



TELECINCO

THIRD QUARTER RESULTS 2008 (January – September)¹

Madrid – October 30th, 2008

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¹ 2007 and 2008 accounts not audited

1. Financial and operating highlights

Consolidated financial highlights for the year until September 30th 2008, include:

1. **Total Net Revenues** have reached €734.89 million whereas in the same period last year they were €770.95 million, this result (-4.7%) has been driven by the evolution of the advertising market since last May. The “Gross Advertising Revenues of Television” in this period amount to €691.04 million compared to the €739.89 million that were reached last year, while the “Advertising Revenues of Other Media” reached €12.64 million with an important increase (+18.7%) compared to last year; the “Total gross advertising revenues” amount to €703.68 million, this is down 6.2% versus 2007. Finally, the “Other Revenues” amount to €64.09 million with a “remarkable” increase of +20.8% versus last year (€53.03million).
2. The 18.4% average **audience share** in the first nine months of 2008, total-individuals (total day), confirms Telecinco as the leading television network ahead of TVE-1 (16.7%) by 1.7pp.; Antena 3 (16.0%) is ranked in third position, 2.4pp from Telecinco. Telecinco’s leadership has been undisputed between March 2006 and July 2008; during the month of September Telecinco returned to leadership, being confirmed as the first choice of the Spanish viewers. During the month of August 2008 TVE-1 was leader due to them broadcasting the Olympic Games. It is nonetheless important to emphasize that from an advertising point of view, August is never a significant month.

With regards to total-individuals Telecinco reaches a remarkable prime time² audience share of 20.3% distancing themselves from TVE-1 by 4.6pp and leaving Antena 3 in third position at a distance of 4.8pps. Telecinco’s figures are very close to last year’s results (20.5%). Considering the fragmentation of audiences and the weight of “Prime Time” in the total advertising revenues the number is of great relevance. Telecinco achieved a total individual audience in “commercial target³” of 20.1% for the total day and 22.0% in Prime Time, at a distance of 6.3pp and 9.3pp respectively from Antena 3 and TVE-1. Telecinco consolidated its leadership across all segments of audience share, month by month since 1998 amounting to 117 consecutive months.

Telecinco's **programming** continued to demonstrate its strength across all slots, especially in Prime Time. Notable audience share⁴ was obtained for the programs “Yo Soy Bea” (23.4%), “Aída” (31.0%) and the fiction “Sin tetas no hay paraíso” (22.9%). As well as the American series “CSI Las Vegas” (25.4%), the music reality show “Operacion Triunfo” (26.8%) and the reality show “Survivor” (27.0%), “Camera Café” (19.8%), “Escenas de Matrimonio” (20.1%).

² Prime time: Time slot with the highest television consumption of the day, from 20:30 to 24:00.

³ 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

⁴ January-September average audience share.



Telecinco is the first European channel to broadcast the tenth edition of the reality program “Big Brother” obtaining outstanding results in audience share. The daily program achieves 21.6% audience while the Tuesday prime time program records a 27.7% share.

The sports programs broadcasted by Telecinco achieved noteworthy audience shares: The Formula 1 Championship attained a share of 41.7%, the Spanish King’s football cup achieved 37.9% and the few Spanish football League matches achieved 29.1%.

3. During the first nine months the Group increased its **Total Operating Costs** by 0.3% reaching €410.60 million opposed to €409.40 million last year. As already mentioned at the end of the first semester of 2008, this slight increase is due to the reversal of a provision related to a legal action brought by a rights association and on which an out of-court agreement has been reached. On a percentage basis Telecinco maintains its operating margins at 44.8% in terms of **adjusted EBITDA**⁵ margin (47.5% in the same period last year) and 44.1% (from 46.9% in 2007) in terms of **EBIT**. This result confirms that Telecinco is one of the most profitable TV companies in Europe.

Given the weak condition of the advertising market, which does not look set to change in the next few months, the reliability of operating margins and strict cost control policy are two of the most important elements to ensure the natural development of the business through an economic environment in crisis. Telecinco relies on a privileged position thanks to its traditional cost management and control, as well as the strength of its margins.

4. **Net profit**, after tax, was €228.38 million while last year’s figure stood at €262.82 million; the net profit margin reached 31.1%. If we isolate the accounting impact (after taxes) of the amortization of intangibles resulting from the “Purchase Price Allocation” (PPA) of Endemol which is recorded under the “Results of equity consolidated companies”, then the adjusted result would improve by €14.00 million, reaching €242.38 million, that is 7.8% lower than 2007, with a margin over Net Revenues of 33.0% compared to 34.1% of 2007.
5. **Free cash flow** was €283.65 million, decreasing by €82.86 million versus last year, this was mainly due to the contribution of co-producing Spanish movies deriving from the obligation to invest 5% of the advertising revenues of the company during this period. The cash flow was also affected by a higher proportion of direct costs versus the TV rights amortization during this period as well as lesser clients’ encashment as a result of a decrease in the advertising market that started few months ago.
6. **The net financial position** as of September 30th 2008 was €51.13 million, this figure is after the distribution of the 2007 dividend for an amount of €317.56 million. This represented €1.30 per circulating share and a 90% pay-out ratio, made on May 7th 2008, and also post investment of €21.50 million in the Spanish speaking American TV company “CaribeVision”.

⁵ (EBITDA post-rights amortisation)
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2. Profit and loss account

Table 1: Consolidated Profit and Loss Account

<i>Millions of €</i>	9M08	9M07	% change
TOTAL NET REVENUES	734,89	770,95	(4,7%)
Rights Amortisation	(104,07)	(115,85)	(10,2%)
Personnel	(63,28)	(59,64)	6,1%
Other operating costs	(238,11)	(229,31)	3,8%
Adjusted EBITDA	329,43	366,16	(10,0%)
Other amortisations, provisions	(5,14)	(4,61)	11,6%
EBIT	324,29	361,55	(10,3%)
Equity consolidated results	(29,96)	2,56	ND
Financial results	(1,94)	6,86	ND
Pre-tax profits	292,39	370,97	(21,2%)
Income taxes	(73,27)	(108,74)	(32,6%)
Minority interests	9,25	0,59	ND
Net profit	228,38	262,82	(13,1%)
Adjusted Net profit	242,38	262,82	(7,8%)

As previously mentioned, compared to the same period last year and under consistent conditions, the Adjusted Net Profit amounted to €242.38 million (-7.8% versus last years third quarter result).

The difference of €14.00 million is entirely 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 at the time of acquisition (known as "Purchase Price Allocation" or PPA) and which is included under the "Results of equity consolidated companies". This constitutes an accounting convention that doesn't affect the value or the cash flow of the Endemol Group the operational results of which are satisfactory.

2.1. Revenues

Table 2: Revenues

	9M08	9M07	% change
Gross advertising revenues	703,68	750,54	(6,2%)
- Television	691,04	739,89	(6,6%)
- Others	12,64	10,65	18,7%
Discounts	(32,87)	(32,62)	0,8%
Net advertising revenues	670,80	717,92	(6,6%)
Other revenues	64,09	53,03	20,8%
TOTAL NET REVENUES	734,89	770,95	(4,7%)

Gross advertising revenues in the first nine months of 2008 reached €703.68 million 6.2% lower than last year (€750.54 million).

Television's Gross advertising revenues reached €691.04 million versus €739.89 million in 2007 down by 6.6%.

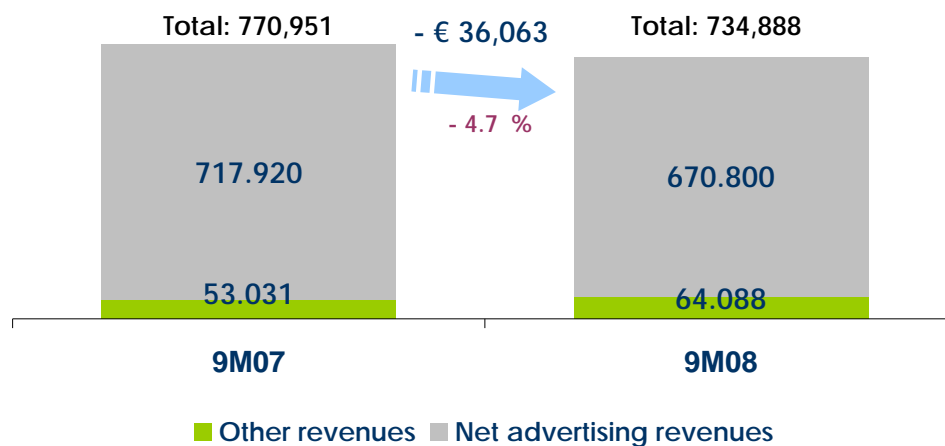
The **Other advertising revenues** reached €12.64 million increasing by 18.7% compared to 2007 and include advertising revenues from other platforms such as the Internet, thematic and digital channels and teletext, etc.

Net advertising revenues after commissions and allowances reached €670.80 million with a reduction of 6.6% compared to last year (€717.92 million).

“**Other revenues**”, which mainly include the sale of coproduction film rights, merchandising rights, SMS and audio text services amounted to €64.09 million with an important increase of 20.8% versus last year.

Finally, **Total Net Revenues** amounted to €734.89 million, showing a slight decline of -4.7% compared with last year (€770.95 million).

Total Net Revenues, Advertising and Others Revenues,



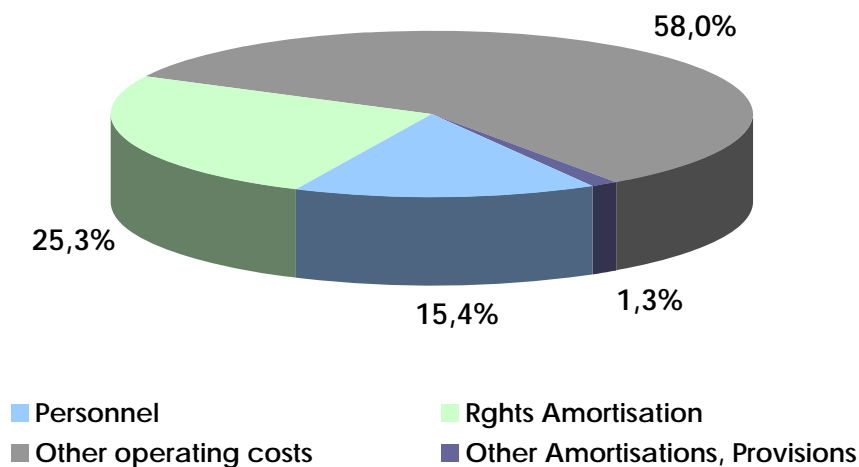
2.2. Operating costs

Total operating costs, which amounted to €410.60 million, increased by just 0.3% compared to last year, mainly due to the reversion of a specific legal provision and to very much contained programming cost. In any case, excluding the exceptional impact of undoing the aforementioned reserve, the operating costs would have increased by 1.7%.

Table 3: Operating costs

<i>Millions of €</i>	9M08	9M07	% change
Personnel costs	63,28	59,64	6,1%
Rights amortisation	104,07	115,85	(10,2%)
Other operating costs	238,11	229,31	3,8%
Other amortisation and provisions	5,14	4,61	11,6%
TOTAL OPERATING COSTS	410,60	409,40	0,3%

Operating Costs



Telecinco's in-house production continues to dominate the network's programming in terms of broadcasting hours. In the first nine months of 2008, 85.6% of broadcasted programmes were produced in-house and the remaining 14.4% were external productions (compared with an 83.3% and 16.7% in 2007).

2.3 Operating profit and margins

Adjusted EBITDA reached €329.43 million, down by €36.73 million or -10.0% vs. 2007.

Net operating profit (EBIT) was €324.29 million down by 10.3% versus last year.

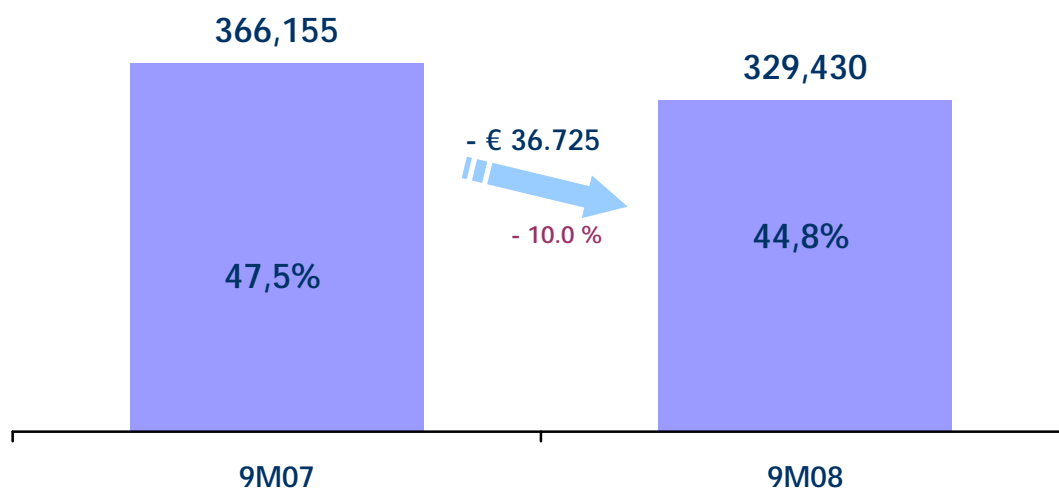
It's important to highlight that the operating margins of the company are in line with last year in spite of the deterioration of the advertising market since May. The **adjusted EBITDA** margin in the first nine months of 2008 reaches 44.8% close to last years figure, the **EBIT** margin is 44.1%.

Table 4: Margins

Millions of €	9M08	9M07	% change
Total net revenues	734,89	770,95	(4,7%)
Adjusted EBITDA	329,43	366,16	(10,0%)
EBIT	324,29	361,55	(10,3%)
Net profit	228,38	262,82	(13,1%)
Adjusted Net profit	242,38	262,82	(7,8%)
Adj.EBITDA / Total net revenues	44,8%	47,5%	
EBIT/ Total net revenues	44,1%	46,9%	
Net profit / Total net revenues	31,1%	34,1%	
Adj. Net Profit / Total Net Revenues	33,0%	34,1%	

Although, as explained before, the net revenues were down in 9M08 the operating margins (**EBITDA and EBIT**) have remained, on a percentage basis, above 40%, demonstrating the efficiency of the business model in an advertising market which is clearly deteriorating.

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



2.4. Financial result and equity consolidated companies

Financial income totalled €-1.94 million compared to the previous year (€6.86 million). This reduction is explained by the use of excess cash to the acquisition of the Group's share in Endemol that took place in Q3 2007.

A negative result is shown from **equity consolidated companies**⁶ totalling €29.96 million. This loss is mainly related to Endemol and is mostly explained by the impact of amortization of intangibles following the Purchase Price Allocation (PPA) and, as explained above, does not affect the value or the cash flow of the Endemol Group.

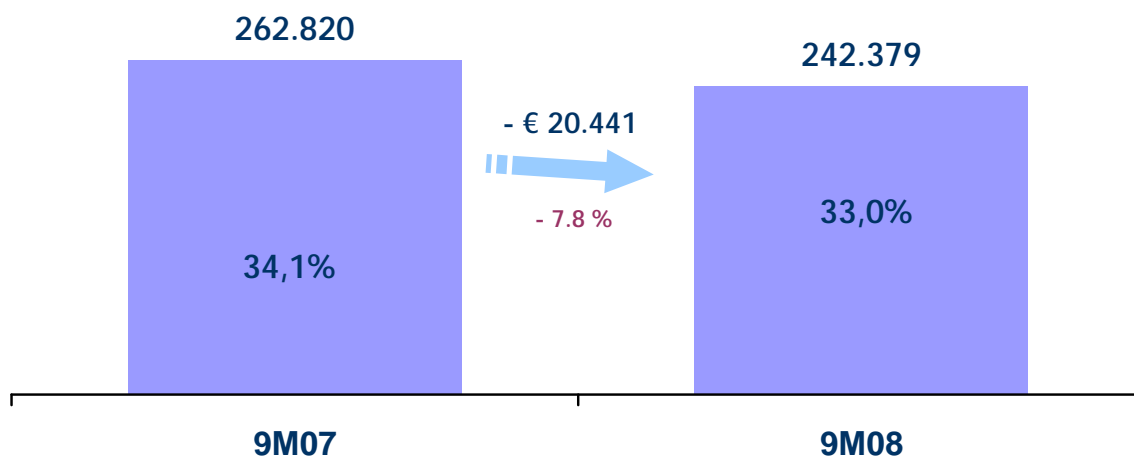
2.5. Profit for the period January-September 2008

Pre-tax profit corresponding to the first nine months of 2008 reached €292.39 million versus €370.97 million for the same period in 2007, down by €78.58 million (-21.2%). This is basically due to the above mentioned flexion of the advertising market and to the accounting impact of the participation in Endemol.

After a €73.27 million corporate income tax expense (compared with €108.74 million in 2007) calculated on the basis of the official rate in place, the **net profit after minority interests** reached €228.38 million, decreasing by €34.44 million or -13.1% over 2007.

Isolating the impact of the amortization of intangibles following the "PPA" of Endemol, which amounts to €14.00 million, the Adjusted Net Profit reaches €242.38 million a reduction of 7.8% compared to last year. The above mentioned Adjusted Net Result means a margin of 33.0% (34.1% in 2007) this is a clear indication of the capacity of Telecinco's model to resist and react to the adverse market situation.

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



⁶ Companies consolidated by the equity method are: Premiere Megaplex S.A. (50% shareholding), Pegaso Television Inc. (35%), Aprak Imagen S.L. (40% 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).
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3. Cash flow generation

The **Operating Free Cash Flow** in the first nine months of 2008 amounts to €283.65 million, compared to €366.51 million in 2007. The difference of €82.86 million is explained by higher investments in rights (most significantly co-production of movies) and lower amortization of rights in the period. The difference is also due to lesser monies received from clients on the back of reduced advertising revenues starting from last May.

Table 5: Cash Flow

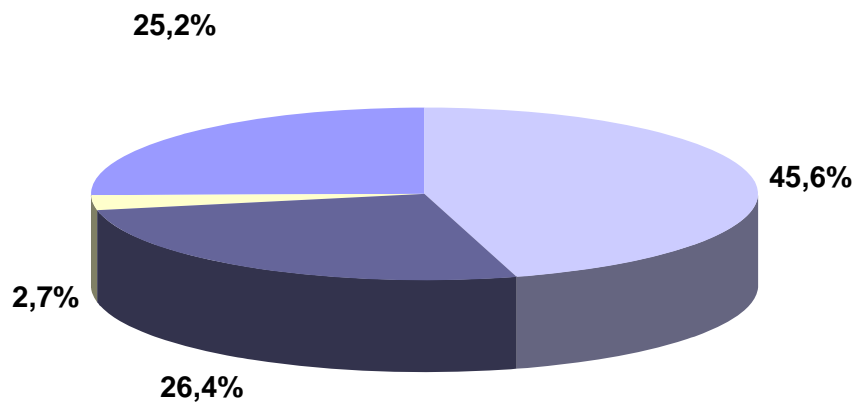
<i>Millions of €</i>	<i>9M08</i>	<i>9M07</i>	<i>Change in millions of €</i>
Net profit	228,38	262,82	(34,44)
Amortisation:	108,48	119,31	(10,83)
- Rights	104,07	115,85	(11,78)
- Other	4,41	3,46	0,95
Provisions	0,73	1,15	(0,42)
Other	17,37	19,01	(1,64)
OPERATING CASH FLOW	354,96	402,29	(47,33)
Investment in rights	(155,37)	(128,90)	(26,47)
Investments, other	(4,36)	(3,75)	(0,61)
Change in working capital	88,42	96,87	(8,45)
OPERATING FREE CASH FLOW	283,65	366,51	(82,86)
Change in Equity	(8,58)	26,58	(35,16)
Financial investments	(23,43)	(464,48)	441,05
Dividends received	1,64	1,21	0,43
Dividend payments	(317,56)	(314,25)	(3,31)
Net Cash Change	(64,28)	(384,43)	320,15
INITIAL FINANCIAL POSITION	13,15	396,14	(382,99)
FINAL FINANCIAL POSITION	(51,13)	11,71	(62,84)

The cash flow includes the payment of a dividend for €317.56 million made at the beginning of May 2008 and the financial investment in CaribeVision of €21.5 million.



Total net investment increased by €27.08 million in 9M2008 compared to last year, reaching €159.73 million. This is mainly due to investments in Spanish fiction (+€7.58million) and co-production (+€25.17 million), while there was a decrease in investment in third party rights (-€6.27 million). This is in line with the business strategy of the Group, as explained by the following chart:

**Net investments 9M08:
€159.73 millions**



■ TV Rights Fiction ■ TV Rights Non Fiction ■ Fixed Assets ■ Co-production

4. Balance Sheet

Table 6: Summary Balance Sheet

	September 2008	December 2007
<i>Millions of €</i>		
Tangible assets	521,65	532,80
- Financial	464,35	472,25
- Non Financial	57,30	60,55
Audiovisual rights and Pre-payments	236,27	186,12
- Third parties	116,29	104,67
- Fiction	33,25	29,34
- Co-production / Distribution	86,74	52,11
Pre-paid taxes	16,17	19,56
TOTAL NON-CURRENT ASSETS	774,09	738,48
Current assets	175,35	269,14
Financial investments and cash	10,67	74,84
TOTAL CURRENT ASSETS	186,01	343,98
TOTAL ASSETS	960,10	1.082,46
Shareholders` equity	564,72	662,49
Non-current provisions	73,42	90,09
Non-current payables	1,00	0,68
Non-current financial liabilities	60,70	60,59
TOTAL NON-CURRENT LIABILITIES	135,11	151,37
Current payables	259,16	267,51
Current financial liabilities	1,10	1,10
TOTAL CURRENT LIABILITIES	260,26	268,61
TOTAL LIABILITIES	960,10	1.082,46

The evolution of the **library** in this period is in line with the business' strategy and the investment policy of the company. It shows a slight increase of Spanish fiction rights (in-house production) and an increase in movie co-production rights originating from the legal obligation to invest in Spanish and European movies. The disbursements relating to this obligation are highly volatile. Finally, the library of third party rights shows an increase compared to December levels which is due to the timing of the capitalization of such rights.

Current Assets are down because of the lower cash position due to the dividend distributed in May and to a lower balance of commercial clients as a result of lower revenues.

Current liabilities at the end of September are slightly down versus December 2007 mainly due to lesser provision stemming from a reduced taxable income.

The **Net financial position** reached, at the end of September 2008, was €-51.13 million. This was after the payment of €317.56 million in dividends and the above mentioned acquisition with a share in CaribeVision.

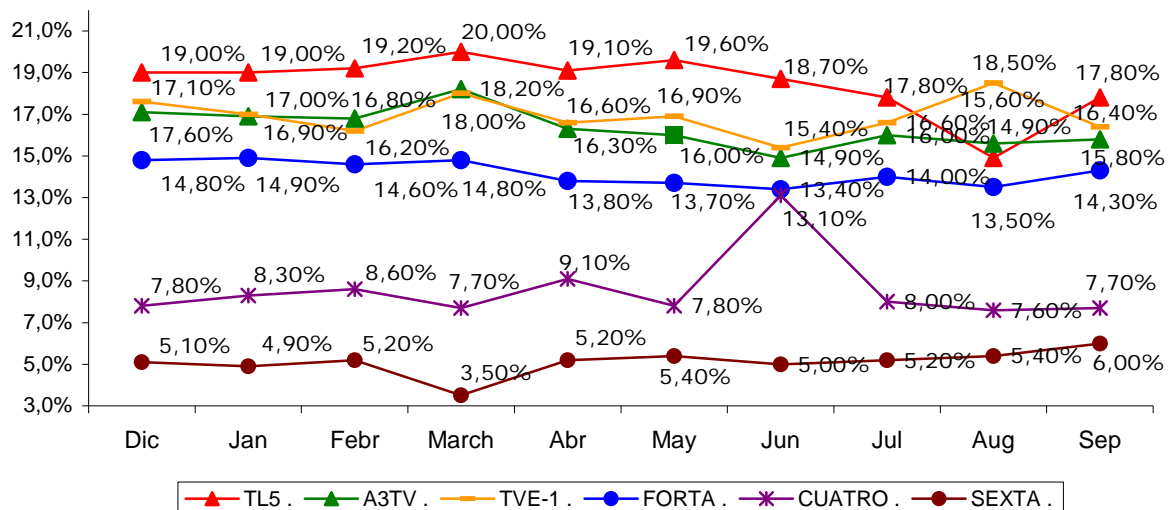
5. Audience share performance

Table 7: January-September average audience share

		9M08	9M07
Totals Individuals	Total Day	18,4%	20,3%
	PRIME TIME	20,3%	20,5%
	DAY TIME	17,6%	20,3%
Commercial Target	Total Day	20,1%	22,6%
	PRIME TIME	22,0%	23,1%
	DAY TIME	19,1%	22,3%

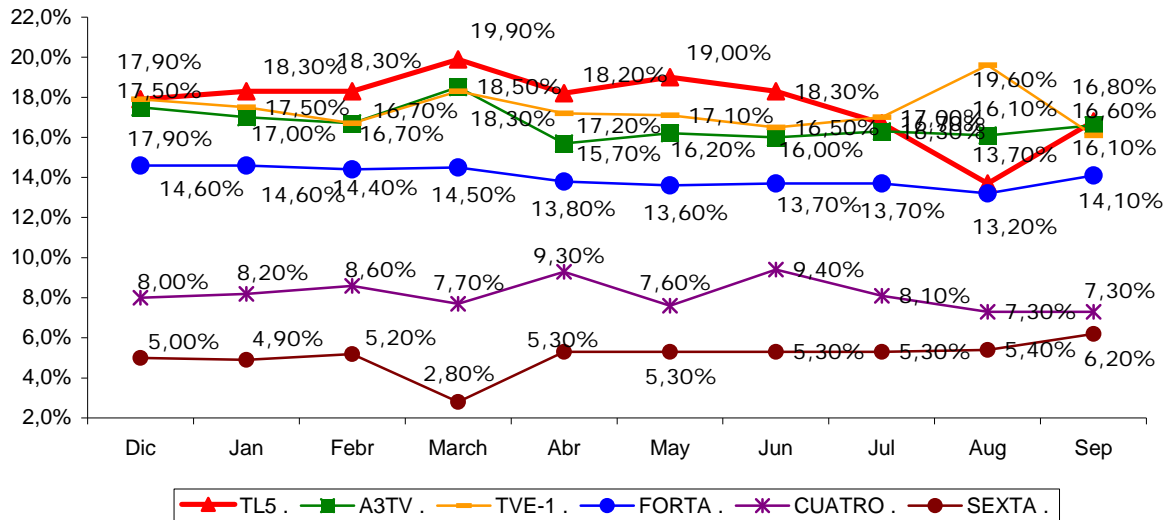
Telecinco has a leading audience share of 18.4% at the close of the first nine months with a significant advantage well ahead of TVE1 (16.7%) and Antena 3 (16.0%). During the first nine months of 2008 Telecinco has consolidated its leadership position as well as maintaining the gap with the main competitors. It's important to highlight the result of the State Television TVE during the month of August both in 24hours and Day Time thanks to the broadcasting of the Olympic Games, once they had finished Telecinco returned to the leading position with regards to sporting events.

Audiencie Share, 24 Hours, Total Individuals (in%)



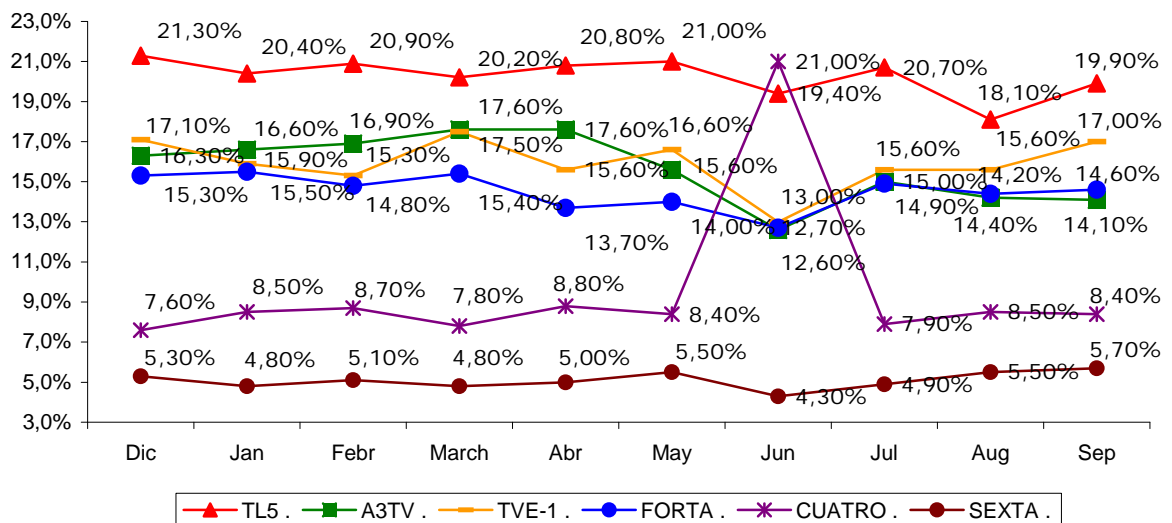
With regards to “day time” audience share, Telecinco consolidated its leadership and managed to keep the audience close to 18%, reaching an average of 17.6% by the end of the first nine months of 2008, maintaining its competitive advantage versus other TV stations.

Audience Share, Day Time, Total Individuals (in%)



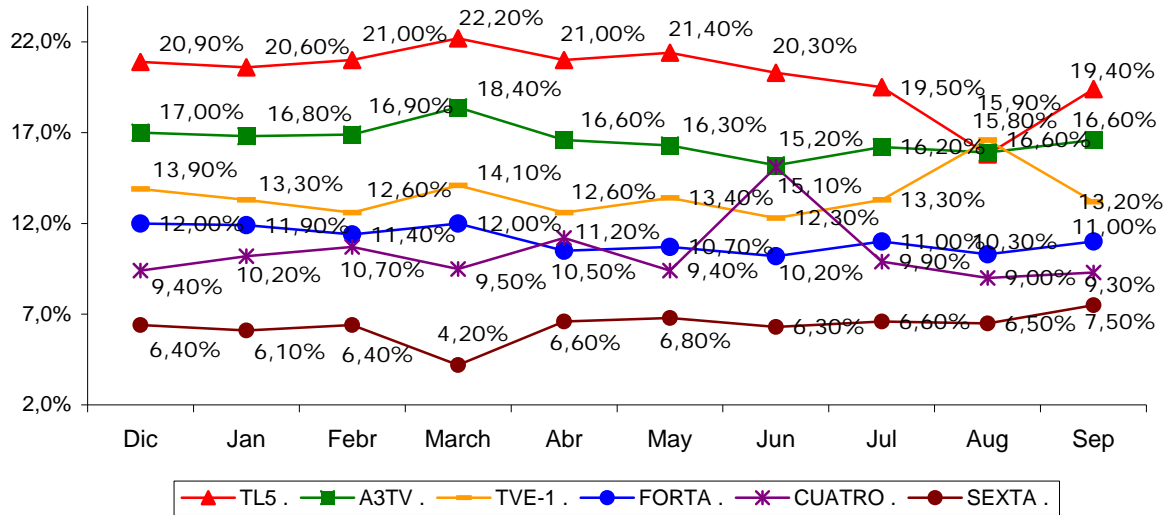
Telecinco's prime time total-individuals audience share also beats TVE-1 and Antena 3, consolidating the leadership far ahead of its competitors, being the only channel to exceed a 20% audience. In September 2008 the distance with its immediate competitor had grown to 4.6 points. It is important to highlight the performance of Cuatro during the month of June when the channel broadcasted the football matches for EURO2008, which, by the way, was won by Spain.

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

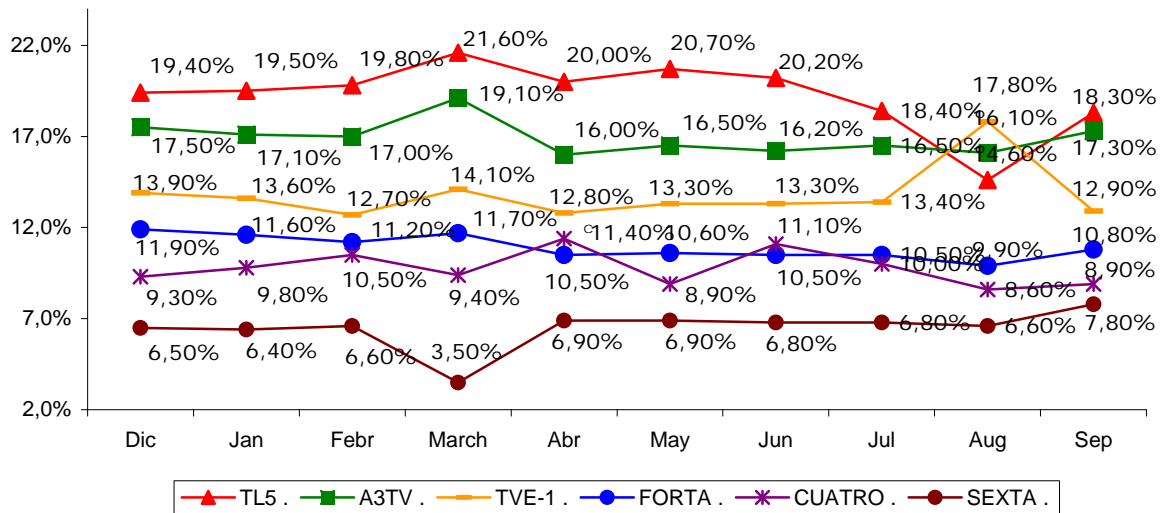


With regards to the commercial target audience share for 24 hours, day time and prime time, Telecinco maintains the lead, which is also reinforced by the audiences in the first nine months of 2008.

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



Audience Share, Day Time, Commercial Target (in%)



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

