



# TELECINCO

## FIRST QUARTER 2010<sup>1</sup> RESULTS (January – March)

Madrid – May 6<sup>th</sup>, 2010

### CONTENTS:

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

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<sup>1</sup> 2010 accounts subject to limited review

## 1. Financial and operating highlights

Consolidated financial highlights for the year to March, include:

1. The start of 2010 is driven by the beginning of the recovery in TV advertising prices, therefore, confirmation of the change in trend as a result of the disappearance of advertising on TVE. Price increases, inventory growth and better audience figures have contributed to the positive market performance.

**Total Net Revenues** in the first quarter of 2010 reached €211.99 million whereas in the same period last year they were €159.67 million, +32.8%. The “Gross Advertising Revenues of Television” in this period amount to €194.19 million compared to €149.37 million that were reached last year, while the “Advertising Revenues of Other Media” totalled €6.58 million representing an increase compared to €2.54 million of 2009. The “Total gross advertising revenues” amount €200.77 million, a 32.2% increase versus 2009. Finally, the “Other Revenues” amount to €20.83 million with an increase of 43.8% versus the €14.48 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 quarter 2010 total-individuals (total day), reaches 16.8%, with a distance of +1.8pp from Antena3 Group (15.0%). The audience share total-individuals (total day) of main channel, Telecinco, was 14.9%. This figure situates Telecinco as the first commercial television network 2.4 ahead of Antena3 (12.5%).

In “Commercial Target<sup>2</sup>” (total day), the audience of Telecinco Group was 17.8%, 2.1pp ahead of Antena3 Group (15.7%). Telecinco channel audience share reaches 15.6%, 2.8pp ahead of Antena3 channel (12.8%).

As per the audience of the new channels, LA SIETE and FACTORIA DE FICCION, the trend of the audience shares remains positive, reaching 1% each in the first quarter of 2010, in total day, both total-individuals and commercial target.

3. During the first months of 2010, **Total Operating Costs** of the Group reached €135.90 million opposed to the €116.02 million reached last year. This increase is mainly due to the costs related to cinema and to the 3% tax over revenues to finance TVE.

On a percentage basis, Telecinco is increasing its operating margins, thanks to the advertising price increases. The **Adjusted EBITDA**<sup>3</sup> margin reached 36.5% (28.8% in 2009) and 35.9% in terms of **EBIT** (27.3% in 2009). This result confirms that Telecinco is one of the most profitable commercial TV companies in Europe.

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<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

<sup>3</sup> (EBITDA post-rights amortisation)



The reliability of operating margins and the positive trend of the advertising market are the two most important elements that will ensure the natural 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, was €58.86 million, double the profit of 2009 (€29.26 million); the net profit margin reached 27.8%. 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 €3.55 million, reaching €62.41 million, an increase of 87.1% versus the same period of 2009 (€33.36 million), with a margin of 29.4% over Net Revenues against 20.9% of 2009.
5. **Free cash flow** was €75.50 million with an Adjusted Net Profit conversion rate into Free Cash of 35.6%.
6. **The net financial position** as of March 31<sup>st</sup> 2010 was €-151.52 million, €60.2 of this is a long term loan from Mediaset to Media 5 Cartera 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% payout ratio, made on March 10<sup>th</sup> 2010.
7. On March 15th Telecinco Group and Prisa Group announced the signature of 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 €491.128 million in cash. The companies are now waiting for the antitrust authorization.

## 2. Profit and loss account

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

<i>Millions of €</i>	1Q 2010	1Q 2009	% change
<b>TOTAL NET REVENUES</b>	<b>211,99</b>	<b>159,67</b>	<b>32,8%</b>
Rights Amortisation	(35,13)	(40,22)	(12,7%)
Personnel	(19,18)	(20,45)	(6,2%)
Other operating costs	(80,19)	(53,03)	51,2%
<b>Adjusted EBITDA</b>	<b>77,48</b>	<b>45,98</b>	<b>68,5%</b>
Other amortisations, provisions	(1,40)	(2,32)	(40,0%)
<b>EBIT</b>	<b>76,08</b>	<b>43,65</b>	<b>74,3%</b>
Equity consolidated results	(11,29)	(11,57)	(2,4%)
Financial results	1,64	0,03	-
<b>Pre-tax profits</b>	<b>66,44</b>	<b>32,11</b>	<b>106,9%</b>
Income taxes	(9,97)	(5,19)	-
Minority interests	2,39	2,33	2,2%
<b>Net profit</b>	<b>58,86</b>	<b>29,26</b>	<b>101,2%</b>
<b>Adjusted Net profit</b>	<b>62,41</b>	<b>33,36</b>	<b>87,1%</b>

As previously mentioned, compared to the same period last year and under consistent conditions, the Adjusted Net Profit amounted to €62.41 million (+87.1% versus 2009), a 29.4% margin over Net Revenues.

The €3.55 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

	1Q 2010	1Q 2009	% change
<b>Gross advertising revenues</b>	<b>200,77</b>	<b>151,91</b>	<b>32,2%</b>
- <i>Multiplex Telecinco</i>	194,19	149,37	30,0%
- <i>Others</i>	6,58	2,54	-
Discounts	(9,61)	(6,72)	43,1%
<b>Net advertising revenues</b>	<b>191,16</b>	<b>145,19</b>	<b>31,7%</b>
<b>Other revenues</b>	<b>20,83</b>	<b>14,48</b>	<b>43,8%</b>
<b>TOTAL NET REVENUES</b>	<b>211,99</b>	<b>159,67</b>	<b>32,8%</b>

**Gross advertising revenues** in the first quarter of 2010 grew by 32.2% reaching €200.77 million, compared to the same period last year (€151.91 million).

**Television's Gross advertising revenues**, which include advertising revenues from TELECINCO, LA SIETE and FACTORIA DE FICCION, reached €194.19 million versus €149.37 million in 2009, representing an increase of 30.0%.

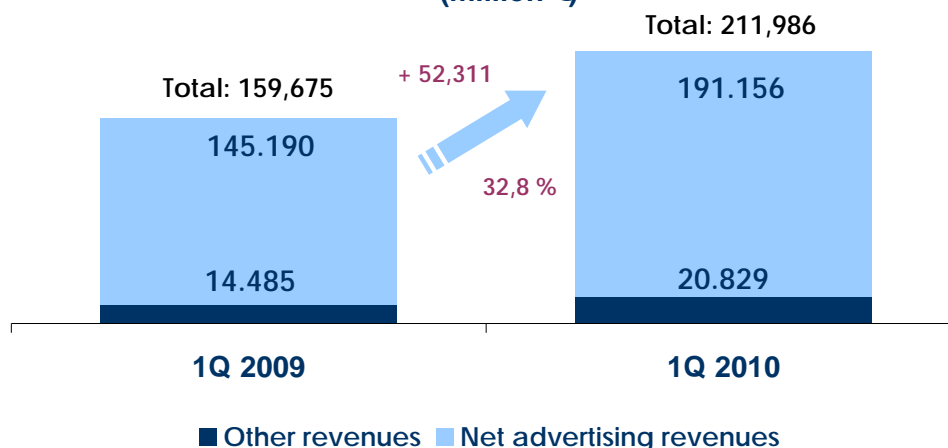
The **Other advertising revenues** made €6.58 million increasing compared to €2.54 million reached in 2009. This figure includes advertising revenues from other platforms such as the thematic channels, Internet and teletext, etc.

**Net advertising revenues** after commissions and allowances climbed by 31.7% to €191.16 million compared with last year (€145.19 million)

**"Other revenues"**, which mainly include the sale of coproduction film rights, merchandising rights, SMS and audio text services amounted to €20.83 million with an increase of 43.8% versus last year, mainly due to the income originated from the films "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 32.8% to €211.99 million, compared to the first quarter of 2009 (€159.67 million).

**Total Net Revenues, Advertising and Others Revenues**  
(million €)



## 2.2. Operating costs

**Total operating costs**, amounted to €135.9 million, increased by 17.13% compared to last year; this result is due to costs related to cinema and to the 3% tax over revenues to finance TVE. Given the best interpretation of the law<sup>4</sup>, the Group made a provision for the 3% legal contribution of the total gross revenues invoiced.

We also have to underline that during this period we reverted a specific provision that was no longer necessary. In any case, excluding the exceptional impact of undoing the net impact of the reversal of provision both in 2009 and 2010 and the TV tax, the operating costs would have increased by 14.7%.

**Table 3: Operating costs**

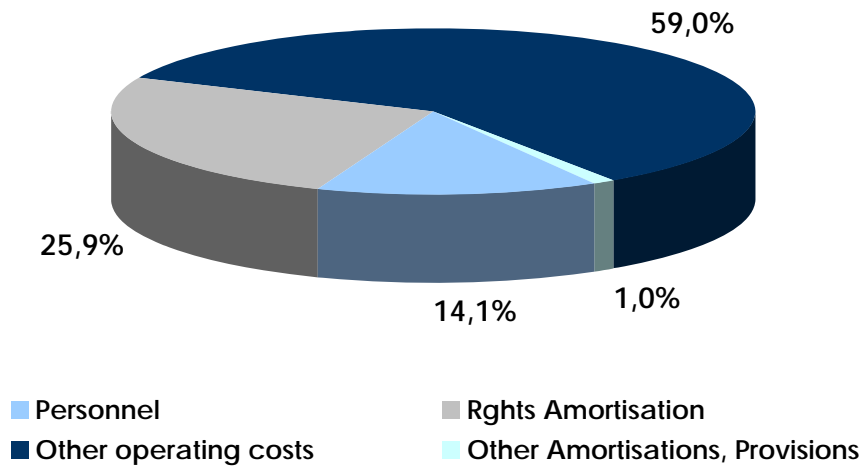
Millions of €	1Q 2010	1Q 2009	% change
<b>Personnel costs</b>	19,18	20,45	(6,2%)
<b>Rights amortisation</b>	35,13	40,22	(12,7%)
<b>Other operating costs</b>	80,19	53,03	51,2%
<b>Other amortisation and provisions</b>	1,40	2,32	(40,0%)
<b>TOTAL OPERATING COSTS</b>	<b>135,90</b>	<b>116,02</b>	<b>17,1%</b>

<sup>4</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 quarter of 2010, 87.2% of broadcasted programmes were produced in-house and the remaining 12.8% were external productions (compared with an 84.4% and 15.6% in the same period of 2009).

As per the digital channels, LA SIETE, 87.6% of production is in-house and 12.4% third parties rights broadcasting proportion; FACTORIA DE FICCION has a more equated proportion with 36.3% of in-house versus 63.7% of third parties.

### Operating Costs



### 2.3 Operating profit and margins

**Adjusted EBITDA** reached €77.48 million, increased by 68.5% versus the same period last year, representing a margin over revenues of 36.5%.

**Net operating profit (EBIT)** grew by 74.3% to €76.08 million with a margin of 35.9% over revenues compared to 2009.

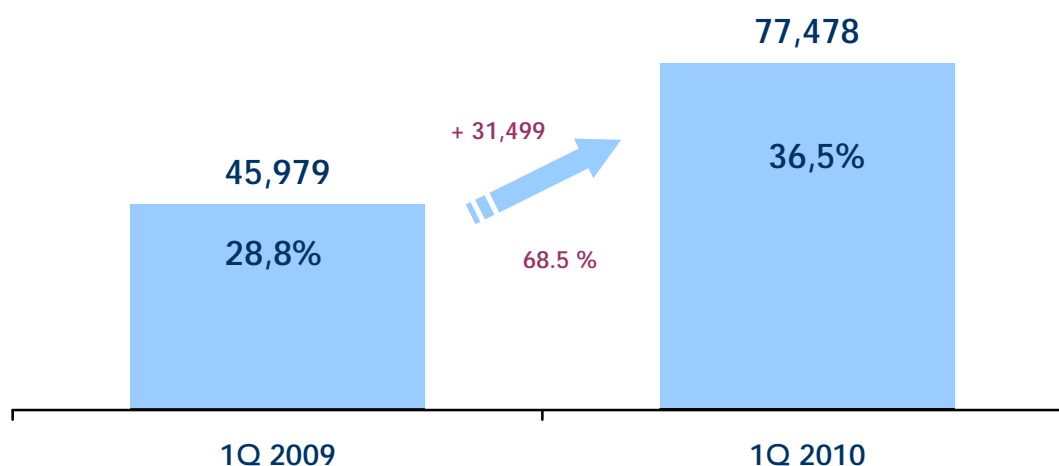
The new context of the advertising market has led to increased levels of the most significant margins of the company.

**Table 4: Margins**

	1Q 2010	1Q 2009	% change
<i>Millions of €</i>			
Total net revenues	211,99	159,67	32,8%
Adjusted EBITDA	77,48	45,98	68,5%
EBIT	76,08	43,65	74,3%
<b>Net profit</b>	<b>58,86</b>	<b>29,26</b>	<b>101,2%</b>
<b>Adjusted Net profit</b>	<b>62,41</b>	<b>33,36</b>	<b>87,1%</b>
Adj.EBITDA / Total net revenues	36,5%	28,8%	
EBIT/ Total net revenues	35,9%	27,3%	
Net profit / Total net revenues	27,8%	18,3%	
Adj. Net Profit / Total Net Revenues	29,4%	20,9%	

Operating margins (**EBITDA and EBIT**) have, on a percentage basis, remained in the region of 36%, demonstrating the efficiency of the business model at increasing margins in the new context of the advertising market.

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





## 2.4. Financial result and equity consolidated companies

**Financial income** totalled €1.64 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>5</sup> totalling €11.29 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 – March 2010

**Pre-tax profit**, corresponding to the first quarter of 2010, reached €66.44 million compared to €32.11 million last year, representing an increase of €34.33 million (106.9%) versus 2009.

After a €9.97 million corporate income tax expense calculated on the basis of the official rate in place, the **net profit after minority interests** reached €58.86 million, compared to €29.26 million in the same period in 2009.

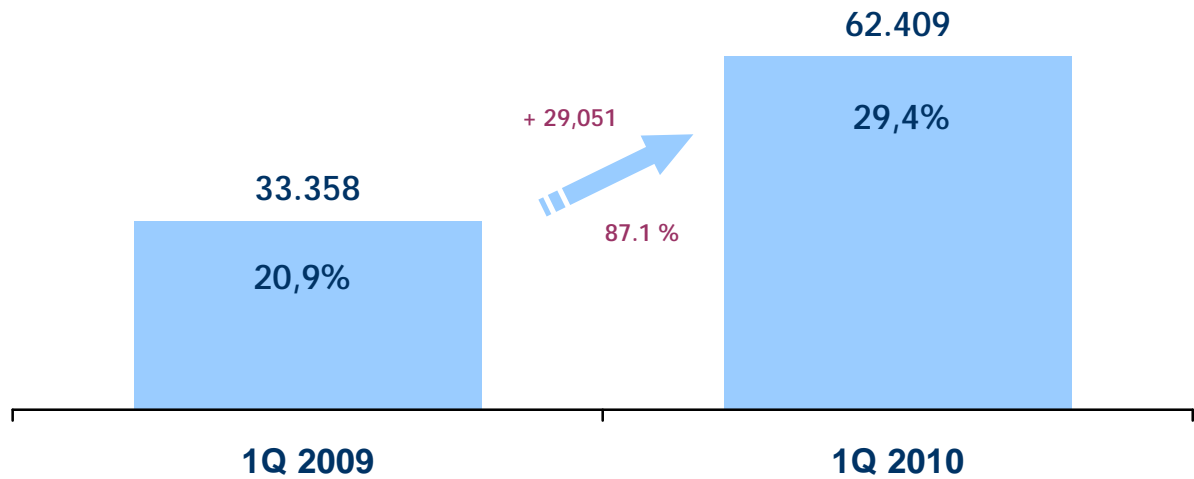
The impact of the amortisation of intangibles following the “PPA” of participated companies (Endemol), have no effect on their operational margins. This impact amounts to €3.55 million so that the Adjusted Net Profit reaches €62.41 million.

The above mentioned Adjusted Net Result means a margin of 29.4% 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>5</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) and Publici 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).

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



### 3. Cash flow generation

The **Operating Free Cash Flow** in the first quarter 2010 amounts to €75.50 million, versus €55.81 million for the same period in 2009. The increase of €19.68 million is explained by the recovery in advertising revenues.

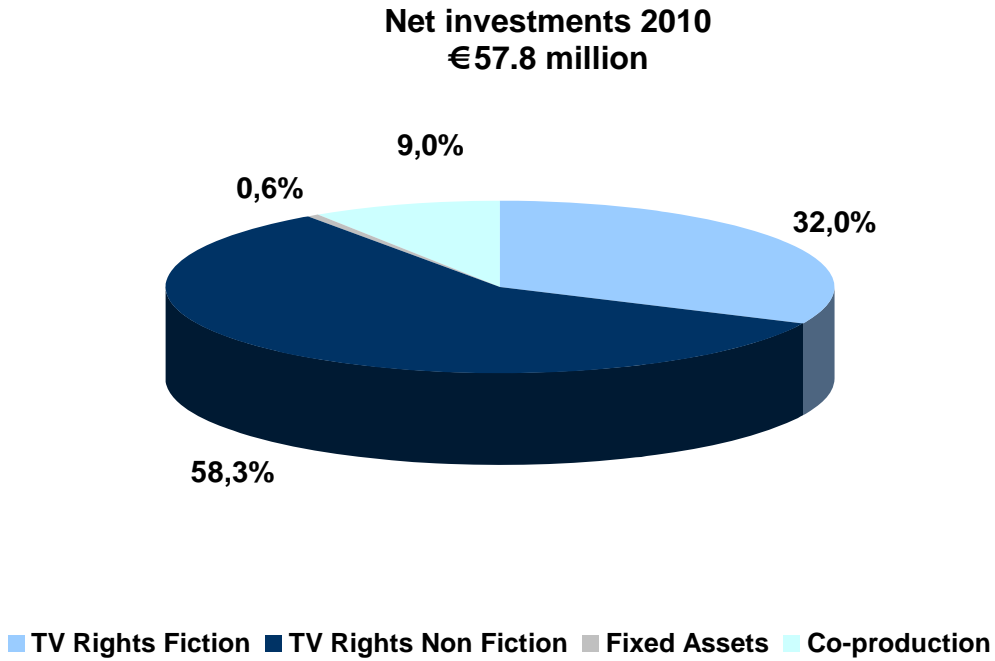
**Table 5: Cash Flow**

Millions of €	1Q 2010	1Q 2009	Change in millions of €
Net profit (without minority interests)	56,47	26,92	29,55
Amortisation:	37,29	42,16	(4,88)
- Rights	35,13	40,22	(5,09)
- Other	2,15	1,94	0,21
Provisions	(0,76)	0,38	(1,14)
Other	12,47	9,82	2,65
<b>OPERATING CASH FLOW</b>	<b>105,47</b>	<b>79,28</b>	<b>26,18</b>
Investment in rights	(57,44)	(56,61)	(0,83)
Investments, other	(0,37)	(0,45)	0,08
Change in working capital	27,85	33,60	(5,75)
<b>OPERATING FREE CASH FLOW</b>	<b>75,50</b>	<b>55,81</b>	<b>19,68</b>
Change in Equity	0,06	(2,63)	2,69
Financial investments	(22,63)	(2,91)	(19,72)
Dividends received	0,00	0,00	0,00
Dividend payments	(48,44)	0,00	(48,44)
Net Cash Change	4,49	50,27	(45,79)
<b>INITIAL FINANCIAL POSITION</b>	<b>(156,01)</b>	<b>(25,85)</b>	<b>(130,15)</b>
<b>FINAL FINANCIAL POSITION</b>	<b>(151,52)</b>	<b>24,42</b>	<b>(175,94)</b>



**Total net investment** reached €57.8 million in the first quarter 2010, representing an increase of €0.7 million compared to last year.

The decrease in investments in Spanish fiction (-€5.3 million) is compensated by the increase in investments in third party rights (+€2.6 million) and in co-productions (+€3.5 million), as explained by the following chart:



#### 4. Balance Sheet

**Table 6: Summary Balance Sheet**

	<i>March 2010</i>	<i>December 2009</i>
<i>Millions of €</i>		
<b>Tangible assets</b>	<b>234,68</b>	<b>221,70</b>
- Financial	183,67	168,67
- Non Financial	51,01	53,03
<b>Audiovisual rights and Pre-payments</b>	<b>213,99</b>	<b>193,99</b>
- Third parties	140,30	121,27
- Fiction	42,88	37,12
- Co-production / Distribution	30,81	35,60
<b>Pre-paid taxes</b>	<b>100,46</b>	<b>108,21</b>
<b>TOTAL NON-CURRENT ASSETS</b>	<b>549,13</b>	<b>523,91</b>
Current assets	174,61	199,48
Financial investments and cash	45,87	10,70
<b>TOTAL CURRENT ASSETS</b>	<b>220,48</b>	<b>210,18</b>
<b>TOTAL ASSETS</b>	<b>769,61</b>	<b>734,09</b>
Shareholders`equity	301,95	291,61
Non-current provisions	21,36	21,32
Non-current payables	1,79	0,26
Non-current financial liabilities	121,09	90,67
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>144,25</b>	<b>112,26</b>
Current payables	247,12	254,19
Current financial liabilities	76,30	76,03
<b>TOTAL CURRENT LIABILITIES</b>	<b>323,42</b>	<b>330,23</b>
<b>TOTAL LIABILITIES</b>	<b>769,61</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 digital channels. This increase is offset by lower investments in coproduction rights.

**Current Assets** are up due to a higher cash position which more than offsets the decrease in current assets, explained by the seasonality of the business.

**Non current liabilities** increase compared to the figures reached as of December 31<sup>st</sup> 2009, due to increased access to longer term credit lines, while **current liabilities** remain stable versus December 2009.

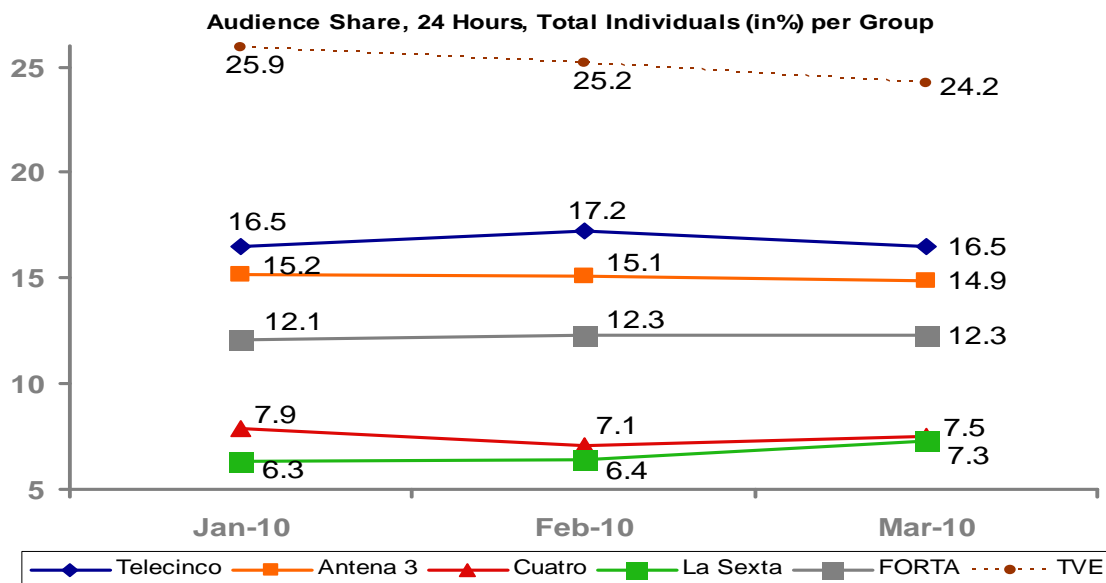
The **Net financial position** reached, at the end of March 2010, was €-151.52 million.

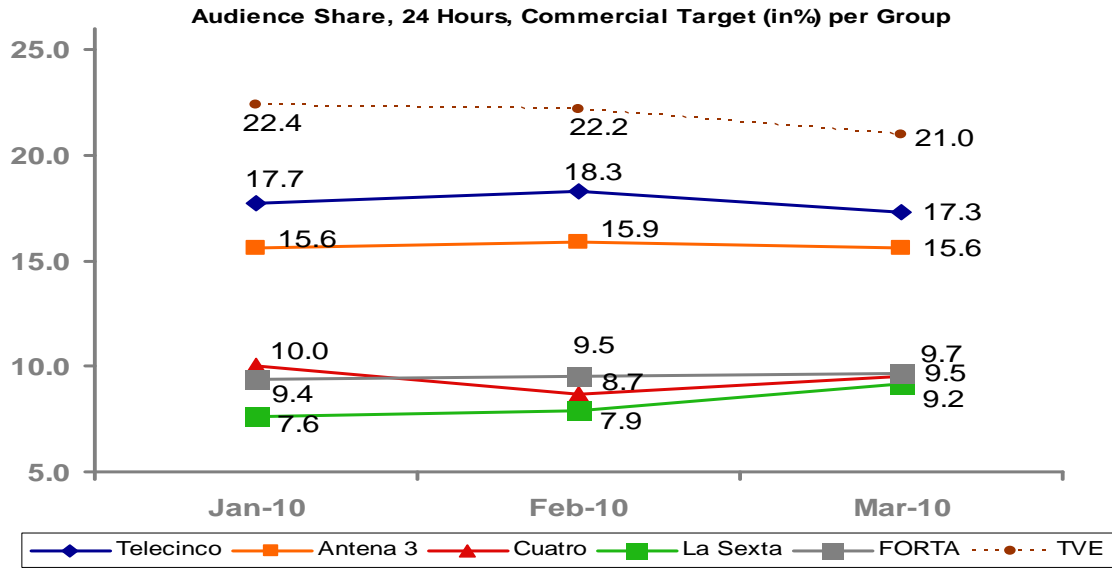
## 5. Audience share performance

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

	1Q 2010	1Q 2009
<b>Totals Individuals</b>		
Total Day	16,8%	15,8%
PRIME TIME	16,3%	18,1%
DAY TIME	17,0%	14,6%
<b>Commercial Target</b>		
Total Day	17,8%	16,5%
PRIME TIME	16,7%	18,7%
DAY TIME	18,3%	15,4%

The Group audience share for the first quarter 2010 consolidates Telecinco Group as the leader of the commercial TV. The audience share in total-individuals (total day) for the period, reached 16.8% 1.8 points ahead of Antena3 Group (15.0%). Concerning the audience share in commercial target (total day), Telecinco Group (17.8%) has an average 2.1 ahead of Antena3 Group (15.7%) in the first quarter

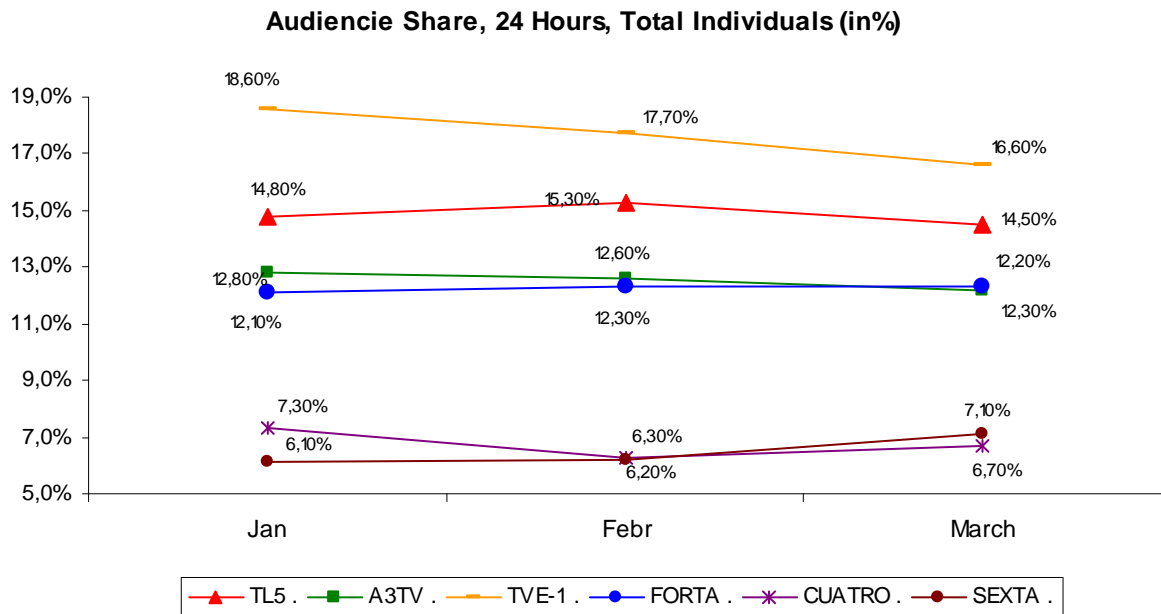




**Table 8: January-March average audience share for Telecinco**

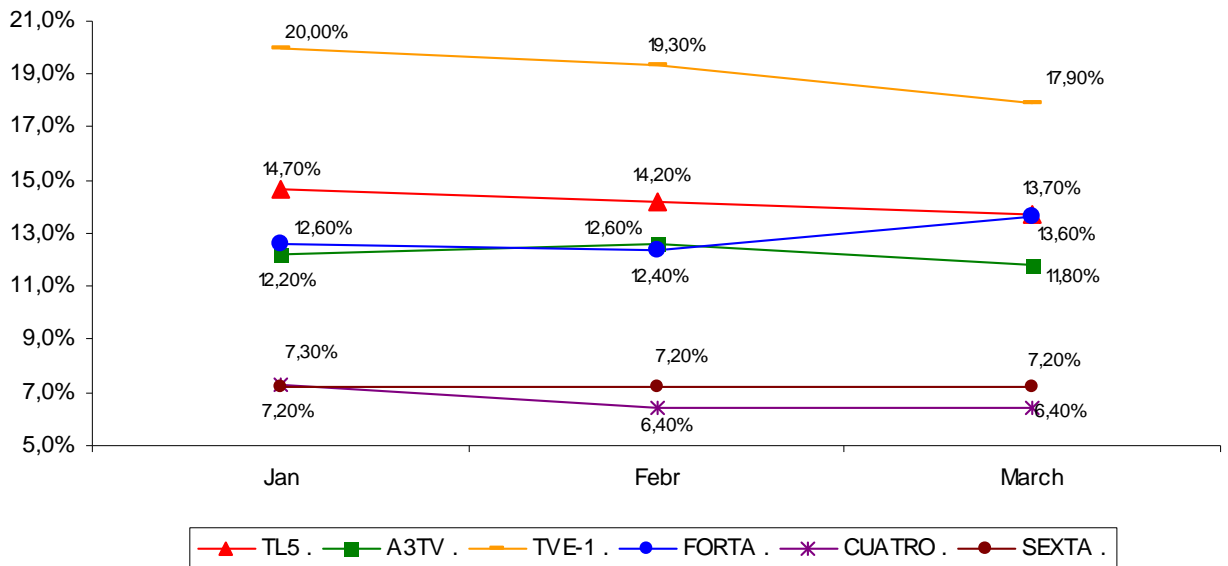
	1Q 2010	1Q 2009
<b>Totals Individuals</b>		
Total Day	14,9%	15,2%
PRIME TIME	14,2%	17,5%
DAY TIME	15,2%	14,0%
<b>Commercial Target</b>		
Total Day	15,6%	15,7%
PRIME TIME	14,4%	17,9%
DAY TIME	16,3%	14,6%

At the end of March 2010 Telecinco channel reached 14.9% average audience share in total-individuals (total day) and situates Telecinco as the leading commercial network 2.4 points ahead of Antena3 (12.5%).



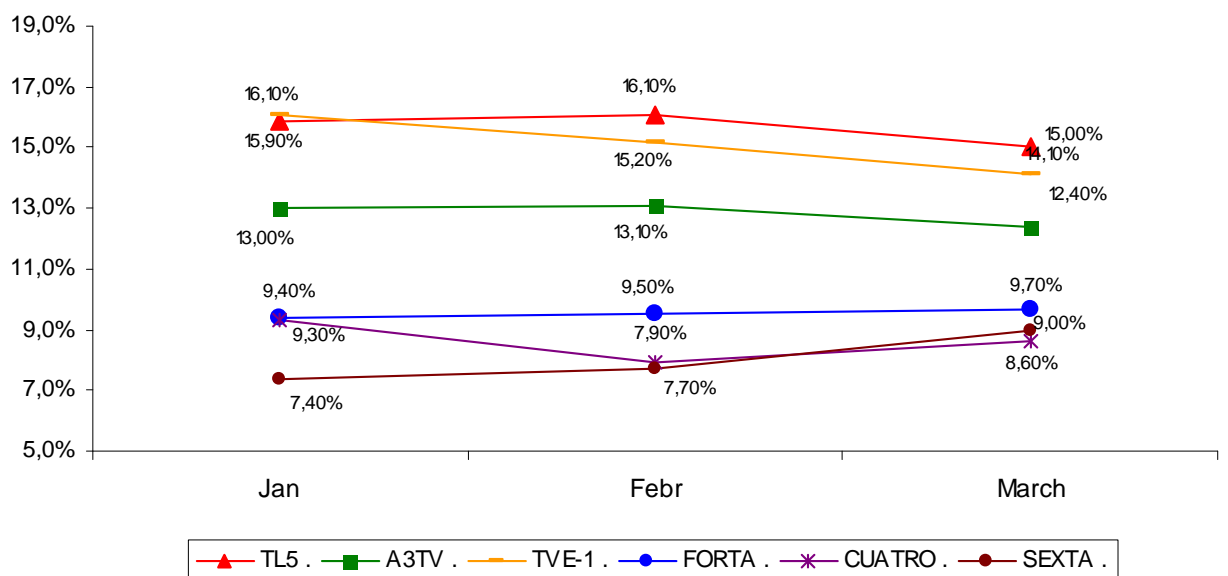
Telecinco preserves its leadership in prime time<sup>6</sup> total-individuals (14.2%) among the commercial channels beating Antena3 by 2 points (12.2%).

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



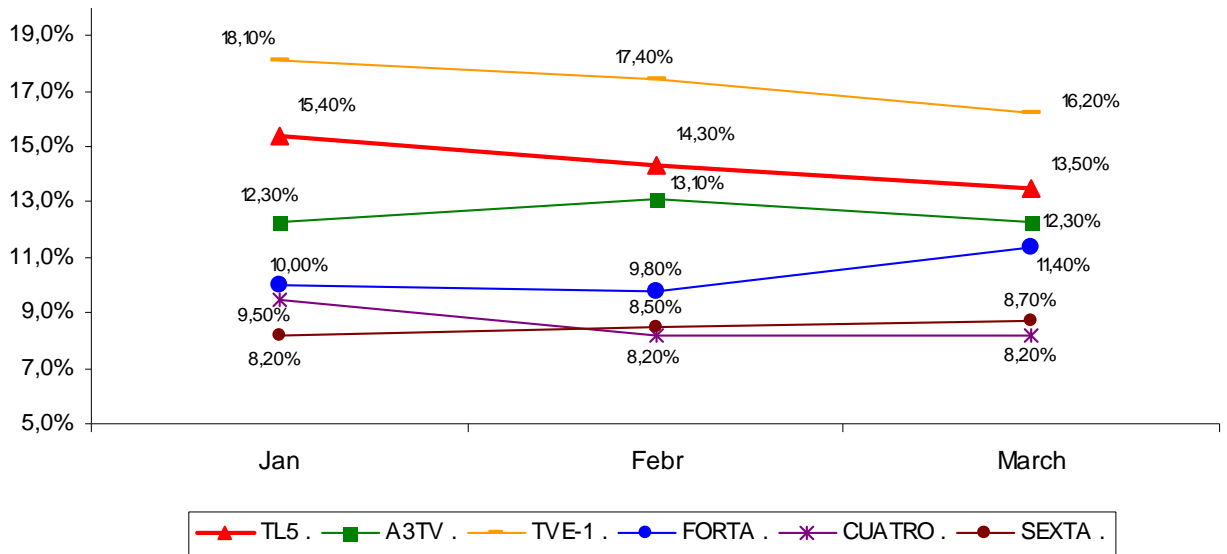
With regards to the commercial target audience share for 24 hours, prime time, and day time, Telecinco maintains the lead in 2010.

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



<sup>6</sup> Prime time: Time slot with the highest television consumption of the day, from 20:30 to 24:00.

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



During the month of September the Group launched a new digital strategy reinforcing the programming grid for its digital channels due to the analogue switch off that occurred on April 2<sup>nd</sup> 2010. Both LA SIETE (La7) and FACTORIA DE FICCION (FDF) have reached an audience share of 1% each in total day, double the audience share reached in September 2009.

These figures are highly satisfactory and reflect the good performance of programming strategy of the channels, reducing the gap with the other secondary channels.

### Audiencia Share, 24 hours, DTV %

