



TELECINCO

**RESULTS
YEAR 2005
(January – December)**

Madrid – 1 March, 2006

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0. Presentation format of financial results

The consolidated financial results for 2005 are presented in accordance with **International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS)**, applied to Telecinco as of 1 January, 2005, and which are of application as of 31 December 2005. The combined results for year 2004, included for comparative purposes, are also presented in IFRS and IAS. 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 main accounting principles introduced by IFRS and IAS 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 12)
- Adoption of IAS, 32 and 39 in financial statements as of 1 January, 2005



1. Financial and operating highlights

Consolidated financial highlights for the year to December, include:

1. **Net operating revenues** grew by 17.4% compared with the year ago period to €931.11 million. This is, fundamentally, due to the increase of net advertising revenues (+18.0%), which stood at €870.95 million. This growth has been mainly driven by a 15.8% increase in the gross advertising revenues of Telecinco (€901.07 million). Additionally, the elimination in commissions paid to media buyers contributed to achieving this growth.

The year 2005 has been a record year in terms of revenues for Telecinco driven by the excellent evolution of the audience share and the success of Publiespaña's commercial strategy, as well as the positive performance of Spain's advertising market.

The average 22.3% **audience share** during the twelve-month period in terms of total-individuals (total day) represents an increase of 0.2 points over the same period last year and places Telecinco, for the second consecutive year, as the leading television network ahead of TVE-1 (19.6%) and Antena 3TV (21.3%). 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 24.7% in terms of total-day audience and 26.2% in the prime time slot, further consolidating its historical leadership since 1999.

Telecinco's **programming** continued demonstrating its solidness and stability with high audience share figures across all slots. Notable audience shares were reported³ for Formula 1 (47.6%), "Operación Triunfo" (37.4%), the Spanish fiction series "Los Serrano" (30.7%), "Aída" (30.6%), "Hospital Central" (30.9%), "7 Vidas" (28.7%) and "Motivos Personales" (26.3%), the "reality" Gran Hermano VII (27.1%) as well as the talk-show "El Programa de Ana Rosa" (25.5%).

2. **Operating costs** were €517.85 million and grew by 3.9%, despite increased variable costs due to higher revenues. This cost growth is in line with the target set for year 2005 and is part of the cost-control policy pursued in the past years which has consistently resulted in growth of costs in line with inflation.
3. **Adjusted EBITDA**⁴ grew by 40.8% to €423.26 million, and **EBIT** totalled €413.26 million (+40.1%). The resulting operating margins were 45.5% for EBITDA (adj.)/total net revenues and 44.4% for EBIT/total net revenues.
4. **Net profit** after taxes was €290.33 million, up 35.5% compared to 2004.

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 16 to 59 living in communities of over 10,000 inhabitants and across medium and upper social classes.

³ January-December average audience share.

⁴ Post-rights amortisation



5. **Free cash flow** was €307.30 million, with **operating cash flow** up €62.47 million to €464.43 million.
6. **The financial position** at December 31st 2005, was €355.82 million, after the distribution in May of dividends amounting to €172.64 million charged to 2004 results.

2. Profit and loss account

Table 1: Consolidated Profit and Loss Account⁵

<i>Millions of €</i>	2005 IFRS	2004 IFRS	% change
TOTAL NET REVENUES	931.11	793.38	17.4%
Personnel costs	(75.09)	(70.86)	6.0 %
Rights amortisation	(151.80)	(157.16)	(3.4%)
Other operating costs	(280.95)	(264.83)	6.1 %
Adjusted EBITDA	423.26	300.53	40.8 %
Other amortizations, provisions	(10.00)	(5.59)	78.8%
EBIT	413.26	294.94	40.1 %
Equity consolidated results	(0.19)	0.84	---
Financial results	8.39	5.99	40.0%
Pre-tax profit	421.46	301.77	39.7 %
Income taxes	(131.07)	(87.54)	49.7 %
Minority interests	(0.07)	(0.02)	--
Net profit	290.33	214.21	35.5 %

2.1. Revenues

Table 2: Revenues

<i>Millions of €</i>	2005 IFRS	2004 IFRS	% change
Gross advertising revenues	909.98	786.71	15.7 %
- <i>Telecinco</i>	901.07	777.86	15.8 %
- <i>Other</i>	8.91	8.85	0.6 %
Discounts	(39.03)	(48.33)	(19.2%)
Net advertising revenues	870.95	738.38	18.0 %
Other revenues	60.16	55.00	9.4%
TOTAL NET REVENUES	931.11	793.38	17.4 %

⁵ Combined format for 2004
www.inversores.telecinco.es



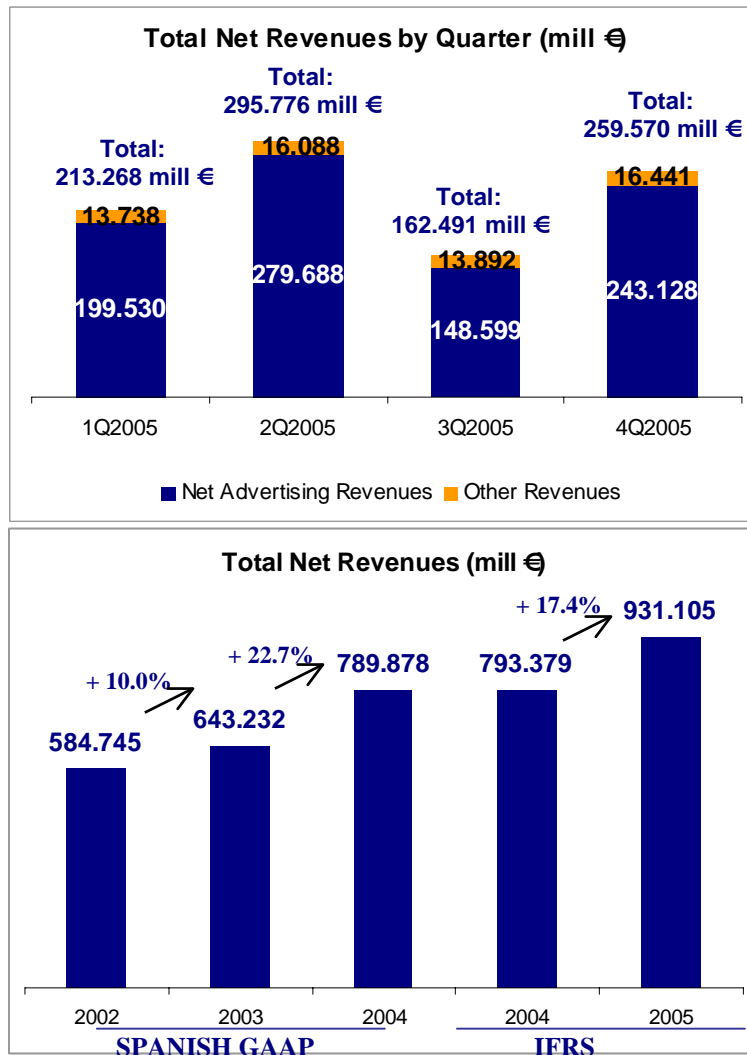
Gross advertising revenues for the year 2005 grew by 15.7% reaching €909.98 million.

Telencinco's channel **gross advertising revenues** grew by 15.8% to €901.07 million with **other advertising revenues** reaching €8.91 million.

Net advertising revenues after commissions and allowances climbed by 18.0% to €870.95 million. The elimination of agency commissions, which in 2004 amounted to 2% of gross revenues, has contributed to this growth.

“**Other revenues**” grew by 9.4% to €60.16 million thanks, among other, to the excellent performance of revenues from sales of SMS services.

Finally, **total net revenues** grew by 17.4% to €931.11 million compared with the same period last year. This figure represents a historical record for the company.



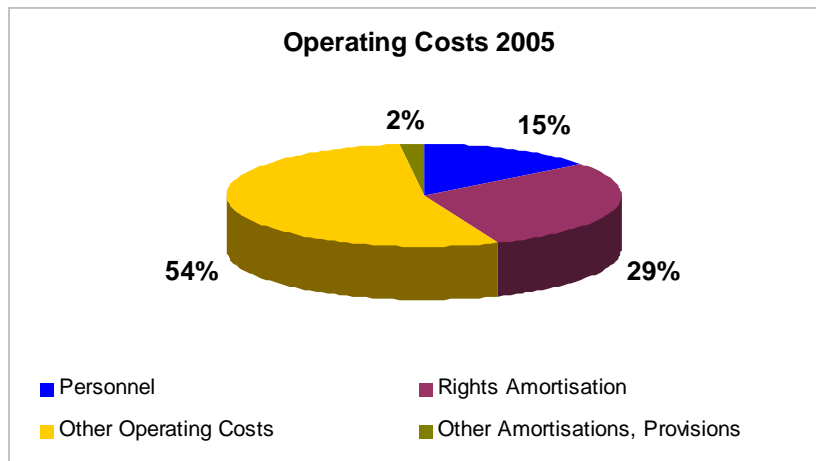


2.2. Operating costs

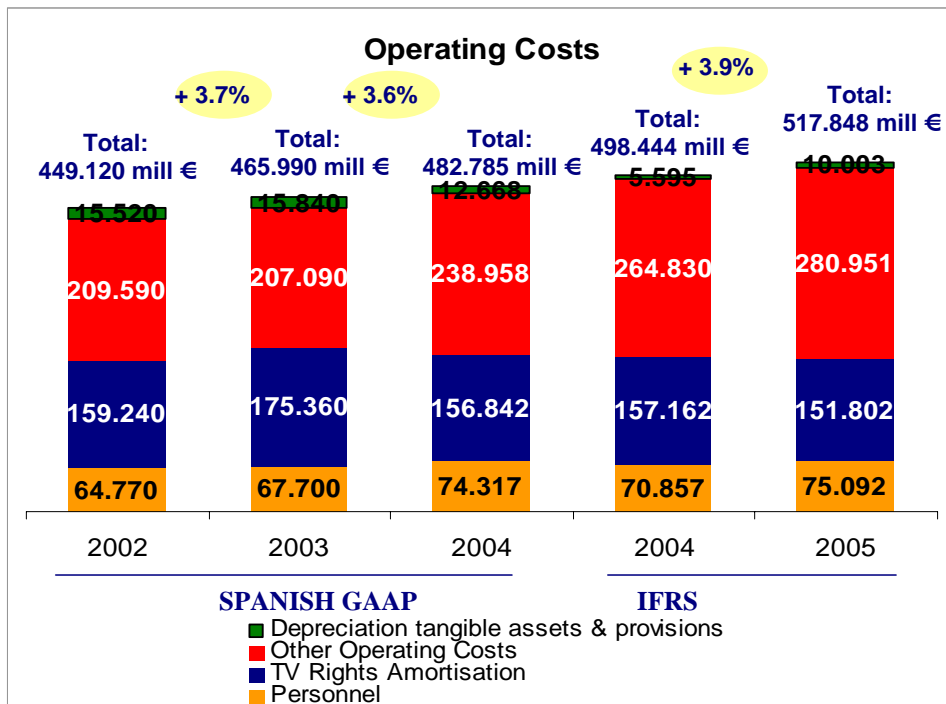
Total operating costs, which totalled €517.85 million and include amortisation of audiovisual rights and fixed assets, grew by 3.9% in year 2005.

Table 3: Operating costs

Millions of €	2005 IFRS	2004 IFRS	% change
Personnel costs	75.09	70.86	6.0%
Rights amortisation	151.80	157.16	(3.4%)
Other operating costs	280.95	264.83	6.1 %
Other amortisation and provisions	10.00	5.59	78.8%
TOTAL OPERATING COSTS	517.85	498.44	3.9 %

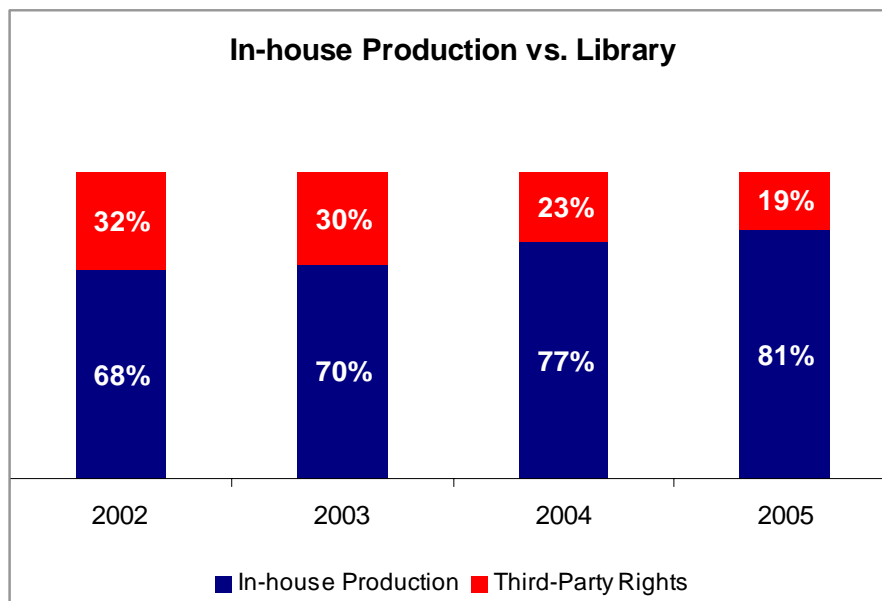


The excellent result obtained in the evolution of the operating costs is the consequence of the implementation of a cost-control policy in the last years which has resulted in growth of costs in line with the inflation of the Spanish economy.



In terms of broadcasting hours, the weight of Telecinco's in-house production has increased relative to external production in the network's programming. This is reflected in the increase in "other operating costs" and the decrease of "TV rights amortisation".

In year 2005, 81% of programmes were in-house production and the remaining 19% was external production (compared with a 77-23 ratio in 2004). For this reason, production costs increase and amortisation of external production rights decrease.





2.3 Operating profit and operating margins

Adjusted EBITDA (EBITDA post-rights amortisation) reached €423.26 million, up 40.8% by €122.73 million vs. 2004.

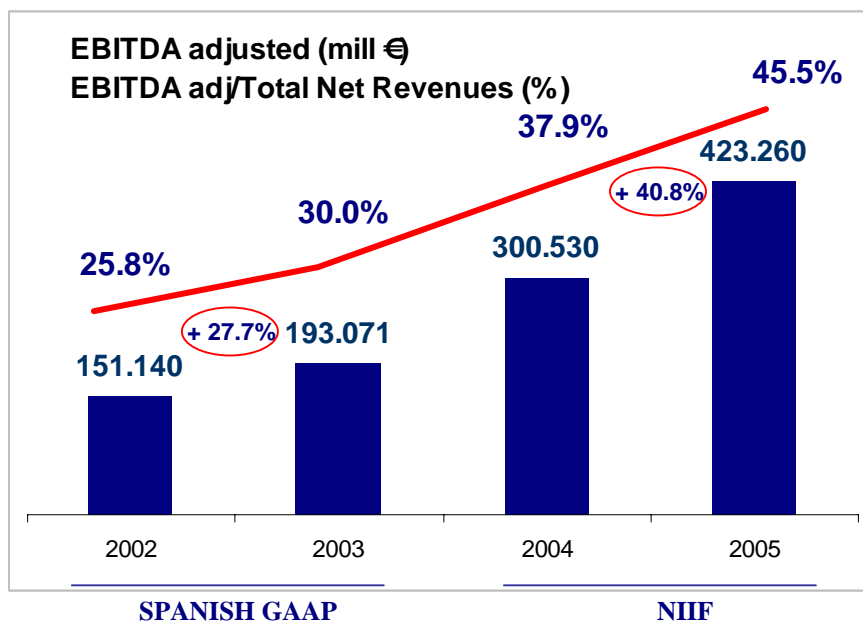
Net operating profit (EBIT) was €413.26 million, representing an increase of 40.1% or €118.32 million compared to 2004.

The resulting operating margins are as follows:

Table 4: Operating margins

Millions of €	2005 IFRS	2004 IFRS	% change
Total net revenues	931.11	793.38	17.4 %
Adjusted EBITDA	423.26	300.53	40.8 %
EBIT	413.26	294.94	40.1 %
Net profit	290.33	214.21	35.5 %
Adj. EBITDA / Total net revenues	45.5 %	37.9 %	-
EBIT / Total net revenues	44.4 %	37.2 %	-
Net profit / Total net revenues	31.2 %	27.0 %	-

The significant increase in the EBITDA Adj. Margin shows the efficiency of the business model, in which operating margins improve as a result of a strict cost-control policy and an aggressive commercial policy targeted at capturing advertising market share. Thanks to this business model the company has achieved record results in terms of operating profitability.





2.4. Financial result, equity consolidated companies and extraordinary result

Given the almost absence of financial debt, the company obtained **financial income** of €8.39 million, most of which being interests obtained through cash investments.

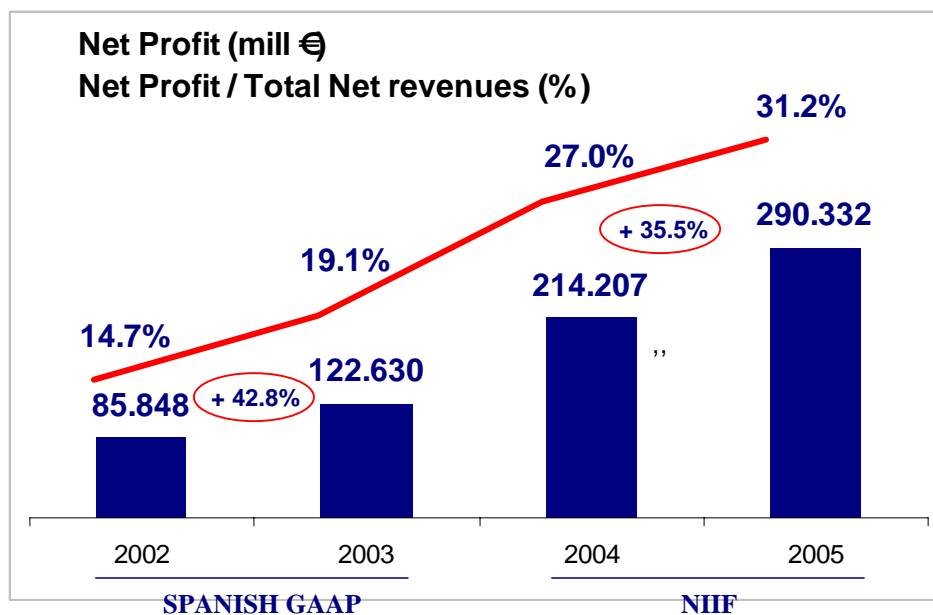
A negative result was recorded from **equity consolidated companies**⁶ totalling €0.19 million.

2.5. Profit for 2005

Pre-tax profit for 2005 was €421.46 million, up by €119.69 million compared with €301.77 million in 2004 (+39.7%).

After recording the €131.07 million provision for the corporate income tax expense (applying tax rules in place), compared with €87.54 million in 2004, the **net profit after minority interests** for 2005 was €290.33 million, an increase of €76.12 million or 35.5% over 2004.

In fiscal year 2005, net profit has reached a historical record. It is worthy of mention that Telecinco's net profit has grown, in the last four years, at a compounded average growth rate (CAGR) of 50.1%.



⁶ Companies consolidated by the equity method are: Premiere Megaplex S.A. (50% shareholding), Canal Factoría Ficción S.A. (40%), Europortal Jumpy España S.A. (50%), Aprox Imagen S.L. (40% indirect shareholding) and Publici Televisión S.A. (50% indirect shareholding).



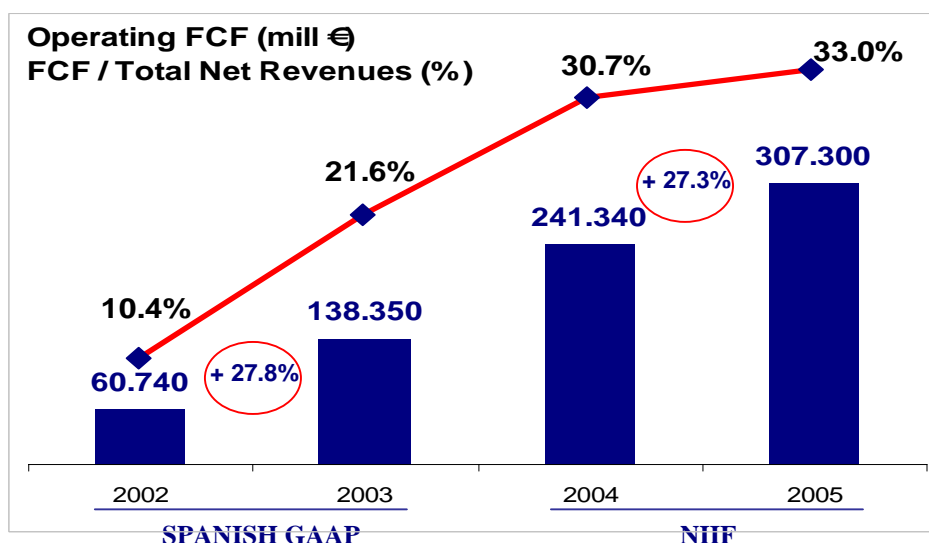
3. Cash flow generation

Cash flow generation was boosted, once again, by the strong performance of the operating margins. **Operating free cash flow** amounts to €307.30 million, increasing by €65.96 million compared to 2004.

Table 5: Cash Flow

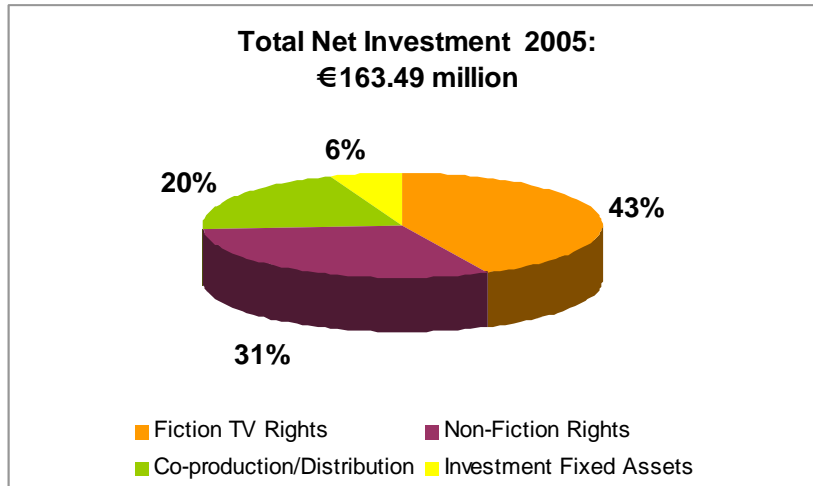
Millions of €	2005 IFRS	2004 IFRS	Change in millions of €
Net profit	290.33	214.21	76.12
Amortisations:	161.02	165.89	(4.87)
- Rights	151.80	157.16	(5.36)
- Other	9.22	8.73	0.49
Provisions	0.79	(3.13)	3.92
Other	12.29	24.99	(12.70)
OPERATING CASH FLOW	464.43	401.96	62.47
Investment in rights	(153.82)	(140.38)	(13.44)
Investments, other	(9.67)	(10.20)	0.53
Change in working capital	6.36	(10.04)	16.40
OPERATING FREE CASH FLOW	307.30	241.34	65.96
Change in Equity	(24.63)	(0.19)	(24.44)
Financial investments	0.37	(0.23)	0.60
Dividends received	1.07	0.90	0.17
Dividend payments	(172.64)	(250.00)	77.36
Net cash increase	111.47	(8.18)	119.65
INITIAL FINANCIAL POSITION	244.35	252.53	(8.18)
FINAL FINANCIAL POSITION	355.82	244.35	111.47

As a result of the strong generation of operating free cash flow, the free cash flow conversion ratio (Free Cash Flow as a % of total net revenues) has increased significantly reaching 33%, the highest in the last years.





The **total net investment** increased by 8.6% in 2005. This net investment is made, primarily, of investment in TV Rights which in 2005 reached €153.82 million (+9.6%). This includes investment in co-production and distribution of €33.33 million (€1.9 million in 2004) which grew significantly as a result of the increase in disbursements in the year related to the obligation of investing in European and Spanish film production. Investment in Spanish fiction grew by 2.1% to €70.36 million whereas third-party rights acquisitions decreased by 27.9% to €50.13 million.





4. Balance Sheet

Table 6: Summary Balance Sheet

<i>Millions of €</i>	<i>December 2005</i>	<i>December 2004</i>
	<i>IFRS</i>	<i>IFRS</i>
Tangible assets	65.21	69.50
Audiovisual rights and Pre-payments	233.94	232.91
- Third parties	160.28	184.36
- Fiction	23.44	27.85
- Co-production/Distribution	50.22	20.70
Pre-paid taxes	19.36	16.78
TOTAL NON-CURRENT ASSETS	318.51	319.18
Current assets	214.54	184.09
Financial investments and cash	360.28	249.03
TOTAL CURRENT ASSETS	574.82	433.12
TOTAL ASSETS	893.33	752.30
Shareholders' equity	571.15	478.09
Non-current provisions	71.25	62.45
Non-current payables	1.45	0.58
Non-current financial liabilities	3.31	3.57
TOTAL NON-CURRENT LIABILITIES	76.01	66.60
Current payables	245.01	206.50
Current financial liabilities	1.16	1.11
TOTAL CURRENT LIABILITIES	246.17	207.61
TOTAL LIABILITIES	893.33	752.30

The evolution of the **library** reflects the containment strategy for the acquisition of external productions' rights started years ago and the significant increase in co-production due to higher investment obligations in European and Spanish film production.

As for **current assets**, the increase is mainly due to higher receivables as a result of the increase in both, sales and commercial advances to suppliers. **Current liabilities** increase due to: (1) higher corporate income tax provisions arising from increased profits, (2) higher provision for sales discounts related to increased revenues and (3) an increase in amounts due to suppliers.

The **financial position** of €355.82 million at the end of 2005, reached after the distribution of the dividend of €172.64 million charged to 2004 results, is also worthy of mention.

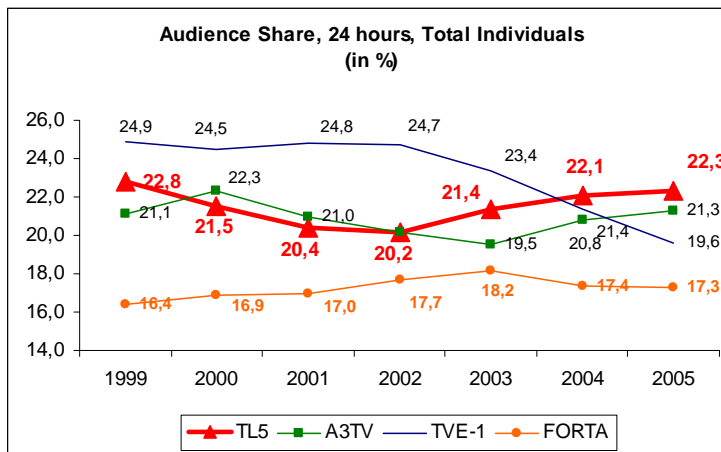


5. Audience share performance

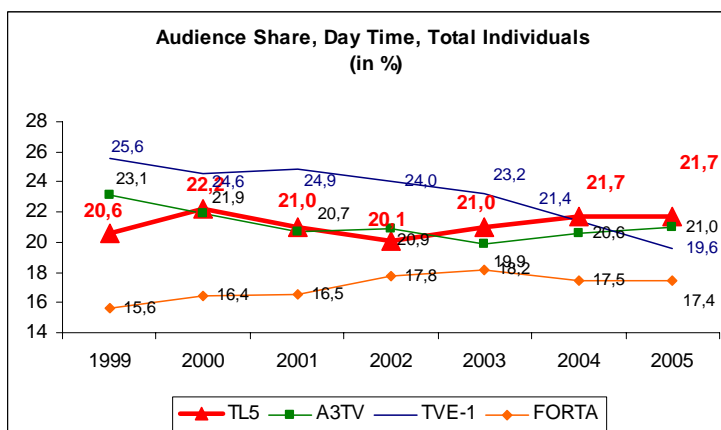
Table 7: January-December average audience share

Share	2005	2004
Total-day	22.3 %	22.1 %
Day Time	21.7 %	21.7 %
Prime time (21:00h-24:00h)	23.5 %	23.1 %
Total-day, Commercial target	24.7 %	25.2 %
Day time, Commercial target	24.0 %	24.4 %
Prime Time, Commercial target	26.2 %	27.0 %

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, not only maintains, but also improves its leadership in total-individuals 24 hours audience share in 2005.

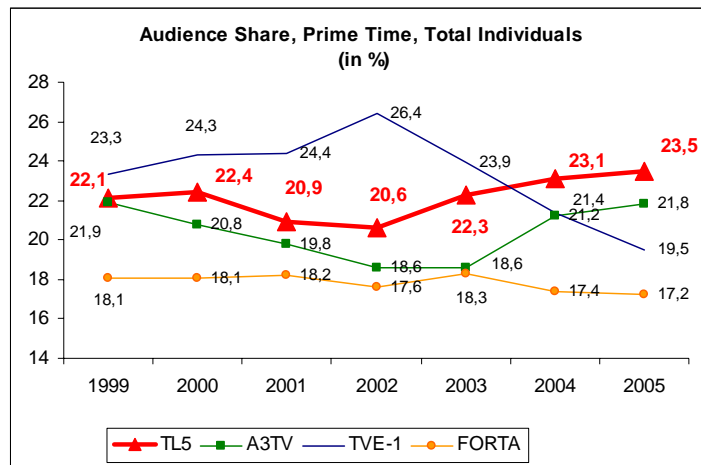


With regard to “day time” audience share, Telecinco also maintains its leadership in the market in Spain, leadership reached in 2004.





Telecinco's prime time total-individuals audience share also beats TVE-1 and Antena 3TV, consolidating the leadership far ahead its competitors. The difference against its competitors has even increased in 2005.



As for commercial target audience share for 24 hours, day time and prime time, Telecinco consolidated its undisputed leadership.

