



TELECINCO

**RESULTS
FIRST QUARTER 2005
(January – March)**

Madrid – 4 May, 2005

CONTENTS:

1. Financial and operating highlights
2. Profit and loss account
3. Cash flow generation
4. Summary balance sheet
5. Audience share performance



0. Presentation format of financial results

The financial results for the first quarter of 2005 and 2004 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 quarter 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 31st 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

Financial highlights for the year to March, include:

1. **Net operating revenues** grew by 23.1% compared with the first quarter of 2004 to €213.27 million. This is, fundamentally, due to the increase of net TV advertising revenues (+23.1%), which stood at €199.14 million.

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

The average 22.5% **audience share** during the three-month period in terms of total-individuals (total day) represents an increase of 0.4 points over the same period last year that places, once again, Telecinco as the leading television network ahead of TVE-1 (19.3%) and Antena 3TV (21.1%). Total-individuals prime time audience share¹ was 23.5%, confirming Telecinco as the undisputed leader among Spain's television networks. With regard to commercial target², Telecinco's audience share was 24.6% in terms of total-day audience and 26.2% in the prime time slot, further consolidating its traditional leadership.

Telecinco's **programming** continued demonstrating its solidness with high audience share figures across all slots. Notable audience shares were reported³ for Los Serrano (30.9%), El Programa de Ana Rosa (26.4%) and Aquí Hay Tomate (24.8%).

2. **Operating costs** were €120.24 million and grew by 3.3%, meeting the cost control target set by the company's management.
3. **Adjusted EBITDA** grew by 58.9% to €96.18 million, and **EBIT** totalled €93.03 million (+63.7%). The resulting operating margins were 45.1% for EBITDA (adj.)/total net revenues and 43.6% for EBIT/total net revenues.
4. **Net profit** after taxes was €64.52 million, up 58.7% vs. 1Q04.
5. **Free cash flow** was €78.29 million, due to the growth of operating cash flow (up €20.21 million to €103.95 million) and the maintenance of investments.
6. **Net cash position** at March 31st 2005, was €322.25 million, before the distribution of dividends charged to 2004 results.

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

² 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.

³ January-March average audience share.



2. Profit and loss account

Table 1: Profit and loss account

Millions of €	1Q05 IFRS	1Q04 IFRS	% change
TOTAL NET REVENUES	213.27	173.23	23.1%
Personnel costs	(17.40)	(16.69)	4.3 %
TV Rights amortisation	(35.67)	(37.89)	(5.9%)
Other operating costs	(64.02)	(58.13)	10.1 %
Adjusted EBITDA	96.18	60.52	58.9 %
Other amortizations, provisions	(3.15)	(3.71)	(15.0%)
EBIT	93.03	56.81	63.7 %
Equity consolidated results	0.22	0.21	4.0 %
Financial results	1.29	1.11	16.2%
Pre-tax profit	94.54	58.13	62.6 %
Income taxes	(30.01)	(17.49)	71.6 %
Minority interests	0.00	0.02	--
Net profit	64.52	40.66	58.7 %

2.1. Revenues

Table 2: Revenues

Millions of €	1Q05 IFRS	1Q04 IFRS	% change
Gross TV advertising revenues	208.06	172.63	20.5 %
- Commissions and discounts	(8.93)	(10.88)	(18.0 %)
Net TV advertising revenues	199.14	161.75	23.1 %
Other revenues	14.13	11.48	23.1 %
TOTAL NET REVENUES	213.27	173.23	23.1 %



Gross advertising TV revenues for the three-month period grew by 20.5% to €208.06 million.

Net advertising TV revenues after commissions and allowances climbed by 23.1% to €199.14 million. The elimination of agency commissions, which in the first quarter of 2004 amounted to 2% of gross revenues, has contributed to the revenue growth.

The positive performance of “**Other revenues**”, which grew by 23.1% to €14.13 million is worthy of mention. “Other revenues” have shown stronger growth than in periods before, thanks among other, to the positive performance of revenues from sales of non-TV advertising and SMS services.

Finally, **total net revenues** grew by 23.1% to €213.27 million compared with the same period last year.

2.2. Operating costs

Total operating costs, which totalled €120.24 million and include amortizations of audiovisual rights and fixed assets, grew by 3.3% or €3.8 million in 1Q05. Of this increase, €1.3 million stem from costs that grow in pace with the group's revenues, €1.2 million stem from costs derived from payments to rights associations due to an increase in revenues and the remaining amount corresponds to overheads.

Table 3: Operating costs

<i>Millions of €</i>	<i>1Q05 IFRS</i>	<i>1Q04 IFRS</i>	<i>% change</i>
Personnel costs	17.40	16.69	4.3%
TV Rights amortisation	35.67	37.89	(5.9%)
Other operating costs	64.02	58.13	10.1 %
Other amortisation and provisions	3.15	3.71	(15.0%)
TOTAL COSTS	120.24	116.42	3.3 %

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 quarter 2005, 81% of programmes were own productions and the remaining 19% was external productions (compared with a 78-22 ratio in 1Q04). For this reason, production costs increased and amortizations of external production rights decreased.



2.3 Operating profit and operating margins

Adjusted EBITDA (EBIT + amortization of TV rights) reached €96.18 million, up 58.9% by €35.66 million vs. 1Q04.

Net operating profit (EBIT) was €93.03 million, representing an increase of 63.7% or €36.22 million vs. 1Q04.

The resulting operating margins are as follows:

Table 4: Operating margins

Millions of €	1T05 IFRS	1T04 IFRS	% change
Total net revenues	213.27	173.23	23.1 %
Adjusted EBITDA	96.18	60.52	58.9 %
EBIT	93.03	56.81	63.7 %
Net profit	64.52	40.66	58.7%
Adj. EBITDA / Total net revenues	45.1 %	34.9 %	-
EBIT / Total net revenues	43.6 %	32.8 %	-
Net profit / total net revenues	30.3 %	23.5 %	-

2.4. Financial result. equity consolidated companies and extraordinary result

Given the almost absence of financial debt, the company obtained **financial income** of €1.29 million, most of which being interests obtained through cash investments.

Positive results were also recorded from **equity consolidated companies**⁴ totalling €0.22 million.

⁴ 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).



2.5. Profit for the first quarter 2005

Pre-tax profit for 1Q05 was €94.54 million, up by €36.41 million compared with €58.13 in 1Q04 (+62.6%).

After recording the €30.01 million provision for the estimated corporation tax payment (applying tax rules in place), compared with €17.49 million in 1Q04, the **net profit after minority interests** for the first quarter 2005 was €64.52 million, an increase of €23.86 million or 58.7% over the same period of previous year.

3. Cash flow generation

Cash flow generation was boosted by the strong performance of revenues and cost containment. Additionally, the maintenance of investment at optimal levels and the improvement of working capital had a positive impact on **operating free cash flow**, which as at the period-end was €78.29 million.

Table 5: Cash flow

Millions of €	1T05 IFRS	1T04 IFRS	Change in millions of €
Net profit	64.52	40.66	23.86
Amortisations:	38.69	41.38	(2.69)
- TV rights	35.67	37.89	(2.22)
- Other	3.02	3.49	(0.47)
Provisions	0.14	0.21	(0.07)
Other	0.60	1.49	(0.89)
OPERATING CASH FLOW	103.95	83.74	20.21
Investment in TV rights	(42.51)	(47.27)	4.76
Investments, other	(0.58)	(1.44)	0.86
Change in working capital	17.44	24.79	(7.35)
OPERATING FREE CASH FLOW	78.29	59.82	18.47
Financial and other non operating items	(0.39)	115.48	(115.87)
Dividend payment	(0.00)	(115.80)	115.80
Net cash increase	77.90	59.50	18.40
INITIAL CASH POSITION	244.35	252.53	---
FINAL CASH POSITION	322.25	312.03	---



4. BALANCE SHEET

Table 6: Summary balance sheet

Millions of €	March 2005 IFRS	March. 2004 IFRS
Tangible assets	67.55	71.53
Audiovisual rights	239.07	259.68
- TV rights	184.18	198.34
<i>TV rights – Third parties</i>	<i>164.84</i>	<i>181.67</i>
<i>TV rights – Fiction</i>	<i>19.34</i>	<i>16.67</i>
- Co-production – Distribution	9.48	16.86
- Pre-payment	45.41	44.47
Pre-paid taxes	16.58	18.03
TOTAL NON-CURRENT ASSETS	323.20	349.24
Current assets	175.21	136.40
Financial investments and cash	326.97	316.00
TOTAL CURRENT ASSETS	502.18	452.40
TOTAL ASSETS	825.38	801.64
Shareholders' equity	542.71	438.83
Non-current provisions	62.52	47.56
Non-current payables	1.63	8.84
Non-current financial liabilities	3.60	3.78
TOTAL NON-CURRENT LIABILITIES	67.74	60.19
Current payables	213.81	302.43
Current financial liabilities	1.12	0.19
TOTAL CURRENT LIABILITIES	214.93	302.62
TOTAL LIABILITIES	825.38	801.64

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** decrease due to, among other, decreased accounts payable to suppliers.

The **net cash position** of €322.25 million in the first quarter 2005, reached before the distribution of the dividend charged to 2004 results, is also worthy of mention.

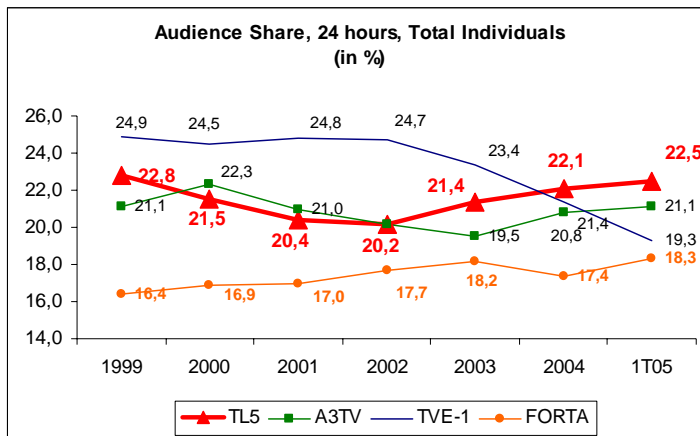


5. Audience share performance

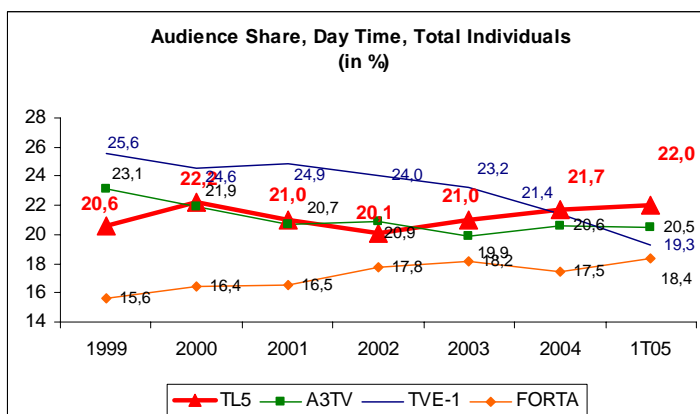
Table 7: January-March average audience share

Share	2004	2003
Total-day	22.5 %	22.1%
Day Time	22.0 %	21.4 %
Prime time (21:00h-24:00h)	23.5 %	23.9 %
Total-day. Commercial target	24.6 %	25.2 %
Day time, Commercial target	23.9 %	23.7 %
Prime Time. Commercial target	26.2 %	28.3 %

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.

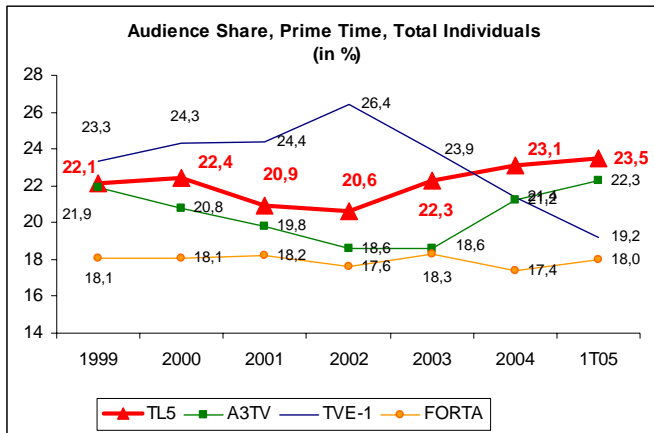


With regard to “day time” audience share Telecinco also leads the market since 2004.





Telecinco's prime time total-individuals audience share also beat TVE-1, becoming the audience leader far ahead its competitors.



As for commercial target audience share for 24 hours, day time and prime time, Telecinco consolidated its undisputed leadership maintaining a significant margin relative to the rest of industry companies.

