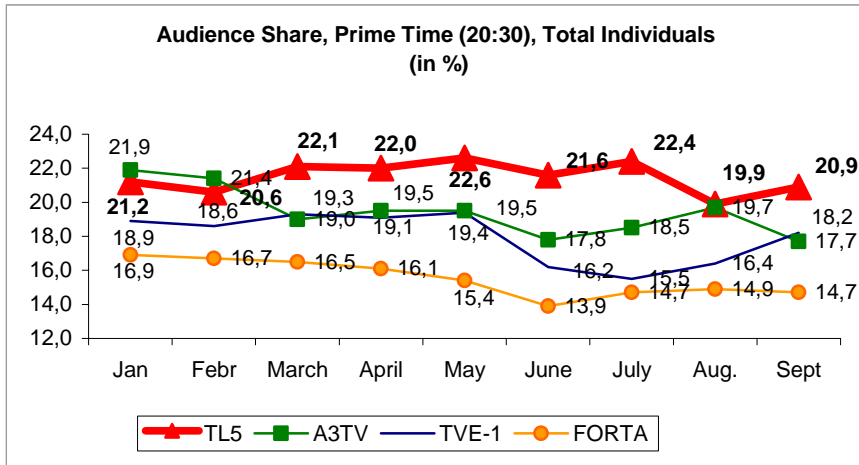


With regard to “day time” audience share, Telecinco after a difficult beginning of the year, has also recovered progressively audience share and reaches in September an audience share of 21.2%, well ahead of competitors.





Telecinco's prime time total-individuals audience share beats TVE-1 and Antena 3TV.



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

