



TELECINCO

**RESULTS
YEAR 2004
(January – December)**

Madrid – 1 March, 2005

CONTENTS:

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



0. Presentation format of results

The profit and loss account is presented in "combined" format, that is, taking into account the contribution of both Gestevisión Telecinco and Subsidiary Companies and Publiespaña and Subsidiary Companies to the financial results during the period. The reason for this is that if results were presented in consolidated format and according to the current consolidation criteria, the comparison of periods will not be homogenous, because the consolidated Gestevisión Telecinco excluded Grupo Publiespaña as at December 2003 for it had not been integrated yet in the accounts. In December 2004, the consolidated Gestevisión Telecinco already included Grupo Publiespaña, although for the nine last months of the year only.



1. Financial and operating highlights

Financial highlights (“combined format”) for the year to December¹, include:

1. Combined **net operating revenues** grew by 22.8% compared with the year-ago period to €789.88 million. This is, fundamentally, due to the increase of net TV advertising revenues (+23.3%), which stood at €729.52 million.

The notable increase of revenues was driven by the positive trend of both audience share and Spain's advertising market, and by Publiespaña's effective commercial strategy.

The average **22.1% audience share** during the twelve-month period in terms of total-individuals (total day) represents an increase of 0.7 points over the same period last year that places Telecinco as the leading television network ahead of TVE-1 (21.4%) and Antena 3TV (20.8%). Total-individuals prime time audience share² was 23.1%, confirming Telecinco as the undisputed leader among Spain's television networks. With regard to commercial target³, Telecinco's audience share was 25.2% in terms of total-day audience and 27.0% 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 reported⁴ for Los Serrano (38.4%), Crónicas Marcianas (32.8%), Aquí Hay Tomate (25.3%) and Día a Día (24.8%).

2. Combined **operating costs** were €482.79 million and grew by 3.6%, meeting the growth target set by the company's management.
3. Adjusted **EBITDA** grew by 65.6% to €319.76 million, and **EBIT** totalled €307.09 million (+75.8%). The resulting operating margins were 40.5% for EBITDA (adj.)/total net revenues and 38.9% for EBIT/total net revenues.
4. Combined **net profit** after taxes was €215.92 million, up 76.1% vs. year 2003.
5. **Consolidated free cash flow** was €242.16 million, showing a considerable increase in year 2004 (up €103.81 million) due to the growth of operating cash flow (up €82.79 million to €404.35 million), the maintenance of investments and the improved contribution of working capital.
6. **Net cash position** at December 31st 2004, was €244.33 million even after having distributed a dividend payment of €250.00 million in the first half of 2004.

¹ Figures for the year to December audited.

² Prime time: Time slot with the highest television consumption of the day, from 21:00 to 24:00.

³ 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.

⁴ January-December average audience share.



2. Combined profit and loss account⁵

Table 1: Profit and loss account, combined

Millions of €	2004	2003	% change
TOTAL NET REVENUES	789.88	643.23	22.8%
Personnel costs	(74.32)	(67.70)	9.8 %
TV Rights amortisation	(156.84)	(175.36)	(10.6%)
Other operating costs	(238.96)	(207.09)	15.4 %
Adjusted EBITDA	319.76	193.08	65.6 %
Other amortizations, provisions	(12.67)	(15.84)	(20.0%)
Goodwill Amortisation	0.00	(2.58)	-
EBIT	307.09	174.66	75.8 %
Equity consolidated results	0.82	0.45	82.2 %
Financial results	5.41	4.82	12.2%
Extraordinary results	(11.43)	(8.90)	28.4 %
Pre-tax profit	301.89	171.03	76.5 %
Income taxes	(85.95)	(48.40)	77.6 %
Minority interests	(0.02)	0.00	--
Net profit	215.92	122.63	76.1 %

2.1. Revenues

Table 2: Revenues, combined

Millions of €	2004	2003	% change
Gross TV advertising revenues	777.86	644.61	20.7 %
- Commissions and discounts	(48.33)	(52.81)	(8.5 %)
Net TV advertising revenues	729.52	591.80	23.3 %
Other revenues	60.36	51.43	17.4 %
TOTAL NET REVENUES	789.88	643.23	22.8 %

⁵ Figures for the year to December audited.
www.inversores.telecinco.es



Gross advertising TV revenues for the twelve-month period grew by 20.7% to €777.86 million.

Net advertising TV revenues after commissions and allowances climbed by 23.3% to €729.52 million.

The positive performance of “**Other revenues**”, which grew by 17.4% to €60.36 million, is worthy of mention. “Other revenues” include all non-TV advertising income. Another noteworthy development is the positive performance of revenues from sales of non-TV advertising.

Finally, **total net revenues** grew by 22.8% to €789.88 million compared with the same period last year.

2.2. Operating costs

Total operating costs, which totalled €482.79 million and include amortizations of audiovisual rights and fixed assets, grew by 3.6% or €16.79 million in 2004. Of this increase, €5.97 million stem from costs that grow in pace with the group's audience share and revenues and €2.80 million from the company's listing. The remaining increase of €8,02 million is a result of an increase in programming, transmission, personnel and overhead costs, while amortisation charges for fixed assets and provisions decrease.

Table 3: Operating costs, combined

Millions of €	2004	2003	% change
Personnel costs	74.32	67.70	9.8 %
TV Rights amortisation	156.84	175.36	(10.6%)
Other operating costs	238.96	207.09	15.4 %
Other amortisation and provisions	12.67	15.84	(20.0%)
TOTAL COSTS	482.79	465.99	3.6 %

In terms of broadcast hours, the weight of Telecinco's own productions has increased relative to external productions in the network's programming. In 2004, 77% of programmes were own productions and the remaining 23% was external productions (compared with a 70-30 ratio in 2003). For this reason, production costs increased and provisions for amortizations of external production rights decreased.



2.3 Operating profit and operating margins

Adjusted **EBITDA** (EBIT + amortization of TV rights) reached €319.76 million, up 65.6% by €126.68 million vs. year 2003.

Net operating profit (EBIT) was €307.09 million, representing an increase of 75.8% or €132.43 million vs. year 2003.

The resulting operating margins are as follows:

Table 4: Operating margins, combined

Millions of €	2004	2003	% change
Total net revenues	789.88	643.23	22.8 %
Adjusted EBITDA	319.76	193.08	65.6 %
EBIT	307.09	174.66	75.8 %
Net profit	215.92	122.63	76.1%
Adj. EBITDA / Total net revenues	40.5 %	30.0 %	-
EBIT / Total net revenues	38.9 %	27.2 %	-
Net profit / total net revenues	27.3 %	19.1 %	-

2.4. Financial result, equity consolidated companies and extraordinary result

Given the almost absence of financial debt, the company obtained **financial income** of €5.41 million, most of which being interests obtained through cash investments.

Positive results were also recorded from **equity consolidated companies**⁶ totalling €0.82 million.

The negative €11.43 million **extraordinary results** include, mainly, the necessary amounts to adjust for estimated provisions for risks, litigation and other eventualities.

⁶ 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 year 2004

Pre-tax profit for 2004 was €301.89 million, up by €130.86 million compared with €171.03 last year (+76.5%).

After recording the €85.95 million provision for the estimated corporation tax payment (applying tax rules in place), compared with €48.40 million in 2003, the combined **net profit** after minority interests for fiscal year 2004 was €215.92 million, an increase of €93.29 million or 76.1% over the previous fiscal 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 year-end was €242.16 million, compared with €138.35 in 2003.

Table 5: Cash flow, combined

Millions of €	2004	2003	Change in millions of €
Net profit	215.92	122.63	93.29
Amortizations:	169.51	191.20	(21.69)
- TV rights	156.84	175.36	(18.52)
- Other	12.67	15.84	(3.17)
Provisions	17.30	6.90	10.40
Other	1.62	0.83	0.79
OPERATING CASH FLOW	404.35	321.56	82.79
Investment in TV rights	(138.01)	(138.02)	0.01
Investments, other	(10.20)	(8.14)	(2.06)
Change in working capital	(13.98)	(37.05)	23.07
OPERATING FREE CASH FLOW	242.16	138.35	103.81
Short-term investments	0.04	(0.35)	0.39
Dividend payment	(250.00)	(28.17)	(221.83)
Net cash increase	(7.80)	109.83	(117.63)
INITIAL CASH POSITION	252.13	142.30	---
FINAL CASH POSITION	244.33	252.13	---



4. SUMMARY BALANCE SHEET⁷

Table 6: Summary balance sheet, combined

Millions of €	Dec. 2004	Dec. 2003
Fixed assets	69.66	73.55
Library	226.94	247.29
- TV rights	160.10	163.52
<i>TV rights – Third parties</i>	136.62	145.78
<i>TV rights – Fiction</i>	23.48	17.74
- Co-production – Distribution	10.11	19.81
- Pre-payment	56.73	63.96
Current assets	187.22	152.06
Short-term fin. investments	247.03	254.30
Cash	2.35	2.00
TOTAL ASSETS	733.20	729.20
Shareholders' equity	464.48	498.60
Provisions	62.45	46.33
Accounts payable	201.23	180.10
Financial liabilities	5.04	4.17
TOTAL LIABILITIES	733.20	729.20

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. This increase outweighs that of current liabilities, which mainly increases due to , among other, higher provisions for corporate tax and increased accounts payable to suppliers.

The **net cash position** of €244.33 million in 2004 is also worthy of mention, as it has been achieved after distributing dividends worth €250.0 million among shareholders prior to the floatation of the company (June 24, 2004).

⁷ Figures audited.

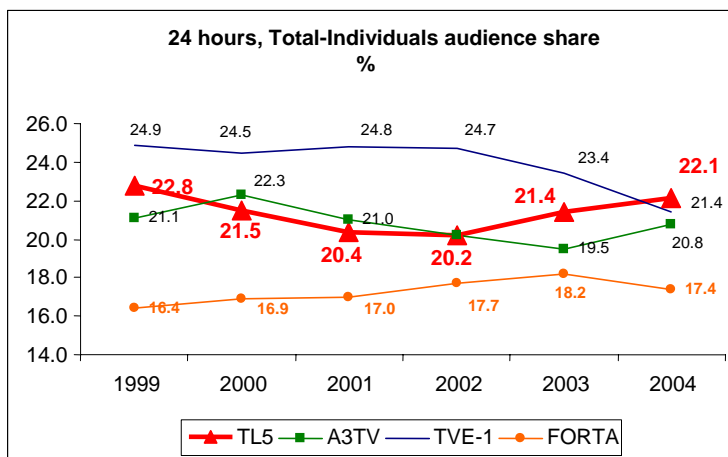


5. Audience share performance

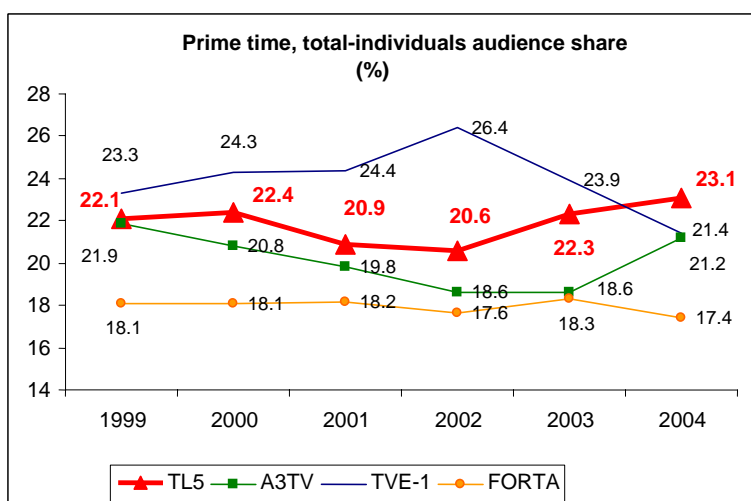
Table 7: January-December average audience share

Share	2004	2003
Total-day	22.1 %	21.4%
Prime time (21:00h-24:00h)	23.1 %	22.3 %
Total-day, Commercial target	25.2 %	24.5 %
Prime Time, Commercial target	27.0 %	26.3 %

For the first time in its history, Telecinco has ranked first in 2004 in terms of audience share-total individuals, ahead of TVE-1 in total-individuals 24 hours audience share.



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, both for 24 hours and prime time, Telecinco consolidated its undisputed leadership with share increases and maintaining a significant margin relative to the rest of industry companies.

