



**THIRD QUARTER RESULTS  
( January – September )**

**Madrid, 3<sup>rd</sup> November 2004**

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## 0. Format of accounts

**The accounts are presented in “combined” form**, considering the contribution to results not only of Gestevisión Telecinco and Subsidiaries (Sociedades Dependientes), but also Publiespaña and Subsidiaries (Sociedades Dependientes), throughout the entire period. This is because if the data were to be submitted in a consolidated format in accordance with the existing consolidation criteria, the comparison between periods would not be homogeneous, given that, up to September 2003, the consolidated accounts of Gestevisión Telecinco would have completely excluded the Publiespaña Group because the latter’s accounts had not yet been included therein, whereas in September 2004 the accounts had been included, albeit only for the last three months of the aforementioned period.



## 1. Highlights

With respect to the cumulative results up to the end of September<sup>1</sup>, we highlight the following:

1. Total combined **net revenues** increase by 28.1 % when compared to the same period the year before, amounting to € 544.35 million. Amongst other factors, this is due to the increase of 28.1 % in net TV advertising revenues, which amount to € 502.17 million.

The significant increase in advertising revenues is due to the outstanding performance of the audience and the advertising market in Spain, as well as the successful commercial policy of Publiespaña.

The average **audience** share for the 9-monthly period in terms of “total individuals” (24 hours) of 22.1 % increases by 1.0 percentage point when compared to the same period of year 2003. Therefore, Telecinco is the leading TV channel in audience ahead of Televisión Española TVE-1 (21.8%) and Antena 3TV (20.5%). The audience share corresponding to prime time<sup>2</sup> “total individuals” reaches 23.2 %, which makes Telecinco the absolute leader, well ahead of all the other channels. Regarding the commercial target<sup>3</sup>, the audience share reaches 25.2 % for 24 hours and 27.2% in prime time, consolidating the historical leadership of Telecinco.

The **programming schedule** continues to show its strength, with balanced and high audiences throughout the day. The average audience shares<sup>4</sup> obtained by Los Serrano (38.4%), Formula 1 (33.1%), Gran Hermano (29.3%), Hospital Central (28.0%) and Salsa Rosa (26.0 %), are remarkable.

2. Combined **operating costs** of € 342.59 million increase by +6.7 %. For the full year 2004, the anticipated full year growth rate is achievable.
3. Adjusted **EBITDA** amounts to € 212.50 million (+83.6 %) and **EBIT** reaches € 201.76 million (+98.6 %). The resulting operating margins are: EBITDA adj/net revenues of 39.0% and EBIT/net revenues of 37.1%.
4. Combined **net profit** after taxes amounts to € 140.06 million, an increase of 96.6 %.
5. The consolidated **free cash-flow**, of € 214.94 million increases considerably (+125.8 %), as a result of the increase in operating cash flow and the positive contribution of working capital.

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<sup>1</sup> Nine months cumulative figures, non-audited

<sup>2</sup> Prime Time: this is the peak viewing time for watching television on any given day, ranging from 20:00 to 24:00.

<sup>3</sup> Commercial Target: this is the audience sector which consists of individuals whose age ranges from 13 to 54 years old who live in towns or cities with more than 10,000 inhabitants and belong to the middle class or above.

<sup>4</sup> Average audience share for the nine-monthly period (January-September)



6. The **net cash position** amounts to € 207.49 million, after the distribution of dividends amounting to €250.00 million in the first half of 2004.

## 2. Combined Profit and Loss Account<sup>5</sup>

Table 1: Combined Profit and Loss Account

<i>Million Euros</i>	<i>9M2004</i>	<i>9M2003</i>	<i>Variation %</i>
<b>TOTAL NET REVENUES</b>	<b>544.35</b>	<b>424.87</b>	<b>28.1%</b>
Personnel	(53.03)	(48.82)	8.6 %
TV Rights Amortisation	(112.94)	(118.64)	(4.8 %)
Other Operating Costs	(165.88)	(141.67)	17.1 %
<b>EBITDA adjusted</b>	<b>212.50</b>	<b>115.75</b>	<b>83.6 %</b>
Other Amortisation & Depreciation	(10.74)	(11.86)	(9.4 %)
Goodwill Amortisation	0.00	(2.29)	-
<b>EBIT</b>	<b>201.76</b>	<b>101.61</b>	<b>98.6 %</b>
Equity Consolidated Results	0.39	0.26	52.2 %
Financial Results	3.31	4.26	(22.4 %)
Extraordinary Results	(4.70)	(3.57)	31.5 %
<b>Pre-tax Profit</b>	<b>200.76</b>	<b>102.55</b>	<b>95.8 %</b>
Income tax	(60.72)	(31.28)	94.1 %
Minority interests	0.02	(0.01)	--
<b>Net Profit</b>	<b>140.06</b>	<b>71.26</b>	<b>96.6 %</b>

### 2.1. Revenues

Table 2: Combined Revenues

<i>Million Euros</i>	<i>9M2004</i>	<i>9M2003</i>	<i>Variation %</i>
<b>Gross TV Advertising Revenues</b>	<b>535.98</b>	<b>426.27</b>	<b>25.7 %</b>
Commissions	(33.81)	(34.26)	(1.3 %)
<b>Net TV Advertising Revenues</b>	<b>502.17</b>	<b>392.02</b>	<b>28.1 %</b>
Other Revenues	42.18	32.86	28.4 %
<b>TOTAL NET REVENUES</b>	<b>544.35</b>	<b>424.87</b>	<b>28.1 %</b>

**Gross advertising revenues** for the first nine months of the year increase by 25.7%, reaching a total of €535.98 million.

<sup>5</sup> Cumulative figures, non-audited.  
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**Net advertising revenues**, after commissions and discounts, increase by 28.1 %, amounting to €502.17 million.

We would like to highlight the performance of “**other revenues**”, with an increase of 28.4% and reaching € 42.18 million. “Other revenues” include all non-TV advertising revenues. In this first 9-monthly period of the year, it is worth mentioning the positive performance of the sale of audiovisual rights, merchandising, agency services and the sale of non-TV advertising.

Finally, **total net revenues** of € 544.35 million show an increase of 28.1 % compared to the same period for the preceding year.

## 2.2. Operating costs

**Total costs**, amounting to € 342.59 million, including amortisation of broadcasting rights and tangible assets, increase by € 21.62 million, 6.7% in the first nine months of this year. €9.33 million of this increase correspond to costs that rise with increased audience and revenues, and € 2.60 million correspond to IPO costs. Therefore, the rise in costs, not linked to the factors mentioned before is reduced to €9.69 million, which amounts to a percentage growth of +3.4%.

*Table 3: Combined Operating Costs*

<b>Million Euros</b>	<b>9M2004</b>	<b>9M2003</b>	<b>Variation %</b>
<b>Personnel</b>	53.03	48.82	8.6 %
<b>TV rights amortisation</b>	112.94	118.64	(4.8%)
<b>Other operating costs</b>	165.88	141.66	17.1 %
<b>Other Amortisation &amp; Depreciation</b>	10.74	11.86	(9.4%)
<b>TOTAL COSTS (b)</b>	<b>342.59</b>	<b>320.97</b>	<b>6.7 %</b>

In terms of broadcasting hours, the weight in the programming schedule of in-house production has increased while third party rights acquisition decreases. In the first months of the year, 77% of the programming mix corresponds to in-house production and the remaining 23% to third party rights (vs. 68% and 32% respectively in 9M03). Therefore, there has been an increase in production costs, while amortisation of third party rights have decreased.

## 2.3. Operating Margins

**EBIT** stands at € 201.76 million, an increase of € 100.15 million in the first nine months of the year (+98.6 %).

**EBITDA adjusted** (EBIT plus amortisation of tangible assets) amounts to € 212.50 million, a rise of 83.6 % (an increase of €96.75 million).

The resulting operating margins are as follows:



Table 4: Combined Operating Margins

Million Euros	9M2004	9M2003	Variation %
Total Net Revenues	544.35	424.87	28.1 %
EBITDA adjusted	212.50	115.75	83.6 %
EBIT	201.76	101.61	98.6 %
Net Profit	140.06	71.26	96.6%
EBITDA adj/ Total Net Revenues	39.0 %	27.2 %	-
EBIT / Total Net Revenues	37.1 %	23.9 %	-
Net Profit / Total Net Revenues	25.7 %	16.8 %	-

#### 2.4. Financial Results, Equity consolidation and extraordinary results

**Financial income** of € 3.31 million is a result, mainly from the interest obtained from cash investment.

Equity consolidated companies<sup>6</sup> have contributed with € 0.39 million.

The negative **extraordinary result**, of € 4.70 million corresponds to the amounts provided to cover risks, lawsuits and other contingencies at their estimated values.

#### 2.5. Profit for the first nine months of 2004

**Profit before taxes** for the first 9-monthly period of the financial year amounts to € 200.76 million compared to € 102.55 million for the same period the year before, which represents an increase of € 98.21 million (+95.8 %).

Considering the provision for the corporate tax of € 60.72 million (compared to € 31.28 million in 9M03), combined **net profit** reaches € 140.06 million, which amounts to an increase of € 68.97 million when compared to the same period for the preceding year (+96.6 %).

### 3. Cash-flow generation<sup>7</sup>

Cash-flow generation was enhanced by excellent revenue performance and cost control. Furthermore, an improvement in working capital, mainly due to an increase in the corporate tax provision, had a positive effect on **free cash-flow**, which reaches € 214.94 million in the first 9-monthly period of the year (compared to € 95.21 million in 9M03 ).

<sup>6</sup> Equity consolidated companies are: Premiere Megaplex S.A. (50% stake), GSMBOX España S.A. (45%), Multipark Madrid S.A. (35%), Canal Factoría Ficción S.A. (40%), Europortal Jumpy España S.A. (50%), Aprak Imagen S.L. (40% indirect holding) and Publici Televisión S.A. (50% indirect holding).

<sup>7</sup> Cumulative figures, non-audited



Table 5: Cash Flow, Combined

Million Euros	9M2004	9M2003	Variation in Million €
<b>Consolidated Net Profit</b>	140.06	71.26	68.80
<b>Depreciation &amp; Amortisation:</b>	122.97	129.99	(7.02)
- TV Rights	112.94	118.64	(5.70)
- Other	10.03	11.36	(1.33)
<b>Provisions</b>	6.73	2.26	4.47
<b>Other</b>	(1.11)	4.23	(5.34)
<b>CASH-FLOW GENERATED</b>	268.65	207.73	60.92
<b>Capex TV Rights</b>	(101.73)	(111.34)	9.61
<b>Other Capex</b>	(2.99)	(6.23)	3.24
<b>Change in Working Capital</b>	51.01	5.05	45.96
<b>OPERATING FREE CASH-FLOW</b>	214.94	95.21	119.73
<b>Financial Investments</b>	(9.57)	(0.05)	(9.52)
<b>Dividends Paid</b>	(250.00)	(28.17)	(221.83)
<b>Change in Cash Position</b>	(44.63)	66.99	(111.62)

#### 4. Balance Sheet<sup>8</sup>

Table 6 Combined Balance Sheet

Million Euros	Sept 2004	Sept 2003
<b>Fixed Assets</b>	75.46	75.76
<b>Library</b>	237.72	280.67
- TV Rights	174.88	195.56
- Co-production/Distribution	11.12	26.92
- Pre-payments	51.72	58.19
<b>Current Assets</b>	131.86	105.91
<b>Short-term financial investments</b>	206.89	211.12
<b>Cash</b>	4.44	1.64
<b>TOTAL ASSETS</b>	<b>656.37</b>	<b>675.10</b>
<b>Shareholder's Equity</b>	388.57	447.24
<b>Provisions</b>	53.06	45.95
<b>Current Payables</b>	210.91	178.52
<b>Financial Liabilities</b>	3.83	3.39
<b>TOTAL LIABILITIES</b>	<b>656.37</b>	<b>675.10</b>

<sup>8</sup> Cumulative figures, non-audited  
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The reporting line of **library** reflects the reduction in third party rights acquisitions initiated last year.

**Current assets** increase due to a higher balance in clients as a result of increased turnover. Nevertheless, **current payables** show an even higher increase because of the impact of the accrual for the intermediate Corporate Income Tax payments, which are computed on a higher taxable base.

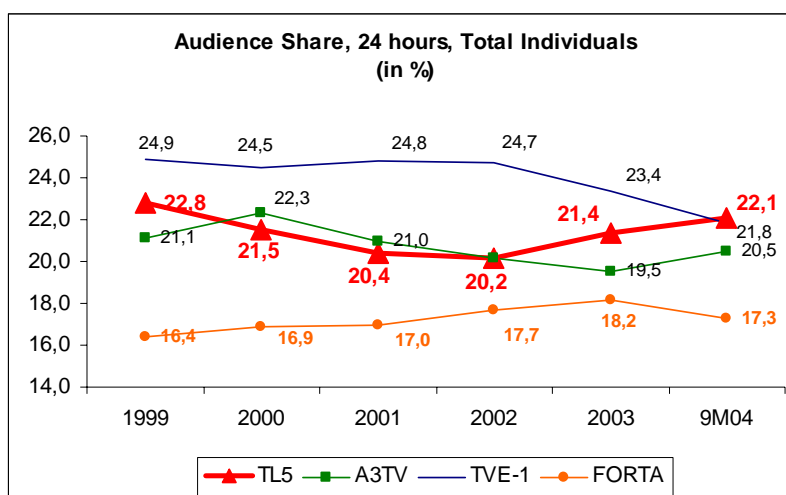
The **net cash position** of € 207.49 million that was achieved in the first 9-monthly period of the year is outstanding. This was possible even after having distributed € 250 million in dividends to the shareholders before the company's IPO in June 24<sup>th</sup> 2004, and before having purchased own shares for € 9.5 million for the Stock Options Plan.

## 5. Audience

Table 7 Average audience for the period January – June

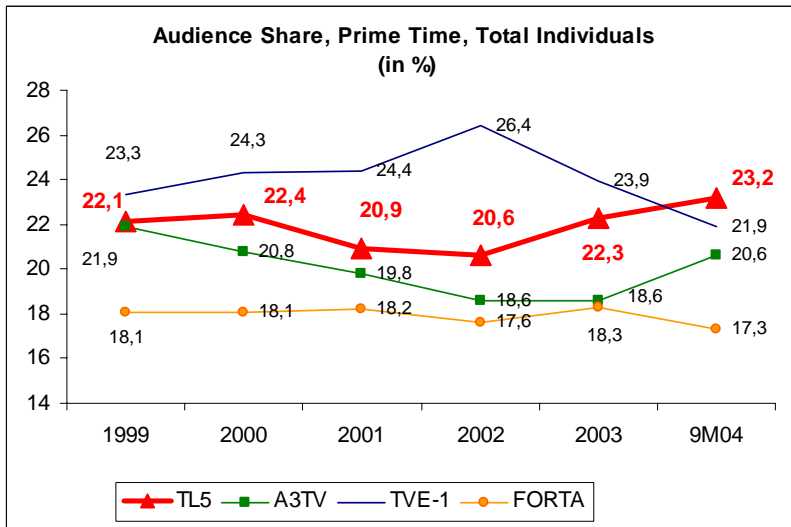
Share	9M2004	9M2003
Total Day	22.1 %	21.1 %
Prime Time ( 21:00 h – 24:00 h )	23.2 %	22.3 %
Total Day, Commercial Target	25.2 %	24.1%
Prime Time, Commercial Target	27.2 %	26.2%

For the first time, Telecinco has reached leadership in audience, total individuals 24 hours, overtaking TVE-1.



Telecinco has also outperformed TVE-1 in prime time, total individuals, reaching leadership well ahead of its competitors.





Telecinco is the undisputed leading channel in the commercial target for both, 24 hours and prime time. The graphs show how Telecinco is maintaining a significant gap with its main competitors.

