



ANNUAL GENERAL MEETING
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Good morning, shareholders.

2009 started badly and got worse. However, for Telecinco at least, there was a marked improvement in the final months, allowing us both to enter the new decade with a clear recovery in audience ratings and to close the year once again as the leading commercial channel. This improvement has brought us renewed hope and energy as we face the multiple challenges the future holds.

In the first seven months of the year we were penalised in terms of audience figures and worked intensively to halt the decline, which was due to multiple internal and external factors. We took advantage of the holiday period in August to introduce important structural changes to the programming which gave us back our position as leaders in commercial television.

At the beginning of the year we were facing a number of difficulties and were forced to find a way out of this unpleasant situation. We had been the undisputed leader of Spanish television for five years, so there could be no excuses.

On that subject, I'd like to remind you that Antena 3 and TVE had already been severely affected in the two previous years by the effects of audience fragmentation. Telecinco, however, managed to maintain extremely high viewer figures until 2009, thanks to the strength of its content.

As tends to be the case in times of crisis, with difficulties come opportunities and despite the various deficiencies in the design of the DTT implementation process, we were able to identify the exact time when investment in new channels started to make sense. We managed to make an opportunity out of a problem through the creation of two new channels which allowed us to add new targets to our commercial offer.

So, with an already significant DTT penetration rate, we put all our efforts into re-designing Factoría de Ficción and La Siete. Just a few months later, one has become a point of reference in fiction programmes and the other an attractive proposal directed at a younger audience.

With a major effort, we managed to triple the audience figures for our DTT channels in just a few months. Instead of making a noise in the media, we waited for the right time to bring together a critical mass of viewers who were ready to receive our content proposal.



DTT was not the only opportunity of the year. A law created to bring the number of players in the television industry down to a reasonable level led us to analyse market opportunities. The presence of so many players was a problem, but also offered an opportunity for alliances. In the end we signed an agreement with the channel that we thought was the best new player right from the start, the most dynamic and the best designed from a content perspective: Cuatro. We hope to announce this incorporation into our business as soon as possible, as soon as the administrative and bureaucratic process is finished.

We valued Cuatro's content offer positively - at a time when we would never have imagined that alliances would be possible - and at the negotiations in the latter part of 2009 we were also impressed by the quality of the company's shareholders. For these two reasons we are confident that this integration will be positive not only for us but for the whole audiovisual sector.

There can be no doubt that the transaction will strengthen the two companies and help to order the television sector. In particular, it will allow Telecinco to present the most complete offering possible to its advertisers, combining a leading general interest channel, an innovative channel like Cuatro and two specific fiction and entertainment channels, which will make us the main player in the sector for many years to come.

The difficulties of the first months of the year did not stop us, with 15.1% of total day share, from beating our most direct competitor - Antena 3 - for the tenth year running. In prime time we achieved a difference of 2.3 points, with a 1.5 point lead in the prime-time commercial target. This distance widened further in the fourth quarter when, following the recovery, we beat Antena 3 by 1.6 points on total day, in a trend which has been definitively confirmed in the first months of this year.

As well as through the analogue channel that was recently cut off, Telecinco broadcast in 2009 through DTT, cable and satellite, a new media context within which we managed to lead every category. Telecinco takes first place in DTT broadcasting with 13.7%, ahead of Antena 3 and of public TV. This difference was also demonstrated in the audience ratings of the general channels in their cable and Digital + broadcasts.

Despite discouraging forecasts, television viewing has remained practically stable, with a difference of just one minute a day compared to the average 227 minutes viewed in 2008. If there were any doubt as to the state of television's health, in 2010 so far viewing is up by eight minutes year on year. So, long live general interest television.

We must strive to keep up with the tastes of our viewers. Telecinco was confirmed in 2009 as the channel with the most successful entertainment programmes: "Supervivientes", "Operación Triunfo" and "Gran Hermano".

Also, since we modified our daytime offering we have managed to improve the results for "El programa de Ana Rosa" by 2.5 points and for "Mujeres y Hombres" by 1.7 points. By programming "Sálvame" in the afternoon we improved its slot by 4.7 points.



As for the prime time slot, Telecinco has the most-viewed foreign series and Aída is the fiction leader among the private channels with 22.1% on average for the year to date.

In 2009 we also managed to keep our level of own productions very high, with a total of 85%. This result is strengthened by the fact that most of the channel's productions are done in-house or with production companies in which we have an interest.

As for the internet, we didn't have an audience crisis, but rather quite the opposite. Telecinco.es became the most-viewed TV website in 2009, with more than 5 million visits a month on average compared with 4.4 million visits to TVE's site and almost double the 2.9 million hits received by Antena 3. The websites of programmes like "Gran Hermano" and "Mujeres y Hombres" received more than 300 million hits in 2009.

Telecinco.es consolidated its undisputed lead over other TV websites, establishing itself as the fourth most-followed online Spanish media outlet. The leadership position of Telecinco.es has been reinforced by the efforts made to create in-house multimedia content, the major commitment to interactivity with users and of course, the dedication to TV products which reach beyond the TV screen.

Telecinco's successful programmes can now be watched online in a new dimension that allows the user to enjoy their own a-la-carte TV. Our website has offered the episodes of fiction series, with more than 2.5 million downloads of "Sin tetas no hay paraíso". These figures have made Telecinco the first TV channel to offer episodes through high-quality pay download service with no advertising, viewable in full-screen mode.

The website has also provided added value to our programmes, for example with "Sálvame Pirata", by introducing a new form of entertainment to the world of content, using different and innovative language. This is confirmed by the series "Becarios" and "Sexo en Chueca" or by "Adopta un famoso", which are being produced with new aesthetics and are building a new style somewhere between an internet channel and new channels like La Siete. Telecinco.es is allowing us to experience new audiovisual content trends.

On another level - and also in the area of multiplatform content - Telecinco has continued to improve and strengthen its Teletext service with new services including real time commentary on the 10 League football games every day and of all Spanish national team games. Speaking of football, our viewers will also be able to enjoy the best matches from the Europa league.

With regard to Atlas, our news agency, I can tell you that despite the economic situation it has surpassed targets set for 2009 with net earnings up 124.29% year-on-year. Atlas is currently the leading news agency in the audiovisual market, with annual distribution of more than 20,000 news items across all TV market segments. The agency provides video news content to the major Spanish media websites.



As for technology development, we are closely monitoring the progress of the markets for content in high-definition, pay-per-view and other forms of distribution. We are also studying the implementation of our digital editorial resources, content and archiving management systems and production studios. The exceptional management of the Technology area has allowed us to generate 67% of programmed hours through our own resources, of which 74% corresponds to live programmes, a hallmark of our editorial style.

2009 was also a great year for Telecinco Cinema, which enjoyed 36.6% of box office sales. This means that 3 out of the 5 highest-selling Spanish films this year were produced by our cinema unit. Telecinco produced the most-viewed Spanish film of the year, “Ágora”, which was watched by 3.4 million people and grossed €21.2 million. It also produced “Celda 211” and “Spanish Movie”. This audience success was confirmed by 15 Goya award nominations, although not reflected in business terms as mandatory cinema production is still generating losses, despite the talent and economic resources invested.

To sum up, then, despite a series of difficulties, we kept a cool head and were therefore able to take advantage of major opportunities. What has been our worst year ever would surely be what many companies would dream of as their best year. Just as we faced difficulties without letting them get us down, we now look to the future, to opportunities and the years of prosperity which surely lie ahead.

2009 is now behind us - we already live in a new world. TVE advertising began to be cut back in the last three months of last year and it is broadcasting no adverts as of 1 January. This does not mean that it has stopped being the commercial channel it used to be from an editorial point of view, but we hope that with time it will be defined by its public service contents, which complement the extremely broad offering provided today by private themed and general television.

Also, the analogue age is officially over. Commercial television is taking its first steps in a totally digital environment, not without some problems but also with great potential for success.

The economic context is still cause for concern but we are confident that if we have the will and a little optimism, the difficulties can be surmounted, little by little. This decade brings a new phase for Telecinco. We believe that the elimination of advertising from state TV and the completion of the most significant business transaction in the audiovisual sector - the integration of Cuatro - will consolidate our leadership position.

Telecinco does not work for glory, but for success; it does not work for media awards but to provide entertainment for its viewers and satisfaction for its shareholders.

Thank you for being with us.