



# TELECINCO

## **FIRST HALF 2010 RESULTS (January – June)**

**Madrid – July 28<sup>th</sup>, 2010**

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## 1. Financial and operating highlights

Consolidated financial highlights for the year to June, include:

1. In the first six months of 2010, the disappearance of advertising on TVE has allowed the growth of private TVs, which have absorbed the majority of the investments freed up by the State TV. Moreover, prices have began adjusting in the TV advertising market, to recover the levels following the removal of TVE from the advertising market.

According to the latest Infoadex report, advertising investments on TV, in the first half of 2010, were 7.4% higher than in the same period of 2009, reaching €1,311.3 million, compared to €1,221.2 million in 2009, which represents a share of 48.8% of total advertising spend.

Telecinco Group is still the leader in turnover in the first half of 2010, with a share of 32.4%.

**Total Net Revenues** in the first half of 2010 reached €461.02 million whereas in the same period last year they were €320.76 million, +43.7%. The “Gross Advertising Revenues of Multiplex Telecinco” in this period amount to €423.27 million compared to €304.14 million that were reached last year, while the “Advertising Revenues of Other Media” totalled €19.24 million compared to €5.34 million of 2009. The “Total gross advertising revenues” amount €442.51 million, a 43.0% increase versus 2009. Finally, the “Other Revenues” amount to €38.98 million with an increase of 50.5% versus the €25.89 million of last year. This is mainly due to the income originated from the films “Agora”, “Celda 211” and “Spanish Movie”.

2. The average **audience share** of Telecinco Group in the first half 2010 total-individuals (total day), reaches 17.2%, with a distance of +2.1pp from Antena3 Group (15.1%). The audience share total-individuals (total day) of the main channel, Telecinco, was 14.9%. This figure situates Telecinco as the first commercial television network 2.8 ahead of Antena3 (12.1%).

In “Commercial Target<sup>1</sup>” (total day), the audience of Telecinco Group was 18.0%, 2.2pp ahead of Antena3 Group (15.8%). The Telecinco channel audience share reaches 15.5%, 3.2pp ahead of Antena3 channel (12.3%).

As per the audience of the new channels, LA SIETE and FACTORIA DE FICCION, the trend in the audience shares remains positive, the sum of both channels have reached, 3% in the first half of 2010, in total day, both total-individuals and commercial target.

The broadcast of the Spanish matches of the World Cup, places Telecinco as the leader in audience in June.

Telecinco Group consolidates, in the first six months, its leadership, increasing the distance from its main competitors.

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<sup>1</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. **Total Operating Costs** of the Group reached €314.74 million opposed to the €226.88 million reached last year. This increase is mainly due to the costs of sales of advertising and cinema, the 3% tax over revenues to finance TVE and the reversal of a specific provision in 2009.

On a percentage basis, Telecinco has increased its operating margins, thanks to the advertising price increases. The **Adjusted EBITDA**<sup>2</sup> margin reached 32.8% (30.6% in 2009) and 31.7% in terms of **EBIT** (29.3% in 2009). This result places Telecinco among the most profitable commercial TV companies in Europe.

The reliability of operating margins, the adjustment of prices in the TV advertising market and the positive trend of the audience shares are strategic elements that will assist the development of the business in the current economic environment, which is still uncertain.

Telecinco relies on a privileged position thanks to the strength of its business model and to its leadership position in audience shares among the commercial channels.

4. **Net profit**, after tax, grew by 72.7% reaching €107.40 million, comparing to €62.20 million in 2009; the net profit margin reached 23.3%. If we isolate the accounting impact (after taxes) of intangibles which are recorded under the “Results of equity consolidated companies”, then the adjusted result would improve by €7.04 million, reaching €114.44 million, an increase of 54.4% versus the same period of 2009 (€74.12 million), with a margin of 24.8% over Net Revenues against 23.1% of 2009.
5. **Free cash flow** was €130.61 million with an Adjusted Net Profit conversion rate into Free Cash of 28.3%, increasing the company's ability to deal with new investments.
6. **The net financial position** as of June 30<sup>th</sup> 2010 was €-99.75 million, €60.3 of this is a long term loan from Mediaset to the Group for the acquisition of Endemol. Moreover, it has deducted the distribution of the 2009 dividend for an amount of €48.44 million, representing €0.20 per circulating share and 100% pay-out ratio, made on March 10<sup>th</sup> 2010.
7. On March 15<sup>th</sup> Telecinco Group and Prisa Group signed an agreement for the integration with Cuatro and the acquisition of the 22% of Digital+ by Telecinco, for which Prisa will receive newly issued Telecinco shares (the “non cash capital increase”) which after the Capital Increase, will represent 18.337% of Telecinco's equity as well as €491.1 million in cash. The companies are now waiting for the approval by the National Competition Commission (CNC).

On June 30<sup>th</sup>, 2010, the CNC initiated the second stage of the control process of the operations Telecinco and Cuatro; and Telecinco, Telefónica and Digital +, as foreseen in the Competition Law, in order to carry out a detailed analysis of these operations. The deadline for this second phase is two months.

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<sup>2</sup> (EBITDA post-rights amortisation)

## 2. Profit and loss account

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

<i>Millions of €</i>	1H 2010	1H 2009	% change
<b>TOTAL NET REVENUES</b>	<b>461,02</b>	<b>320,76</b>	<b>43,7%</b>
Rights Amortisation	(72,30)	(69,30)	4,3%
Personnel	(38,99)	(39,44)	(1,1%)
Other operating costs	(198,69)	(113,92)	74,4%
<b>Adjusted EBITDA</b>	<b>151,04</b>	<b>98,10</b>	<b>54,0%</b>
Other amortisations, provisions	(4,76)	(4,21)	13,0%
<b>EBIT</b>	<b>146,28</b>	<b>93,89</b>	<b>55,8%</b>
Equity consolidated results	(20,49)	(38,99)	(47,4%)
Financial results	4,86	0,97	-
<b>Pre-tax profits</b>	<b>130,65</b>	<b>55,88</b>	<b>133,8%</b>
Income taxes	(28,09)	0,00	
Minority interests	4,85	6,32	(23,3%)
<b>Net profit</b>	<b>107,40</b>	<b>62,20</b>	<b>72,7%</b>
<b>Adjusted Net profit</b>	<b>114,44</b>	<b>74,12</b>	<b>54,4%</b>

As previously mentioned, compared to the same period last year and under consistent conditions, the Adjusted Net Profit amounted to €114.44 million (+54.4% versus 2009), a 24.8% margin over Net Revenues.

The €7.04 million difference between the Net Profit and the adjusted Net Profit is 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

	1H 2010	1H 2009	% change
<b>Gross advertising revenues</b>	<b>442,51</b>	<b>309,48</b>	<b>43,0%</b>
- <i>Multiplex Telecinco</i>	423,27	304,14	39,2%
- <i>Others</i>	19,24	5,34	-
Discounts	(20,47)	(14,61)	40,2%
<b>Net advertising revenues</b>	<b>422,04</b>	<b>294,87</b>	<b>43,1%</b>
<b>Other revenues</b>	<b>38,98</b>	<b>25,89</b>	<b>50,5%</b>
<b>TOTAL NET REVENUES</b>	<b>461,02</b>	<b>320,76</b>	<b>43,7%</b>

**Gross advertising revenues** in the first half of 2010 grew by 43.0% reaching €442.51 million, compared to the same period last year (€309.48 million).

**Multiplex Telecinco's Gross advertising revenues**, which include advertising revenues from TELECINCO, LA SIETE and FACTORIA DE FICCION, reached €423.27 million versus €304.14 million in 2009, representing an increase of 39.2%.

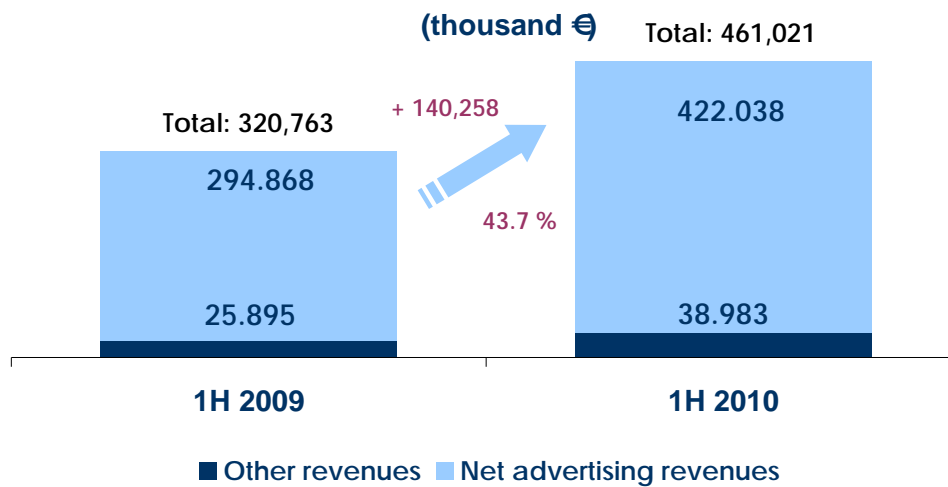
The **Other advertising revenues** reached €19.24 million. This figure includes advertising revenues from other platforms such as the thematic channels, Internet and teletext, etc.

**Net advertising revenues** after commissions and allowances climbed by 43.1% to €422.04 million compared with last year (€294.87 million)

“**Other revenues**”, which mainly include the sale of coproduction film rights, merchandising rights, SMS, Call TV and audiotex services amounted to €38.98 million with an increase of 50.5% versus last year, mainly due to the income originated from the sale of film rights of “Agora”, Celda 211” and Spanish Movie”, which compensates the reduction of Call TV, SMS and Merchandising revenues. This decline is a consequence of the new regulation and the Spanish economy, which has reduced consumption of these products.

Finally, **Total Net Revenues** grew by 43.7% to €461.02 million, compared to the first half of 2009 (€320.76 million).

### Total Net Revenues, Advertising and Others Revenues



## 2.2. Operating costs

**Total operating costs**, amounted to €314.74 million, increased by 38.7% compared to last year; this result is due to the costs of sales of advertising and cinema, the 3% tax over revenues to finance TVE, the increased investment in the new channels, (*LA SIETE (7)* and *FACTORIA DE FICCION (FDF)*, launched in September 2009) and this result is a more complicated comparative with last year due to the reversal of a specific provision in 2009 of €35 million. Given the best interpretation of the law<sup>3</sup>, the Group made a provision for the 3% legal contribution of the total gross revenues invoiced.

In any case, excluding the exceptional impact of undoing the net impact of the reversal of provision both in 2009 (€35 million) and 2010 (€8 million) and the TV tax, the operating costs would have increased by 19.2%.

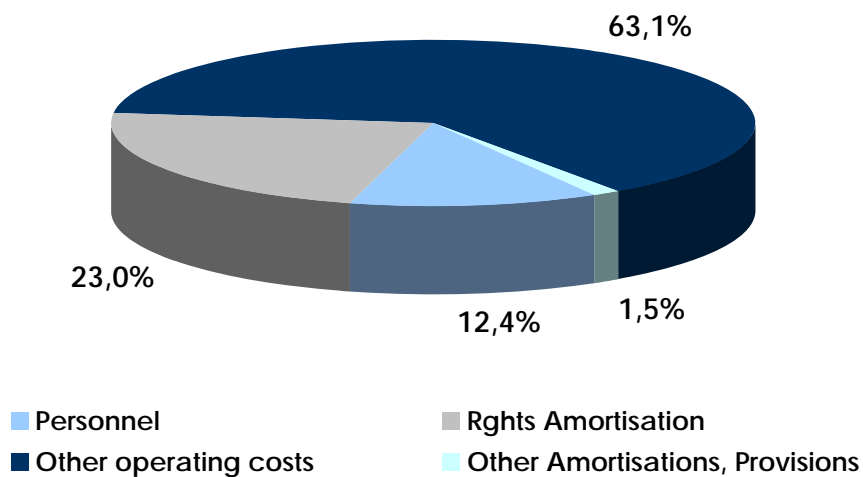
**Table 3: Operating costs**

Millions of €	1H 2010	1H 2009	% change
<b>Personnel costs</b>	38,99	39,44	(1,1%)
<b>Rights amortisation</b>	72,30	69,30	4,3%
<b>Other operating costs</b>	198,69	113,92	74,4%
<b>Other amortisation and provisions</b>	4,76	4,21	13,0%
<b>TOTAL OPERATING COSTS</b>	<b>314,74</b>	<b>226,88</b>	<b>38,7%</b>

<sup>3</sup> Law 8/2009 dated August 28th 2009 regarding the financing of the Spanish State TV (Corporacion de Radio y Television Española)

Telecinco's in-house production continues to dominate the network's programming in terms of broadcasting hours. In the first half of 2010, 87.7% of broadcasted programmes on the main channel, Telecinco, were produced in-house and the remaining 12.3% were external productions (compared with an 84.7% and 15.3% in the same period of 2009). As per the secondary channels, LA SIETE, 86.5% of production is in-house and 13.5% third parties rights broadcasting proportion; FACTORIA DE FICCION has a more equated proportion with 36.6% of in-house versus 63.4% of third parties.

### Operating Costs



### 2.3 Operating profit and margins

**Adjusted EBITDA** reached €151.04 million, increased by 54.0% versus the same period last year, representing a margin over revenues of 32.8%.

**Net operating profit (EBIT)** grew by 55.8% to €146.28 million with a margin of 31.7% over revenues compared to 2009.

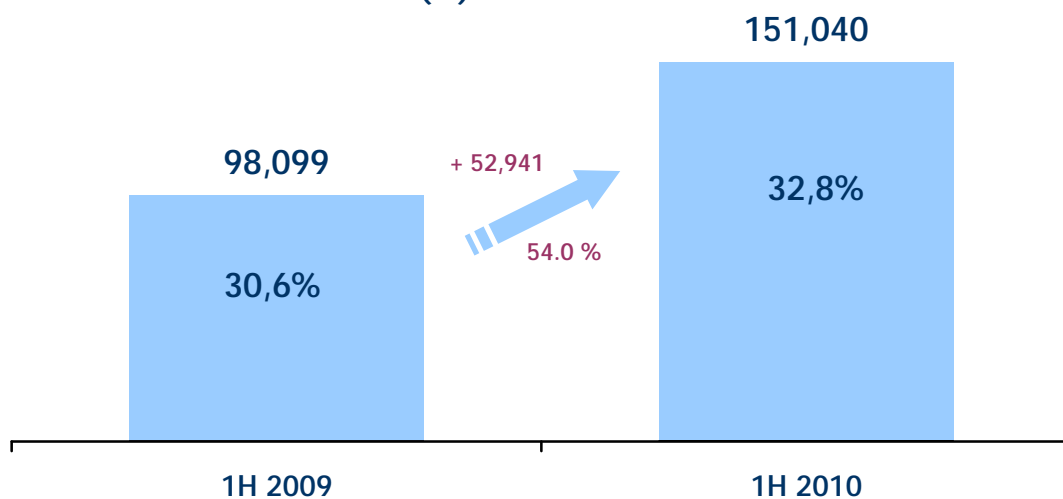
The new context of the advertising market has led to increased levels of the most significant margins of the company.

**Table 4: Margins**

<i>Millions of €</i>	1H 2010	1H 2009	% change
Total net revenues	461,02	320,76	43,7%
Adjusted EBITDA	151,04	98,10	54,0%
EBIT	146,28	93,89	55,8%
<b>Net profit</b>	<b>107,40</b>	<b>62,20</b>	<b>72,7%</b>
<b>Adjusted Net profit</b>	<b>114,44</b>	<b>74,12</b>	<b>54,4%</b>
Adj. EBITDA / Total net revenues	32,8%	30,6%	
EBIT/ Total net revenues	31,7%	29,3%	
Net profit / Total net revenues	23,3%	19,4%	
Adj. Net Profit / Total Net Revenues	24,8%	23,1%	

Operating margins (**EBITDA and EBIT**) are, on a percentage basis, higher than 30%, demonstrating the efficiency of the business model at increasing margins in the new context of the advertising market.

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





## 2.4. Financial result and equity consolidated companies

**Financial income** totalled €4.86 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>4</sup> totalling €20.49 million. This negative figure is almost exclusively related to the losses of Edam Acquisition Holding Coop. which includes the PPA amortisation. 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.

## 2.5. Profit for the period January – June 2010

**Pre-tax profit**, corresponding to the first half of 2010, reached €130.65 million compared to €55.88 million last year, representing an increase of €74.77 million (+133.8%) versus 2009.

After a €28.09 million corporate income tax expense calculated on the basis of the official rate in place, the **net profit after minority interests** reached €107.40 million (+72.7%), compared to €62.20 million in the same period in 2009.

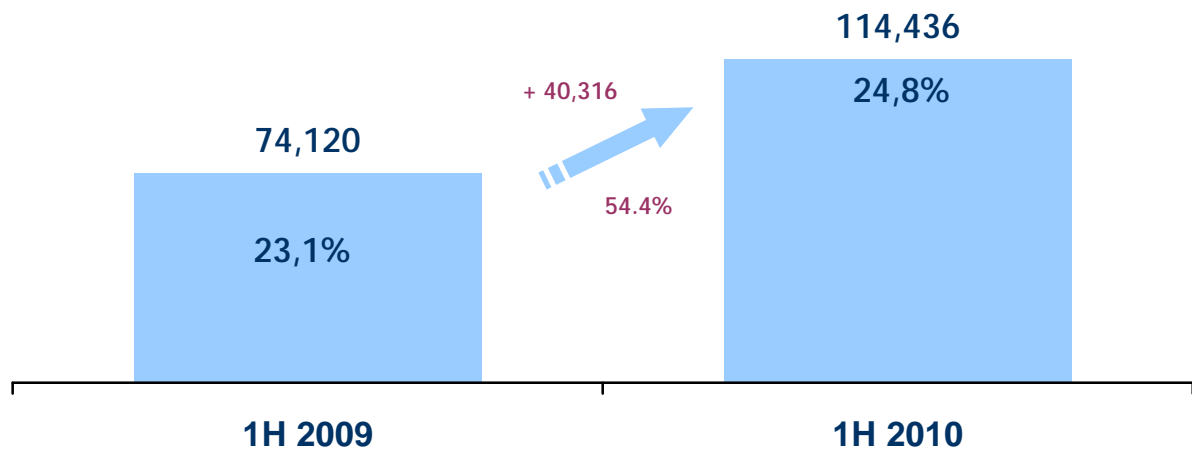
The impact of the amortisation of intangibles following the “PPA” of participated companies (Endemol), has no effect on their operational margins. This impact amounts to €7.04 million so that the Adjusted Net Profit reaches €114.44 million.

The above mentioned Adjusted Net Result means a margin of 24.8%, this is a clear indication of the capacity of Telecinco to continue developing its business model and to continue growing in the still uncertain economic environment.

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<sup>4</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), Producciones Mandarina S.L. (30% indirect shareholding), La Fábrica de la Tele S.L. (30% indirect shareholding), Edam Acquisition Holding Coöp (33% indirect shareholding).

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



### 3. Cash flow generation

The **Operating Free Cash Flow** in the first half 2010 amounts to €130.61 million, versus €33.82 million for the same period in 2009. The increase of €96.78 million is explained by the recovery in advertising revenues and the improvement of the Group's Working Capital.

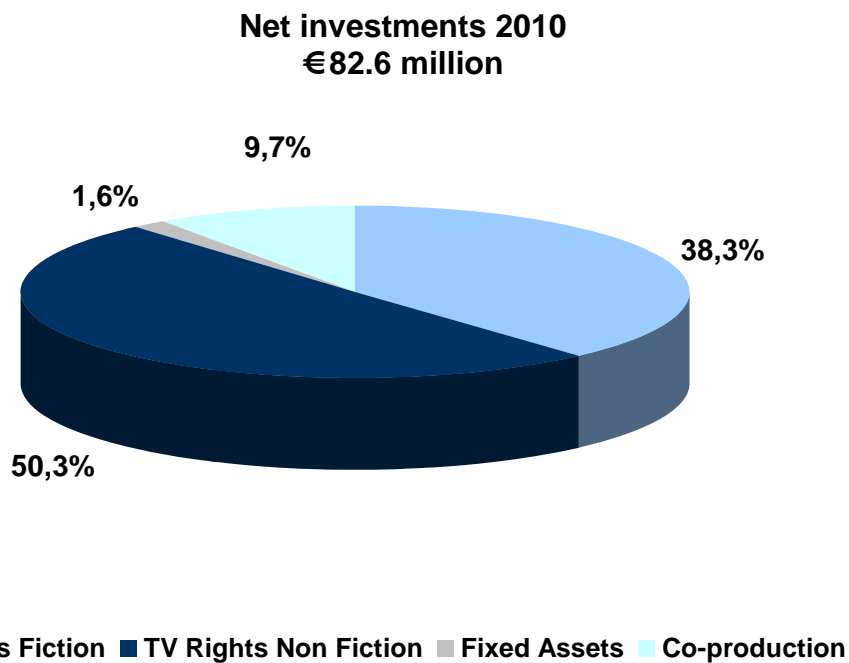
**Table 5: Cash Flow**

Millions of €	1H 2010	1H 2009	Change in millions of €
Net profit (without minority interests)	102,56	55,88	46,68
Amortisation:	76,79	73,27	3,52
- Rights	72,30	69,30	3,00
- Other	4,49	3,97	0,52
Provisions	0,28	0,24	0,04
Other	19,77	37,18	(17,41)
<b>OPERATING CASH FLOW</b>	<b>199,39</b>	<b>166,56</b>	<b>32,83</b>
Investment in rights	(81,23)	(90,36)	9,13
Investments, other	(1,32)	(2,06)	0,74
Change in working capital	13,77	(40,32)	54,09
<b>OPERATING FREE CASH FLOW</b>	<b>130,61</b>	<b>33,82</b>	<b>96,78</b>
Change in Equity	1,01	(2,79)	3,80
Financial investments	(27,94)	(0,37)	(27,57)
Dividends received	1,01	1,44	(0,43)
Dividend payments	(48,44)	(210,27)	161,83
Net Cash Change	56,26	(178,17)	234,42
<b>INITIAL FINANCIAL POSITION</b>	<b>(156,01)</b>	<b>(25,85)</b>	<b>(130,16)</b>
<b>FINAL FINANCIAL POSITION</b>	<b>(99,75)</b>	<b>(204,02)</b>	<b>104,27</b>



**Total net investment** reached €82.6 million in the first half 2010, representing an increase of €9.92 million compared to last year.

The decrease in investments in Spanish fiction (-€13.7 million) is partially compensated by the increase in investments in third party rights (+€1.7 million) and in co-productions (+€2.8 million), as explained by the following chart:



#### 4. Balance Sheet

**Table 6: Summary Balance Sheet**

<i>Millions of €</i>	<i>June 2010</i>	<i>December 2009</i>
<b>Tangible assets</b>	<b>241,30</b>	<b>221,70</b>
- Financial	191,95	168,67
- Non Financial	49,35	53,03
<b>Audiovisual rights and Pre-payments</b>	<b>200,14</b>	<b>193,99</b>
- Third parties	132,32	121,27
- Fiction	38,42	37,12
- Co-production / Distribution	29,40	35,60
<b>Pre-paid taxes</b>	<b>92,42</b>	<b>108,21</b>
<b>TOTAL NON-CURRENT ASSETS</b>	<b>533,86</b>	<b>523,91</b>
Current assets	218,39	199,48
Financial investments and cash	71,70	10,70
<b>TOTAL CURRENT ASSETS</b>	<b>290,09</b>	<b>210,18</b>
<b>TOTAL ASSETS</b>	<b>823,95</b>	<b>734,09</b>
Shareholders`equity	359,38	291,61
Non-current provisions	21,51	21,32
Non-current payables	1,75	0,26
Non-current financial liabilities	85,93	90,67
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>109,19</b>	<b>112,26</b>
Current payables	269,86	254,19
Current financial liabilities	85,52	76,03
<b>TOTAL CURRENT LIABILITIES</b>	<b>355,37</b>	<b>330,23</b>
<b>TOTAL LIABILITIES</b>	<b>823,95</b>	<b>734,09</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 secondary channels. This increase is partially offset by lower investments in coproduction rights.

**Current Assets** are up due to a higher cash position and financial investments.

**Current liabilities** increase compared to the figures reached as of December 31<sup>st</sup> 2009, due to higher provisions for corporate tax and the 3% tax over revenues to finance TVE.

The **Net financial position** reached, at the end of June 2010, was €-99.75 million.

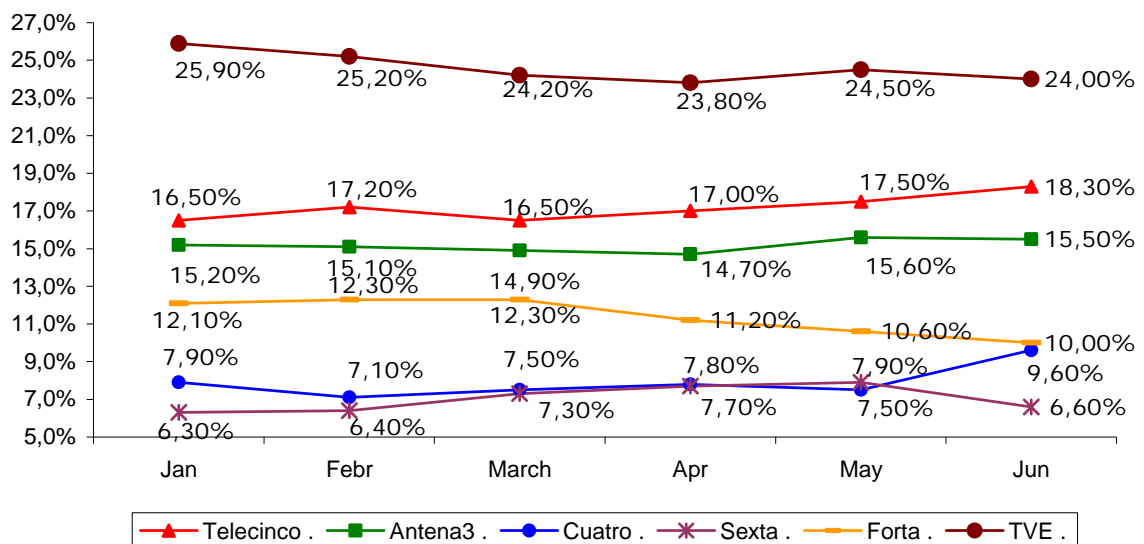
## 5. Audience share performance

**Table 7: January-June average audience share for the GROUP Telecinco**

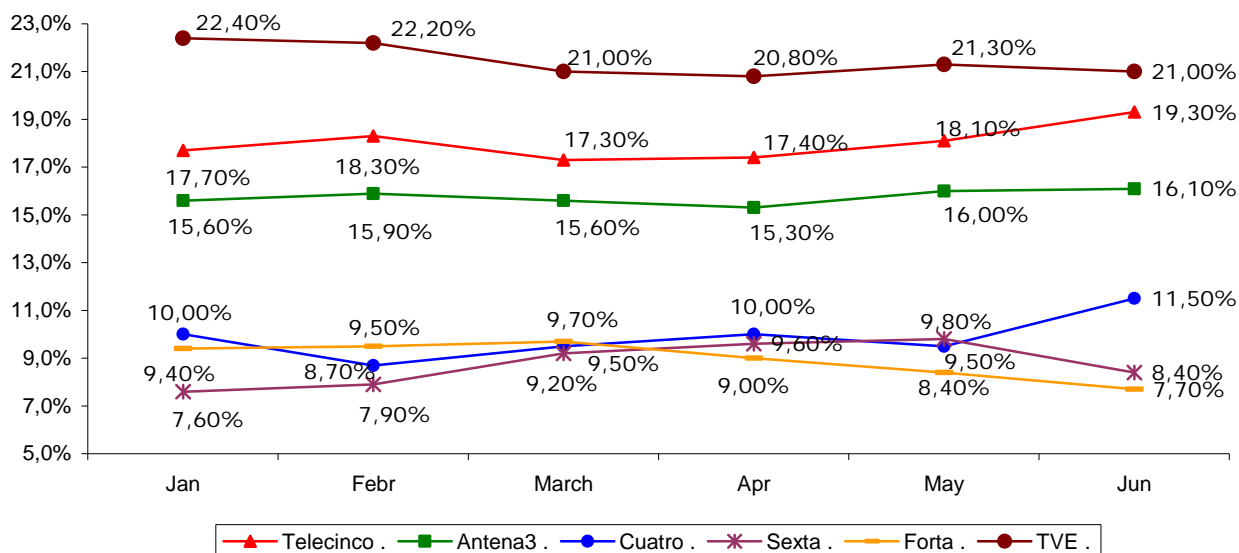
		1H 2010	1H 2009
<b>Total Individuos</b>	<b>Total Día</b>	<b>17,2%</b>	<b>15,8%</b>
	<b>PRIME TIME</b>	<b>17,1%</b>	<b>18,2%</b>
	<b>DAY TIME</b>	<b>17,2%</b>	<b>14,8%</b>
<b>Target Comercial</b>	<b>Total Día</b>	<b>18,0%</b>	<b>16,4%</b>
	<b>PRIME TIME</b>	<b>17,6%</b>	<b>18,4%</b>
	<b>DAY TIME</b>	<b>18,3%</b>	<b>15,3%</b>

The Group audience share for the first half 2010 consolidates Telecinco Group as the leader of the commercial TV. The audience share in total-individuals (total day) for the period, reached 17.2% 2.1 points ahead of Antena3 Group (15.1%). Concerning the audience share in commercial target (total day), Telecinco Group (18.0%) has an average 2.2 ahead of Antena3 Group (15.8%) in the first half.

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



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



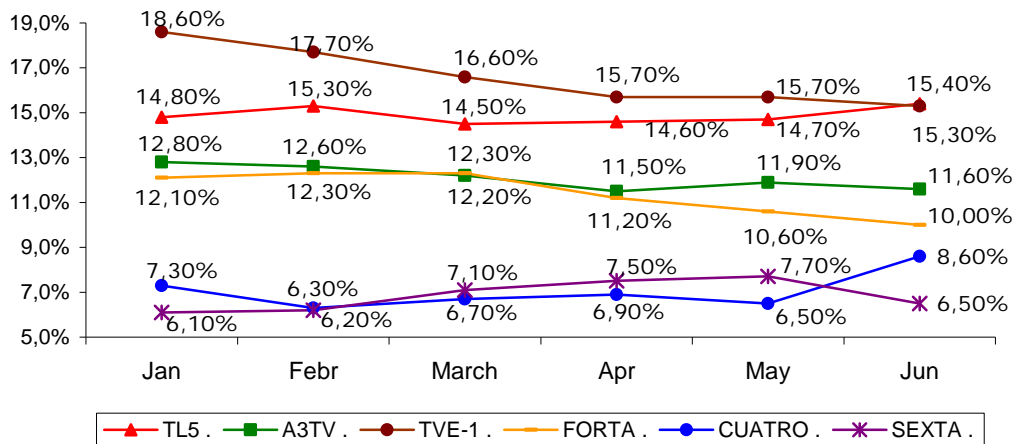
**Table 8: January-June average audience share for Telecinco**

		1H 2010	1H 2009
<b>Total Individuos</b>	<b>Total Día</b>	<b>14,9%</b>	<b>15,1%</b>
	<b>PRIME TIME</b>	<b>14,7%</b>	<b>17,5%</b>
	<b>DAY TIME</b>	<b>15,0%</b>	<b>14,0%</b>
<b>Target Comercial</b>	<b>Total Día</b>	<b>15,5%</b>	<b>15,6%</b>
	<b>PRIME TIME</b>	<b>14,8%</b>	<b>17,6%</b>
	<b>DAY TIME</b>	<b>15,8%</b>	<b>14,5%</b>

At the end of June 2010 Telecinco channel reached 14.9% average audience share in total-individuals (total day) and situates Telecinco as the leading commercial network 2.8 points ahead of Antena3 (12.1%).

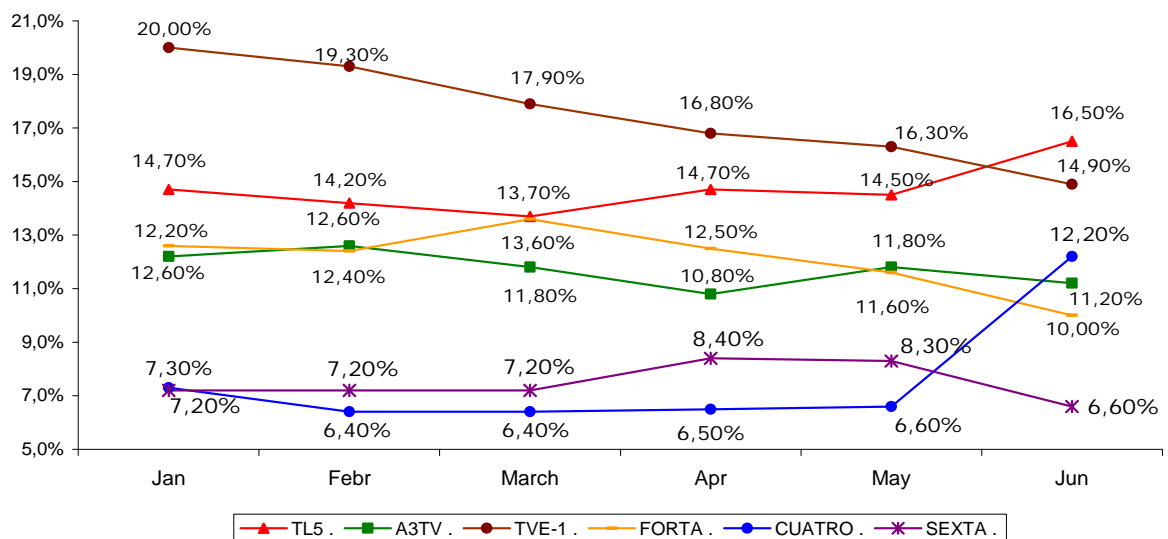
Concerning the audience share in commercial target (total day), Telecinco (15.5%) has an average 3.2 ahead of Antena3 (12.3%).

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



The broadcast of the Spanish matches of the World Cup in June, places Telecinco as the leader in 24h. and in prime time<sup>5</sup> total-individuals (16.5%) among the commercial channels beating Antena3 by 5.3 points (11.2%).

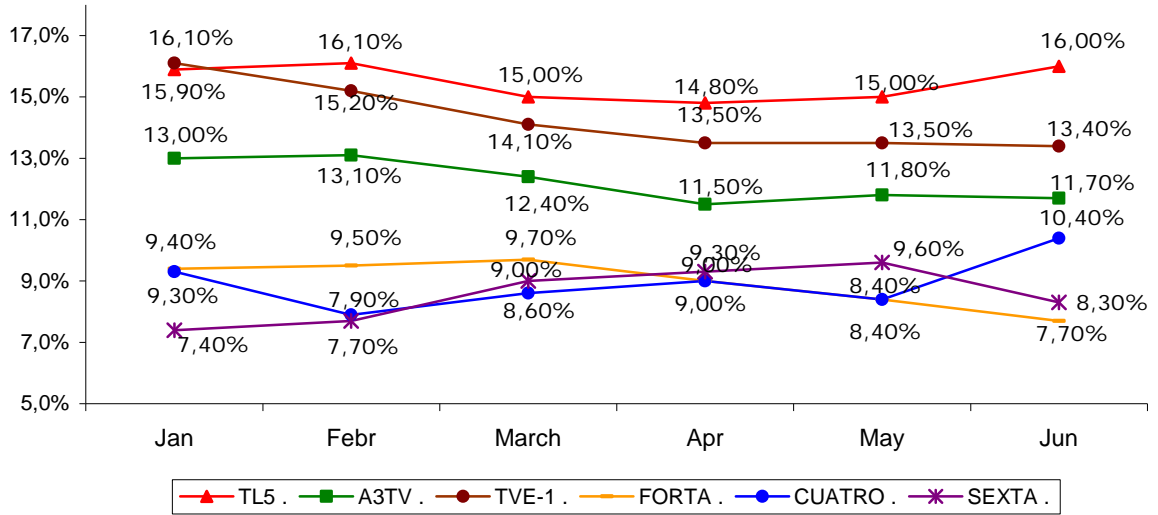
### Audience Share, Prime Time, Total Individuals (in %)



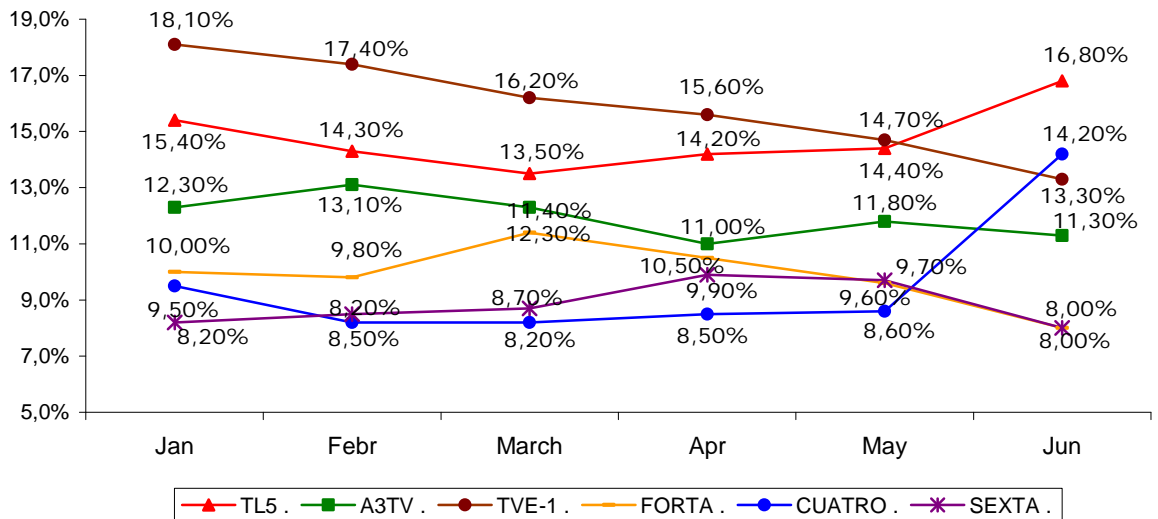
With regards to the commercial target audience share for 24 hours, prime time, and day time, Telecinco maintains the lead in 2010, increasing the distance from its main competitors.

<sup>5</sup> Prime time: Time slot with the highest television consumption of the day, from 20:30 to 24:00.

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



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







In 2010 Telecinco continues with the development of secondary channels LA SIETE (La7) and FACTORIA DE FICCION (FDF), following the strategy initiated in September 2009 in order to strengthen the programming of these channels.

In June LA SIETE (La7) has reached a total audience share in total day of 1.4% and FACTORIA DE FICCION (FDF) a share of 1.5%.

**Audiencie Share, 24 hours, DTV %**

