



TELECINCO

RESULTS FIRST HALF 2009 (January – June)

Madrid – July 30th, 2009

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1. Financial and operating highlights

Consolidated financial highlights for the year to June, include:

1. Two years after the beginning of the subprime crisis, the Spanish economy is still showing its weakness and today no sign of recovery can be perceived during 2009. Macro economic figures do not show any change in trend and no sector of the Spanish economy is safe from the decline. An example of the magnitude of the crisis is the unemployment rate with more than 3.5 million people unemployed as of the end of June 2009, 18.7% of the active population (versus the European rate of 9.5%).

Total Net Revenues in the first half of 2009, have been seriously hit by the crisis, they reached €320.76 million whereas in the same period last year they were €563.01 million, -43.0% versus the same period of 2008. It's important to underline, that, during the first half 2008 only the months of May and June were affected by the decline in the TV advertising market, this makes the comparison with the prior year is futile. The "Gross Advertising Revenues of Television" in this period amount to €304.14 million versus €539.52 million that were reached last year, while the "Advertising Revenues of Other Media" totalled €5.34 million with a decrease of -5.3% compared to last year. The "Total gross advertising revenues" amount to €309.48 million, 43.2% lower than 2008. Finally, the "Other Revenues" amount to €25.89 million with a decrease of -40.2% versus last year. This is mainly due to the fact that no movies have been premiered during the first half 2009 while during the first part of 2008 the company released two of Spain's most successful movies of the year. It is also worth mentioning that, the decline in the economy is affecting consumption and this can be pin pointed as the origin of the decline in Call TV and SMS revenues.

2. The 15.1% average **audience share** in the first half 2009, total-individuals (total day), situates Telecinco as the third television network just 0.1 behind Antena 3 (15.2%) who are second in the ranking. The leader during the first half of 2009 was TVE-1 (16.8%) thanks to its aggressive programming strategy.

In total-individuals prime time¹ Telecinco's audience share reaches 17.5% distancing them from TVE-1 by 1.2pp and leaving Antena 3 in fourth position (behind FORTA) at a distance of 3.4pps. In "Commercial Target"² the audience of Telecinco was 17.6% in Prime Time, at a distance of 2.3pp and 4.1pp from Antena 3 and TVE-1 respectively. The audience total day "Commercial Target" of Telecinco was 15.6% just 0.4pp behind the leader Antena 3 and 1.9pp ahead of TVE-1.

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

² 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 17.7% reaching €226.88 million opposed to the €275.80 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 which is no longer necessary.
On a percentage basis and despite the advertising market decline, Telecinco maintains its incomparable operating margins. The **Adjusted EBITDA**⁵ margin reached 30.6% (not comparable with the 51.7% in the same period last year, but as previously mentioned, the first half of 2008 was partially affected by the crisis) and 29.3% (from 51.0% in 2008) 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 €62.20 million while last year's figure stood at €198.87 million; the net profit margin reached 19.4%. If we isolate the accounting impact (after taxes) of the amortization of intangibles resulting from the "Purchase Price Allocation" (PPA) of Endemol which is recorded under the "Results of equity consolidated companies", then the adjusted result would improve by €11.92 million, reaching €74.12 million, that is 64.8% lower than 2008 (€210.67 million) with a margin over Net Revenues of 23.1%.
5. **Free cash flow** was €33.82 million with a Net Profit Adjusted conversion rate into Free Cash of 10.5%.
6. **The net financial position** as of June 30th 2009 was €-204.02 million. That is after the distribution of the 2008 dividend for an amount of €210,27 million, representing €0.865 per circulating share and 100% pay-out ratio, made on May 14th 2009.

⁵ (EBITDA post-rights amortisation)
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2. Profit and loss account

Table 1: Consolidated Profit and Loss Account

Millions of €	1H09	1H08	% change
TOTAL NET REVENUES	320,76	563,01	(43,0%)
Rights Amortisation	(69,30)	(65,11)	6,4%
Personnel	(39,44)	(42,17)	(6,5%)
Other operating costs	(113,92)	(164,75)	(30,8%)
Adjusted EBITDA	98,10	290,98	(66,3%)
Other amortisations, provisions	(4,21)	(3,78)	11,5%
EBIT	93,89	287,20	(67,3%)
Equity consolidated results	(38,99)	(20,68)	-
Financial results	0,97	(0,32)	-
Pre-tax profits	55,88	266,20	(79,0%)
Income taxes	0,00	(73,99)	-
Minority interests	6,32	6,66	(5,2%)
Net profit	62,20	198,87	(68,7%)
Adjusted Net profit	74,12	210,67	(64,8%)

As previously mentioned, compared to the same period last year and under consistent conditions, the Adjusted Net Profit amounted to €74.12 million (-64.8% versus 2008). The difference of €11.92 million is entirely due to the post-Tax impact of the amortisation of intangibles at Edam level resulting from the difference between the price paid and the net accounting value of the Group (known as "Purchase Price Allocation" or PPA). This constitutes an accounting convention which neither affects the value nor the cash flow of the Endemol Group, whose operational results remain satisfactory.

2.1. Revenues

Table 2: Revenues

	1H09	1H08	% change
Gross advertising revenues	309,48	545,15	(43,2%)
- Television	304,14	539,52	(43,6%)
- Others	5,34	5,63	(5,3%)
Discounts	(14,61)	(25,46)	(42,6%)
Net advertising revenues	294,87	519,69	(43,3%)
Other revenues	25,89	43,32	(40,2%)
TOTAL NET REVENUES	320,76	563,01	(43,0%)

Gross advertising revenues in the first half 2009 reached €309.48 million 43.2% lower than last year (€545.15 million).

Television's Gross advertising revenues, which include advertising revenues from analogue and digital channels, reached €304.14 million versus €539.52 million in 2008 down by 43.6%.

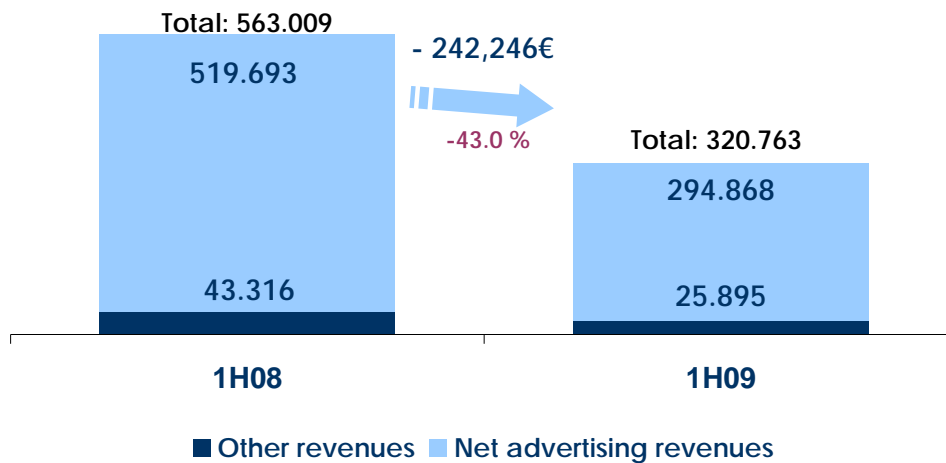
The **Other advertising revenues** made €5.34 million decreasing by -5.3% compared to 2008 and include advertising revenues from other platforms such as the Internet, thematic channels and teletext, etc.

Net advertising revenues after commissions and allowances reached €294.87 million with a reduction of 43.3% compared with last year (€519.69 million).

“**Other revenues**”, which mainly include the sale of coproduction film rights, merchandising rights, SMS and audio text services amounted to €25.89 million with a decrease of 40.2% versus last year. This reduction is mainly due to the fact that in the first part of last year the company released two of the most successful Spanish movies of the year while in 2009 no movies were released. It's also worth mentioning that one of the consequences of the economic slowdown that the country is experiencing is that it has affected the consumption and this has reduced the Call TV and SMS revenues.

Finally, **Total Net Revenues** amounted to €320.76 million, showing a decline of -43.0 compared with last year (€563.01 million).

Total Net Revenues, Advertising and Others Revenues,



2.2. Operating costs

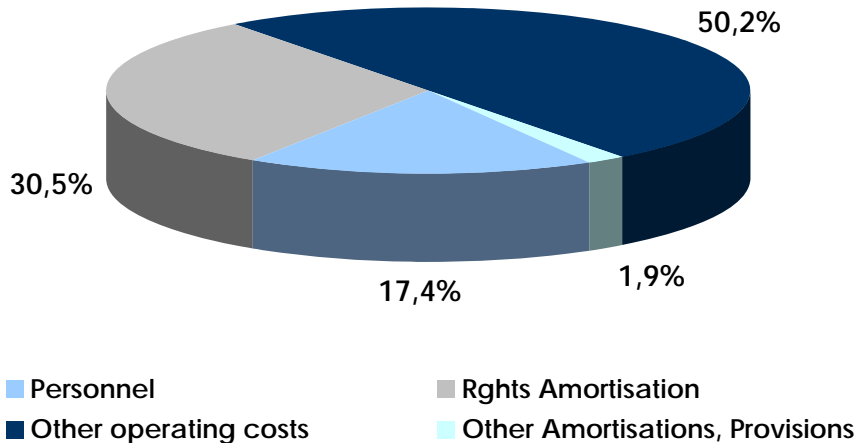
Total operating costs, which amounted to €226.88 million, decreased by 17.7% compared to last year; this result is due once more to our long-established cost control policy. This cost control policy is *a well established trademark of the Group*. We also have to underline that during this period we released a tax provision, of roughly €30 millions, 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 6.5%.

Table 3: Operating costs

Millions of €	1H09	1H08	% change
Personnel costs	39,44	42,17	(6,5%)
Rights amortisation	69,30	65,11	6,4%
Other operating costs	113,92	164,75	(30,8%)
Other amortisation and provisions	4,21	3,78	11,5%
TOTAL OPERATING COSTS	226,88	275,80	(17,7%)

Telecinco's in-house production continues to dominate the network's programming in terms of broadcasting hours. In the first half of 2009, 84.7% of broadcasted programmes were produced in-house and the remaining 15.3% were external productions (compared with an 86.9% and 13.1% in the same period of 2008).

Operating Costs



2.3 Operating profit and margins

Adjusted EBITDA reached €98.10 million, down by 66.3% vs. 2008.

Net operating profit (EBIT) was €93.89 million down by 67.3% versus last year.

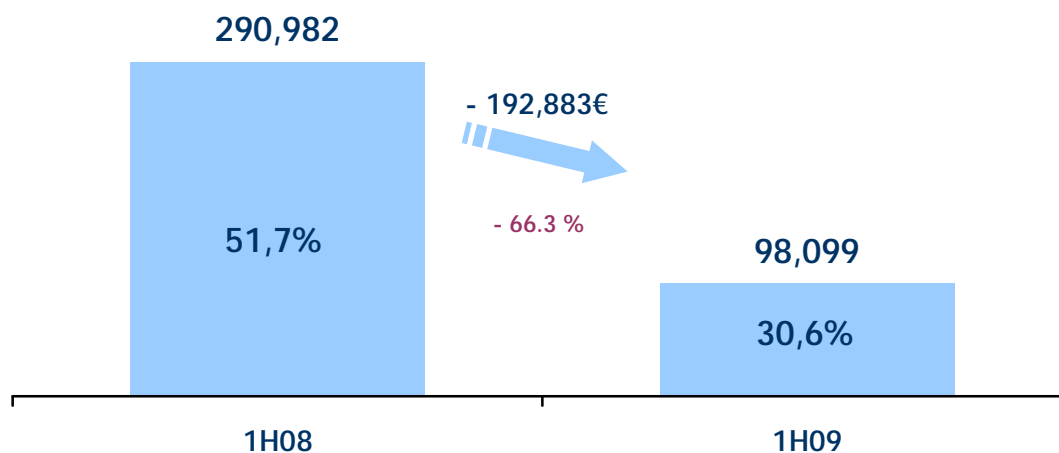
It's important to highlight that the operating margins of the company, in spite of the deterioration of the advertising market, are at a remarkable level. The **adjusted EBITDA** margin in the first six months of 2009 reaches 30.6% and the **EBIT** margin is 29.3%. It is important to highlight that the decline in the advertising market only started during the months of May and June 2008, so the traditional comparison versus the previous period is terribly hard to make and reflects two completely different realities.

Table 4: Margins

	1H09	1H08	% change
Millions of €			
Total net revenues	320,76	563,01	(43,0%)
Adjusted EBITDA	98,10	290,98	(66,3%)
EBIT	93,89	287,20	(67,3%)
Net profit	62,20	198,87	(68,7%)
Adjusted Net Profit	74,12	210,67	(64,8%)
Adj.EBITDA / Total net revenues	30,6%	51,7%	
EBIT/ Total net revenues	29,3%	51,0%	
Net profit / Total net revenues	19,4%	35,3%	
Adj. Net Profit / Total Net Revenues	23,1%	37,4%	

As explained before, the net revenues were down in this period, but the operating margins (**EBITDA and EBIT**) have remained, on a percentage basis, in the region of 30%, 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 €0.97 million compared to the previous year (€-0.32 million).

A negative result is shown from the **equity consolidated companies**⁴ totalling €38.99 million. This negative figure is mainly related to the losses of Edam Adcquisition Holding Coop. which includes the PPA amortization. This result includes the losses on the investment in Caribevision.

2.5. Profit for the period January-June 2009

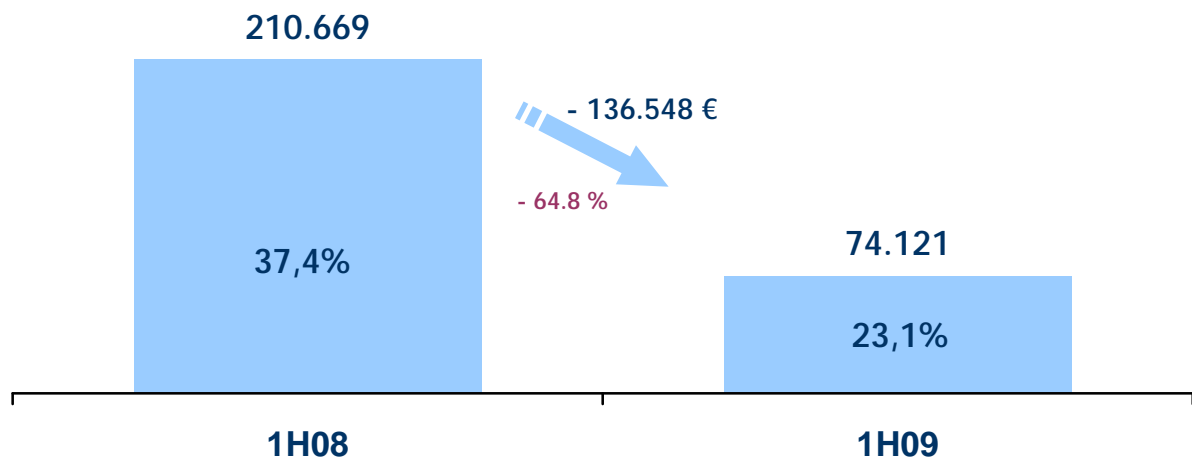
Pre-tax profit, corresponding to the period, reached €55.88 million versus €266.20 million for the same period in 2008, down by -79.0%. This is basically due to the above mentioned flexion of the advertising market.

No corporate income tax expense is included in the period taking into consideration the accrued tax deductions related to the investments in Spanish fiction, that offset the amount of taxes due. The **net profit after minority interests** reached €62.20 million, decreasing by -68.7% over the same period in 2008.

The impact of the amortization of intangibles following the “PPA” of participated companies (mainly Endemol) amounts to €11.92 million so that the Adjusted Net Profit reaches €74.12 million a reduction of 64.8% compared to last year. The above mentioned Adjusted Net Result means a margin of 23.1% (37.4% in 2008) which is a clear indication of the capacity of Telecinco’s business model to resist and react to the adverse market situation.

⁴ 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 Publieci Televisión S.A. (50% indirect shareholding), Producciones Mandarina S.L. (30% indirect shareholding), La Fábrica de la Tele S.L. (30% indirect shareholding), Edam Acquisition Holding Coöp (33% indirect shareholding).
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Adjusted Net Profit (million €)
Adjusted Net Profit / Total Net Revenues (%)



3. Cash flow generation

The **Operating Free Cash Flow** in the first half 2009 amounts to €33.82 million, compared to €215.25 million in 2008. The difference of €181.42 million 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.

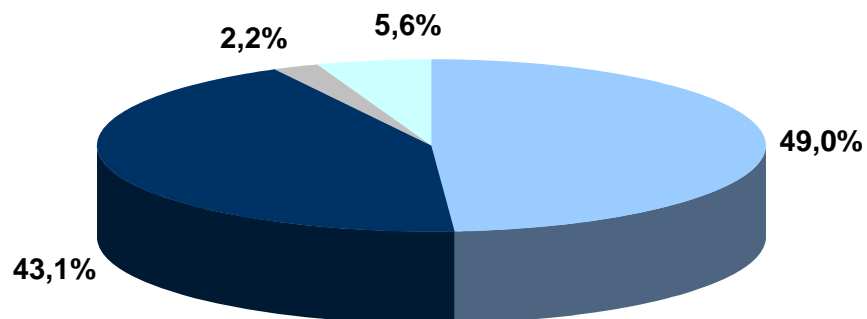
Table 5: Cash Flow

Millions of €	1H09	1H08	Change in millions of €
Net profit (without minority interests)	55,88	198,87	(142,99)
Amortisation:	73,27	67,71	5,57
- Rights	69,30	65,11	4,19
- Other	3,97	2,60	1,38
Provisions	0,24	1,18	(0,94)
Other	37,18	4,66	32,52
OPERATING CASH FLOW	166,56	272,42	(105,85)
Investment in rights	(90,36)	(124,65)	34,29
Investments, other	(2,06)	(2,44)	0,38
Change in working capital	(40,32)	69,91	(110,24)
OPERATING FREE CASH FLOW	33,82	215,25	(181,42)
Change in Equity	(2,79)	(6,84)	4,05
Financial investments	(0,37)	(23,06)	22,69
Dividends received	1,44	1,64	(0,20)
Dividend payments	(210,27)	(317,56)	107,29
Net Cash Change	(178,17)	(130,57)	(47,59)
INITIAL FINANCIAL POSITION	(25,85)	13,15	(39,00)
FINAL FINANCIAL POSITION	(204,02)	(117,43)	(86,59)



Total net investment decreased by €34.6 million in the first half 2009 compared to last year, reaching €92.4 million. This is mainly due to a decrease in investment co-production (-€33.8 million); investments in third party rights increases by +5.6 million offsetting a decline in investments in Spanish fiction (-6.0 million), versus the same period of last year, as explained by the following chart:

**Net investments 1H09:
€ 92.42 millions**



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

4. Balance Sheet

Table 6: Summary Balance Sheet

	1H09	December 2008
<i>Millions of €</i>		
Tangible assets	284,29	323,61
- Financial	228,65	264,49
- Non Financial	55,64	59,12
Audiovisual rights and Pre-payments	211,61	190,74
- Third parties	118,12	96,57
- Fiction	24,76	27,26
- Co-production / Distribution	68,73	66,90
Pre-paid taxes	80,71	26,31
TOTAL NON-CURRENT ASSETS	576,62	540,66
Current assets	172,79	251,79
Financial investments and cash	9,28	35,11
TOTAL CURRENT ASSETS	182,07	286,90
TOTAL ASSETS	758,68	827,56
Shareholders`equity	306,69	461,47
Non-current provisions	42,05	43,80
Non-current payables	1,52	0,22
Non-current financial liabilities	70,63	59,81
TOTAL NON-CURRENT LIABILITIES	114,20	103,83
Current payables	195,12	261,10
Current financial liabilities	142,67	1,15
TOTAL CURRENT LIABILITIES	337,79	262,25
TOTAL LIABILITIES	758,68	827,56

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 and is in line with the accounting rules applied by the Group.

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 31st 2008. The **Net financial position** reached, at the end of June 2009, was €-204.02 million.

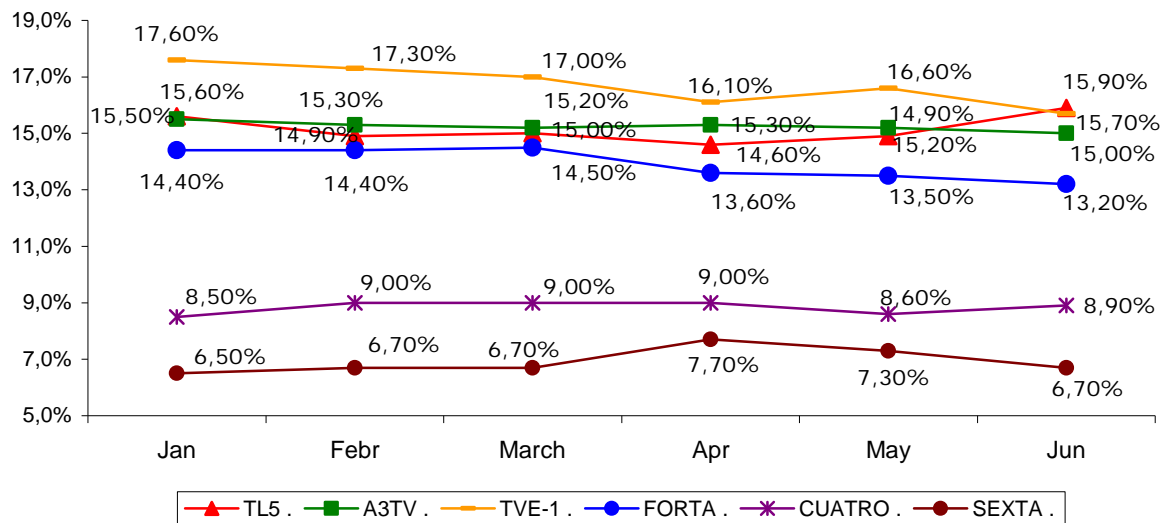
5. Audience share performance

Table 7: January-June average audience share

		1H09	1H08
Totals Individuals	Total Day	15,1%	19,1%
	PRIME TIME	17,5%	20,5%
	DAY TIME	14,0%	18,4%
Commercial Target	Total Day	15,6%	20,8%
	PRIME TIME	17,6%	22,4%
	DAY TIME	14,5%	20,0%

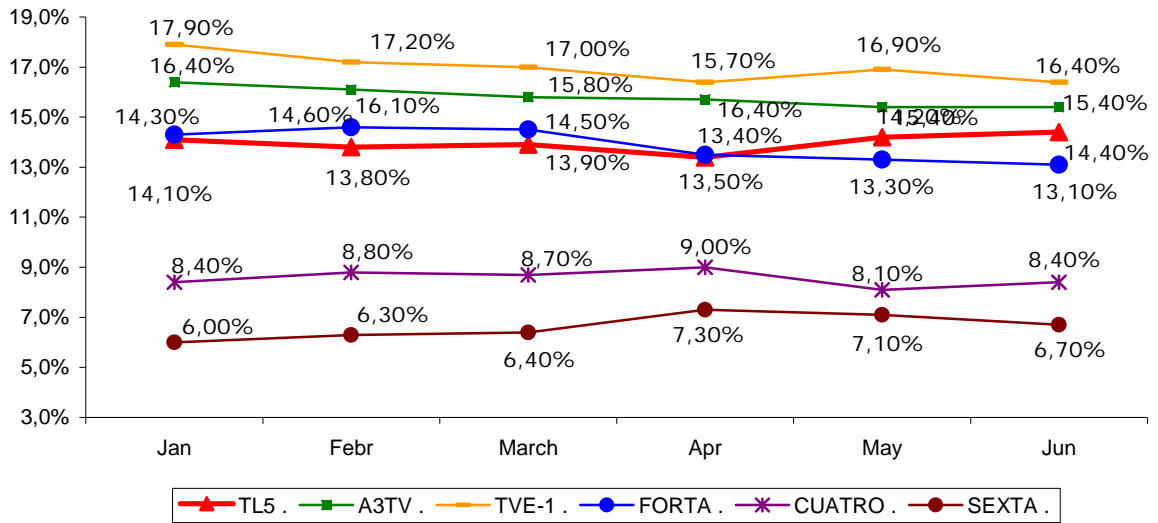
At the end of the first half 2009 Telecinco reached 15.1% average audience share in total-individuals (total day) and situates Telecinco as the third television network just 0.1 points behind Antena 3 (15.2%) who are second in the ranking. The leader during the first half 2009 was TVE-1 (16.8%) thanks to its aggressive programming strategy.

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



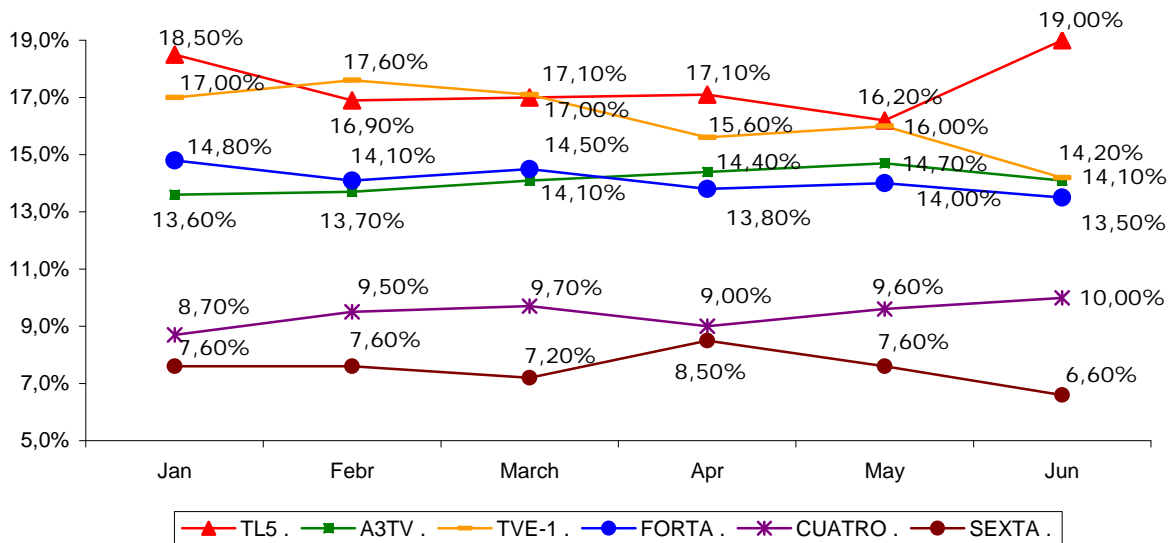
With regards to “day time” audience share, Telecinco achieves an average of 14.0%, even though they have suffered losses in some afternoon slots, they are maintaining a competitive position versus the other broadcasters and shows a clear recovery since the lowest figures were recorded in April 2009.

Audiencia Share, Day Time, Total Individuals (in%)



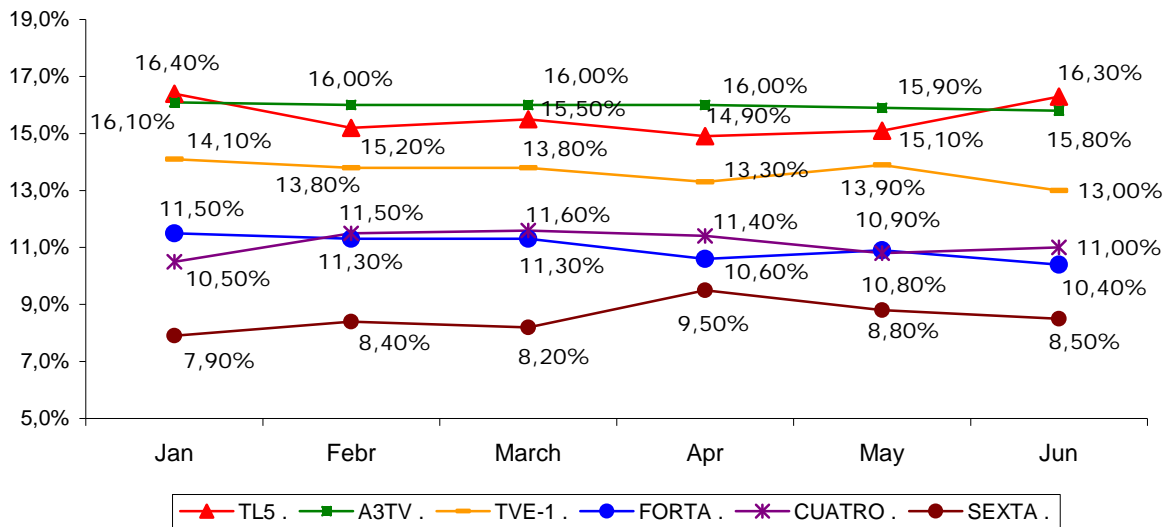
Telecinco's preserves its leadership in prime time total-individuals beating TVE-1 by 1.2pp and Antena 3, fourth in the ranking behind FORTA, by 3.4 points.

Audiencia Share, Prime Time, Total Individuals (in%)

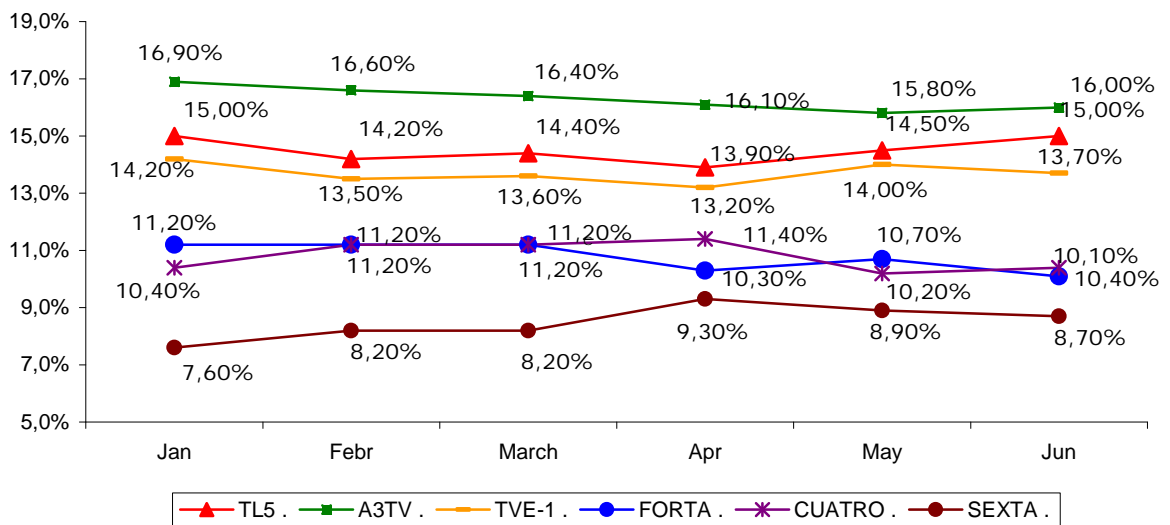


With regards to the commercial target audience share for 24 hours, prime time, and day time, Telecinco maintains the lead in the first half of 2009.

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



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



Audiencia Share, Prime Time, Commercial Target (in%)

