



TELECINCO

FIRST NINE MONTHS 2010 RESULTS (January – September)

Madrid – October 28th, 2010

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1. Financial and operating highlights

Consolidated financial highlights for the year to September, include:

1. In the first nine months of 2010, the disappearance of advertising on TVE has allowed the growth of private TVs, which have absorbed the majority of the investments freed up by the State TV. Moreover, prices have begun adjusting in the TV advertising market, to recover the levels following the removal of TVE from the advertising market.

According to the latest Infoadex report, advertising investments on TV, in the first nine months of 2010, were 7.1% higher than in the same period of 2009, reaching €1,767.3 million; the TV sector increased its share up to 47.0% of total advertising spend demonstrating, once more, its leadership and strength.

Telecinco Group is still the leader in turnover in the period, with a share of 32.5%.

Total Net Revenues reached €622.42 million in the first nine months of 2010 whereas in the same period last year they were at the level of €432.25 million, that is an increase of +44.0%. The “Gross Advertising Revenues of Multiplex Telecinco” in this period amount to €572.89 million compared to €406.52 million that were reached last year, while the “Advertising Revenues of Other Media” totalled €28.98 million compared to €7.97 million of 2009. The “Total gross advertising revenues” amount to €601.87 million, a 45.2% increase versus 2009. Finally, the “Other Revenues” amount to €48.55 million with an increase of 29.1% versus the €37.60 million of last year. This is mainly due to the income generated during the first half of 2010, from the films “Agora”, “Celda 211” and “Spanish Movie”.

2. The average **audience share** of the Telecinco Group in the first nine months of 2010 total-individuals (total day), reaches 17.4%, with a +1.9pp lead on Antena3 Group (15.5%). The audience share total-individuals (total day) of the main channel, Telecinco, was 14.7%. This figure situates Telecinco as the first commercial television network 2.9 ahead of Antena3 (11.8%).

In “Commercial Target¹” (total day), the audience of Telecinco Group was 18.2%, 1.9pp ahead of Antena3 Group (16.3%). The Telecinco channel audience share reaches 15.2%, 3.3pp ahead of Antena3 channel (11.9%).

As per the audience of the new channels, LA SIETE, FACTORIA DE FICCION and BOING, the trend in the audience shares remains positive, the sum of the channels has reached, close to 4% in the first nine months of 2010, in total day, both total-individuals and commercial target.

The broadcast of the Spanish matches of the World Cup, places Telecinco as the leader in audience in June and July.

Telecinco Group consolidates its leadership within the commercial channels, in the first nine months, increasing the distance from its main competitors.

¹ 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. **Total Operating Costs** of the Group reached €455.54 million with an increase of 30.2%. This increase is mainly due to the costs of sales of advertising and cinema, the impact of the 3% tax over revenues to finance TVE, which in 2010 affects the entire year while in 2009 it influenced just the last four months, and the reversal of a specific provision in 2009.

On a percentage basis, Telecinco has increased its operating margins, thanks to the advertising price increases as a consequence of the elimination of advertising on State TV channels which has had a positive impact on the advertising revenues of the period. The **Adjusted EBITDA**² margin reached 28.0% (20.6% in 2009) and 26.8% in terms of **EBIT** (19.1% in 2009). This result once more places Telecinco amongst the most profitable commercial TV companies in Europe.

The resilience of operating margins, the adjustment of prices in the TV advertising market and the positive trend of the audience shares coupled with the traditional cost control policy of the Group are strategic elements that will be present in the development of the business in the current economic environment, which is still uncertain.

Among the commercial channels, Telecinco relies on a privileged position thanks to the strength of its business model and its leadership position in audience shares.

4. **Net profit**, after tax, reached €32.16 million, compared to €62.16 million in 2009. If we isolate the accounting impact (after taxes) of the impairment test and the amortization of intangibles resulting from the “Purchase Price Allocation” (PPA) of Endemol which are recorded under the “Results of equity consolidated companies”, then the adjusted result would improve by €89.00 million, reaching €121.16 million, with a margin of 19.5% over Net Revenues.
5. **Free cash flow** was €185.36 million with an Adjusted Net Profit conversion rate into Free Cash of 29.8%, a very telling ratio which measures the ability of the Group to generate cash from its current business activities whilst meeting its operational investments and obligations.
6. **The net financial position** as of September 30th 2010 was €-82.47 million, €72.5 of which is made up of a long term loan from Mediaset to the Group for the acquisition of Endemol back in 2007. It also includes the distribution of the 2009 dividend for an amount of €48.44 million, representing €0.20 per circulating share and equating a pay-out ratio of 100%. Such dividend was paid on March 10th 2010.
7. On April 14th Telecinco and Prisa signed an agreement for the integration with Cuatro and the acquisition of the 22% of Digital+ by Telecinco, for which Prisa will receive newly issued Telecinco shares (the “non cash capital increase”) which after the Capital Increase, will represent 18.337% of Telecinco’s equity as well as €491.1 million in cash. The companies are now waiting for the approval by the National Competition Commission (CNC).

On June 30th, 2010, the CNC initiated the second stage of the control process of the operations Telecinco and Cuatro; and Telecinco, Telefónica and Digital +, as foreseen in the Competition Law, in order to carry out a detailed analysis of these operations.

² (EBITDA post-rights amortisation)

2. Profit and loss account

Table 1: Consolidated Profit and Loss Account

<i>Millions of €</i>	9M 2010	9M 2009	% change
TOTAL NET REVENUES	622,42	432,25	44,0%
Rights Amortisation	(101,43)	(101,13)	0,3%
Personnel	(58,75)	(59,28)	(0,9%)
Other operating costs	(288,08)	(182,88)	57,5%
Adjusted EBITDA	174,15	88,96	95,8%
Other amortisations, provisions	(7,28)	(6,46)	12,6%
EBIT	166,88	82,50	102,3%
Equity consolidated results	(168,79)	(26,36)	-
Financial results	3,26	2,34	39,2%
Pre-tax profits	1,35	58,48	(97,7%)
Income taxes	(0,06)	0,00	-
Minority interests	30,88	3,68	-
Net profit	32,16	62,16	(48,3%)
Adjusted Net profit	121,16	78,46	54,4%

As previously mentioned, compared to the same period last year and under consistent conditions, the Adjusted Net Profit amounted to €121.16 million (+54.4% versus 2009), a 19.5% margin over Net Revenues.

The €89.00 million difference between the Net Profit and the adjusted Net Profit is due to the post-Tax impact of the amortisation of intangibles and the impairment test carried out on the participated company Edam in application of the international accounting standards and the result of which has been the write-off of the investment at September 30th. All of this constitutes the application of an accounting convention that does not affect the operating activity or the cash flow of the Endemol Group, the operational results of which are satisfactory.

2.1. Revenues

Table 2: Revenues

	9M2010	9M2009	% change
Gross advertising revenues	601,87	414,49	45,2%
- <i>Televisión</i>	572,89	406,52	40,9%
- <i>Others</i>	28,98	7,97	-
Discounts	(28,00)	(19,83)	41,2%
Net advertising revenues	573,87	394,65	45,4%
Other revenues	48,55	37,60	29,1%
TOTAL NET REVENUES	622,42	432,25	44,0%

Gross advertising revenues in the first nine months of 2010 grew by 45.2% reaching €601.87 million, compared to the same period last year (€414.49 million).

Multiplex Telecinco's Gross advertising revenues, which include advertising revenues from TELECINCO, LA SIETE, FACTORIA DE FICCION and BOING, reached €572.89 million versus €406.52 million in 2009, representing an increase of 40.9%.

The **Other advertising revenues** reached €28.98 million. This figure includes advertising revenues from other platforms such as the thematic channels, Internet and teletext, etc.

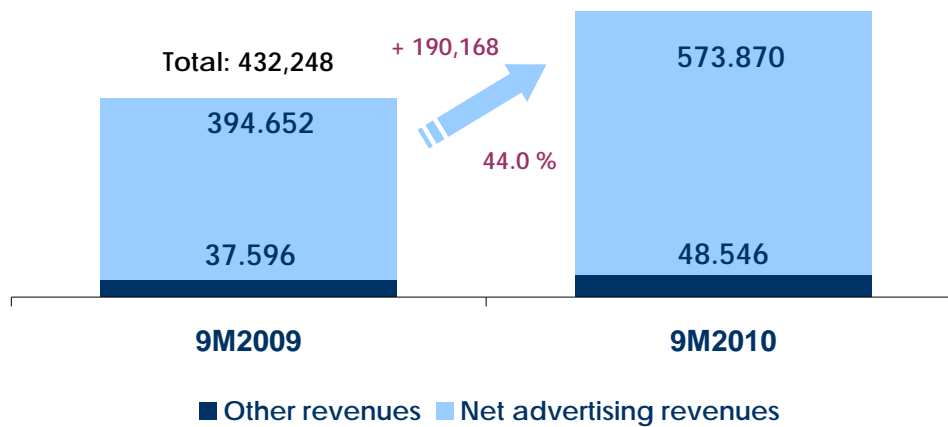
Net advertising revenues after commissions and allowances climbed by 45.4% to €573.87 million compared with last year (€394.65 million)

"Other revenues", which mainly include the sale of coproduction film rights, merchandising rights, SMS, Call TV and audiotex services amounted to €48.55 million with an increase of 29.1% versus last year, mainly due to the income originated, during the first half of 2001, from the sale of film rights of "Agora", "Celda 211" and "Spanish Movie", which compensates the reduction of Call TV, SMS and Merchandising revenues. This decline is mainly explained by the new regulation and the condition of the Spanish economy, which has produced a reduction in the consumption of these products.

Finally, **Total Net Revenues** grew by 44.0% to €622.42 million, compared to the first nine months of 2009 (€432.25 million).

Total Net Revenues, Advertising and Others Revenues

(thousand €) Total: 622,416



2.2. Operating costs

Total operating costs, amounted to €455.54 million, that is an increase of 30.2% when compared to last year which is explained by a higher costs of sales of advertising and cinema, by the 3% tax over revenues to finance TVE accrued for the whole of the fiscal year, by the increased investment in the new channels, (*LA SIETE*, *FACTORIA DE FICCION* and *BOING*). The comparative with the same period of last year is further complicated due to the reversal of a specific provision in 2009 of €35 million. According to the applicable legal disposition³, the Group has made a provision amounting to 3% of the total gross revenues invoiced in the period. On October 6th 2010 the Group paid the amounts due as per the period September 2009 - September 2010.

In any case, excluding the exceptional impact of undoing the net impact of the reversal of the provision both in 2009 (€35 million) and 2010 (€8 million) and the TV tax which applied since September 1st, the operating costs would have increased by 17.4%.

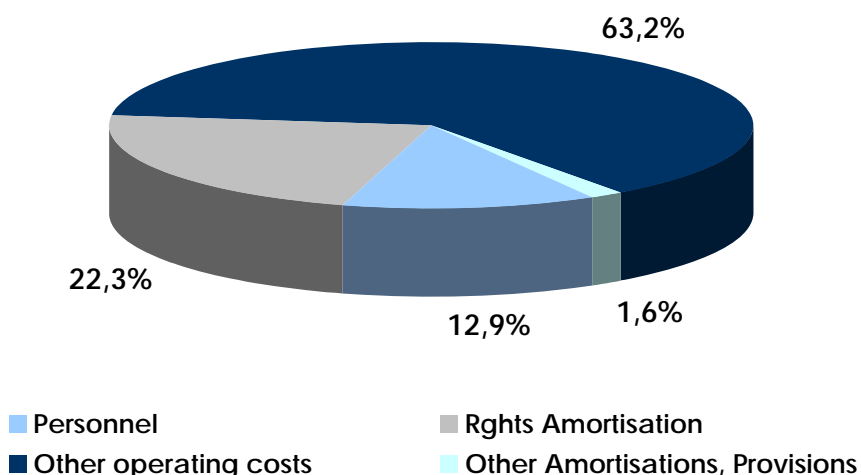
Table 3: Operating costs

Millions of €	9M 2010	9M2009	% change
Personnel costs	58,75	59,28	(0,9%)
Rights amortisation	101,43	101,13	0,3%
Other operating costs	288,08	182,88	57,5%
Other amortisation and provisions	7,28	6,46	12,6%
TOTAL OPERATING COSTS	455,54	349,75	30,2%

³ Law 8/2009 dated August 28th 2009 regarding the financing of the Spanish State TV (Corporacion de Radio y Television Española)

Telecinco's in-house production continues to dominate the network's programming in terms of broadcasting hours. In the first nine months of 2010, 87.9% of broadcasted programmes on the main channel (Telecinco) were produced in-house and the remaining 12.1% were external productions (compared with an 84.6% and 15.4% in the same period of 2009). As per the secondary channels, LA SIETE, 84.5% of production is in-house and 15.5% third parties rights, FACTORIA DE FICCION has a more equated proportion with 37.4% of in-house versus 62.6% of third parties, while BOING is more intensive in third party rights.

Operating Costs



2.3 Operating profit and margins

Adjusted EBITDA reached €174.15 million, increased by 95.8% versus the same period last year, representing a 28.0% margin over revenues.

Net operating profit (EBIT) grew by 102.3% to €166.88 million with a margin of 26.8% over revenues compared to 2009.

The ability to efficiently sell the advertising space in the new context of the advertising market, following the elimination of advertising on State TV and the Group's audience strength as well as the traditional and effective cost control policy of the Group, has led to increased levels in the operating margins of the company thanks to the advertising price recovery which positively affected revenue generation.

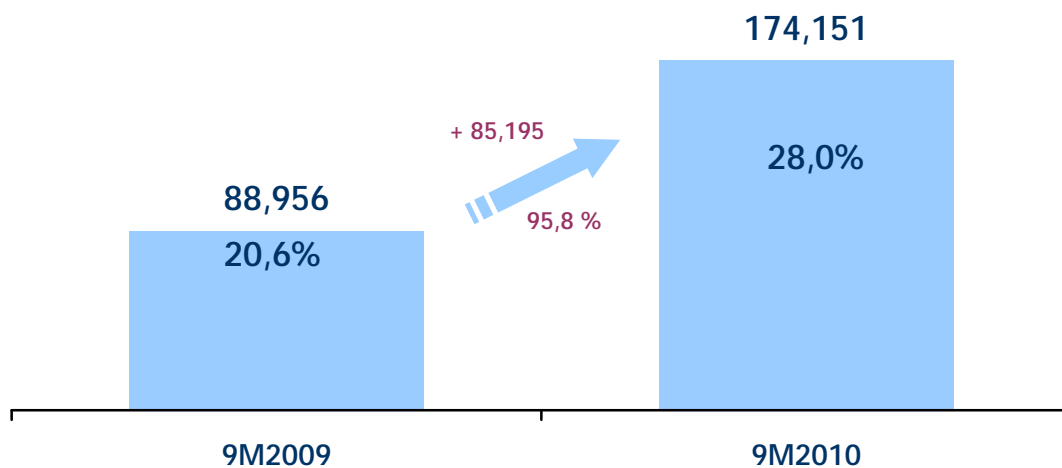
Table 4: Margins



<i>Millions of €</i>	9M 2010	9M2009	% change
Total net revenues	622,42	432,25	44,0%
Adjusted EBITDA	174,15	88,96	95,8%
EBIT	166,88	82,50	102,3%
Net profit	32,16	62,16	(48,3%)
Adjusted Net Profit	121,16	78,46	54,4%
Adj.EBITDA / Total net revenues	28,0%	20,6%	
EBIT/ Total net revenues	26,8%	19,1%	
Net profit / Total net revenues	5,2%	14,4%	
Adj. Net Profit / Total Net Revenues	19,5%	18,2%	

On a percentage basis, operating margins (**EBITDA and EBIT**) are, close to 30%, demonstrating the efficiency of the business model at increasing margins in the new context of the advertising market and the new multichannel environment originated by the analogue switch off which happened at the beginning of April 2010.

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





2.4. Financial result and equity consolidated companies

Financial income totalled €3.26 million on a net basis, mainly due to the revenues arising from long term financial assets recognized as “amortized costs” and from a lower than expected need to resort to drawdowns against the existing lines of credit on the back of a solid cash flow generation in the period.

A negative result is shown from the **equity consolidated companies**⁴ totalling €168.79 million. This negative figure is almost exclusively related to the losses of the participated company Edam Acquisition Holding Coop. which includes the result of the impairment test carried out by the Group. The result of this test, which has been carried out in compliance with the international accounting standards, has been the complete write-off of the investment.

2.5. Profit for the period January – September 2010

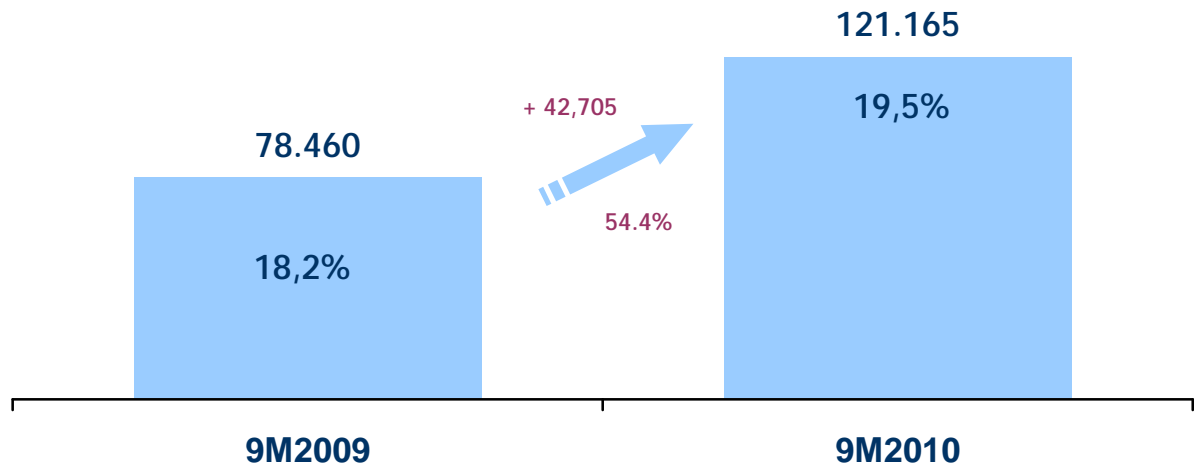
Pre-tax profit, corresponding to the first nine months of 2010, reached €1.35 million compared to €58.48 million last year.

After a €0.06 million corporate income tax expense calculated on the basis of the official tax rate in place and of the applicable deductions, the **net profit after minority interests** reached €32.16 million.

The impact of the impairment test and, if applicable, the amortization of intangibles following the “PPA” of participated companies (mainly Endemol), have no effect on their operational margins. This impact amounts to €89.00 million so that the Adjusted Net Profit reaches €121.16 million.

⁴ Companies consolidated by the equity method are: Premiere Megaplex S.A. (50% shareholding), Pegaso Television Inc. (43.7%), Big Bang Media S.L. (30% 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).

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



3. Cash flow generation

The **Operating Free Cash Flow** in the first nine months 2010 amounts to €185.36 million, versus €70.02 million for the same period in 2009. The increase of €115.34 million is explained mainly by the recovery in advertising revenues.

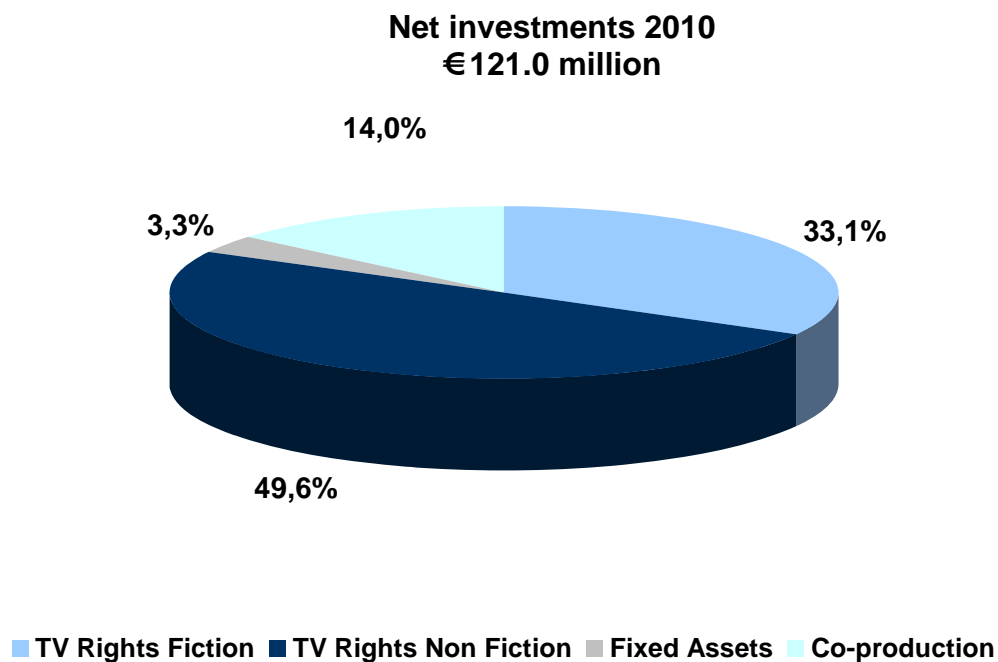
Table 5: Cash Flow

Millions of €	9M2010	9M2009	Change in millions of €
Net profit (without minority interests)	1,29	58,48	(57,20)
Amortisation:	107,69	107,01	0,67
- Rights	101,43	101,13	0,30
- Other	6,25	5,88	0,37
Provisions	1,03	0,54	0,49
Other	169,56	29,39	140,17
OPERATING CASH FLOW	279,55	195,42	84,13
Investment in rights	(117,02)	(132,62)	15,60
Investments, other	(4,02)	(3,18)	(0,84)
Change in working capital	26,85	10,40	16,45
OPERATING FREE CASH FLOW	185,36	70,02	115,34
Change in Equity	1,35	(2,83)	4,18
Financial investments	(65,76)	(9,79)	(55,97)
Dividends received	1,01	1,79	(0,78)
Dividend payments	(48,44)	(210,27)	161,83
Net Cash Change	73,53	(151,08)	224,61
INITIAL FINANCIAL POSITION	(156,01)	(25,85)	(130,16)
FINAL FINANCIAL POSITION	(82,47)	(176,93)	94,45



Total net investment reached €121.0 million in the first nine months 2010, representing a decrease of €14.8 million compared to last year.

The decrease in investments in Spanish fiction (-€34.0 million) is partially compensated by the increase in co-productions (+€11.5 million) and in investments of third party rights (+€6.8 million), as explained by the following chart:



4. Balance Sheet

Table 6: Summary Balance Sheet

<i>Millions of €</i>	<i>September 2010</i>	<i>December 2009</i>
Tangible assets	124,64	221,70
- Financial	74,98	168,67
- Non Financial	49,66	53,03
Audiovisual rights and Pre-payments	206,68	193,99
- Third parties	136,87	121,27
- Fiction	32,20	37,12
- Co-production / Distribution	37,61	35,60
Pre-paid taxes	132,77	108,21
TOTAL NON-CURRENT ASSETS	464,09	523,91
Current assets	155,83	199,48
Financial investments and cash	63,94	10,70
TOTAL CURRENT ASSETS	219,77	210,18
TOTAL ASSETS	683,86	734,09
Shareholders`equity	252,49	291,61
Non-current provisions	21,73	21,32
Non-current payables	0,78	0,26
Non-current financial liabilities	97,96	90,67
TOTAL NON-CURRENT LIABILITIES	120,47	112,26
Current payables	262,44	254,19
Current financial liabilities	48,45	76,03
TOTAL CURRENT LIABILITIES	310,89	330,23
TOTAL LIABILITIES	683,86	734,09

The evolution of the **library** examples stability within the different categories and is in line with the business' strategy, and shows an increase in third parties rights mainly due to the content needs of the new secondary channels. This increase is partially offset by lower investments in coproduction rights.

Current Assets are up due to a higher cash position and financial investments thanks to the free cash flow improvement. This is partially compensated by a lower balance of commercial clients as a result of lower revenues due to the seasonality of the business.

Current liabilities decrease compared to the figures reached as of December 31st 2009, due to the free cash flow improvement during the first nine months of 2010.

The **Net financial position** reached, at the end of September 2010, was €-82.47 million.

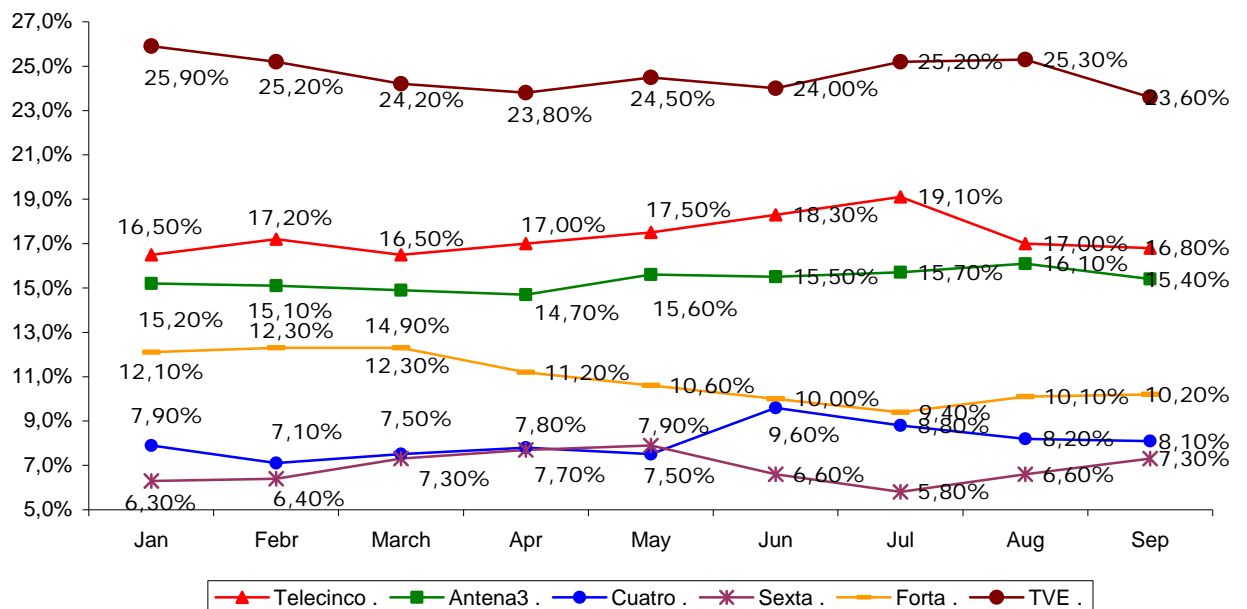
5. Audience share performance

Table 7: January-September average audience share for the GROUP Telecinco

		9M2010	9M2009
Total Individuos	Total Día	17,5%	15,9%
	PRIME TIME	17,4%	17,7%
	DAY TIME	17,3%	15,1%
Target Comercial	Total Día	18,1%	16,6%
	PRIME TIME	17,8%	18,0%
	DAY TIME	18,2%	15,7%

The Group audience share for the first nine months 2010 consolidates Telecinco Group as the leader of the commercial TV. The audience share in total-individuals (total day) for the period, reached 17.4% 1.9 points ahead of Antena3 Group (15.5%). Concerning the audience share in commercial target (total day), Telecinco Group (18.2%) has an average 1.9 ahead of Antena3 Group (16.3%) in the first half.

Audience Share, 24 Hours, Total Individuals (in %) per Group



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

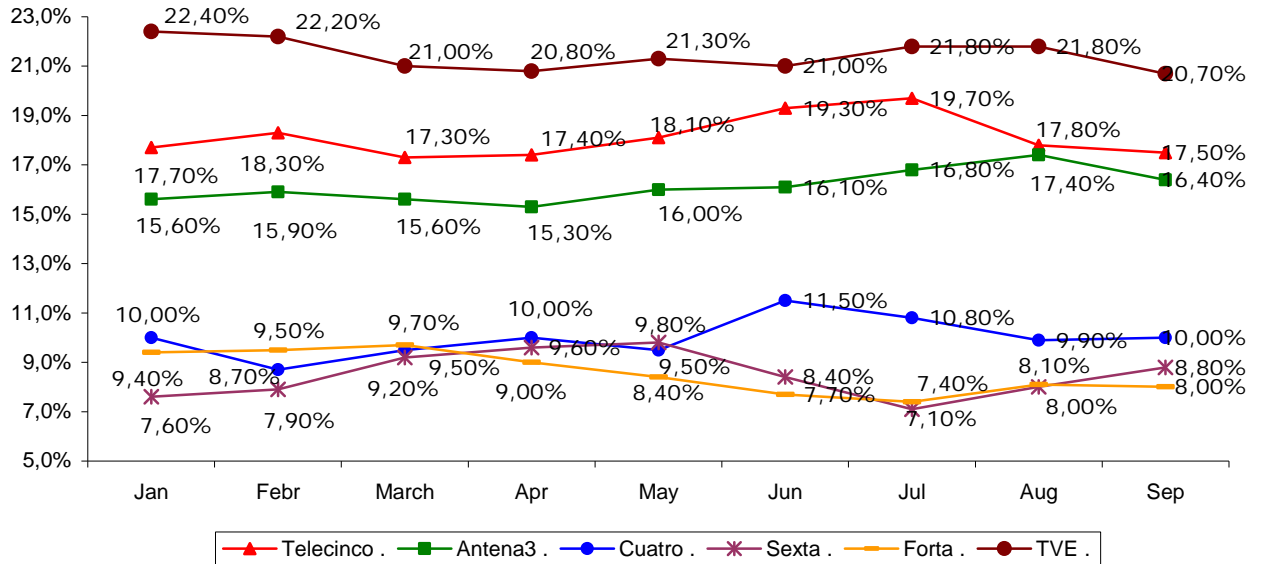
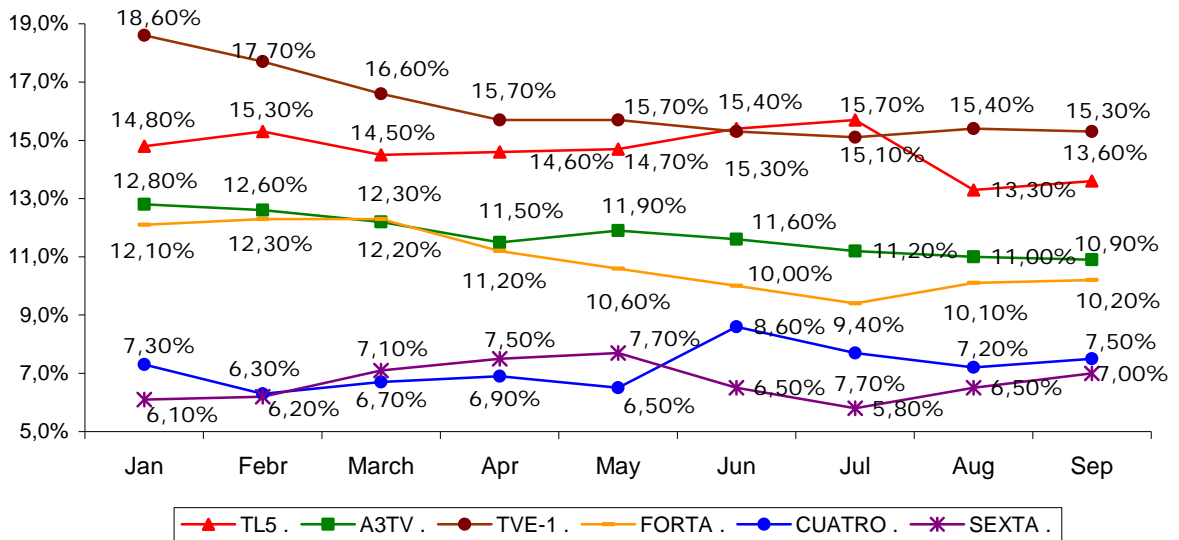


Table 8: January-September average audience share for Telecinco

	9M2010	9M2009
Total Individuos		
Total Día	14,7%	15,0%
PRIME TIME	14,7%	16,8%
DAY TIME	14,7%	14,2%
Target Comercial		
Total Día	15,2%	15,5%
PRIME TIME	14,8%	17,0%
DAY TIME	15,4%	14,7%

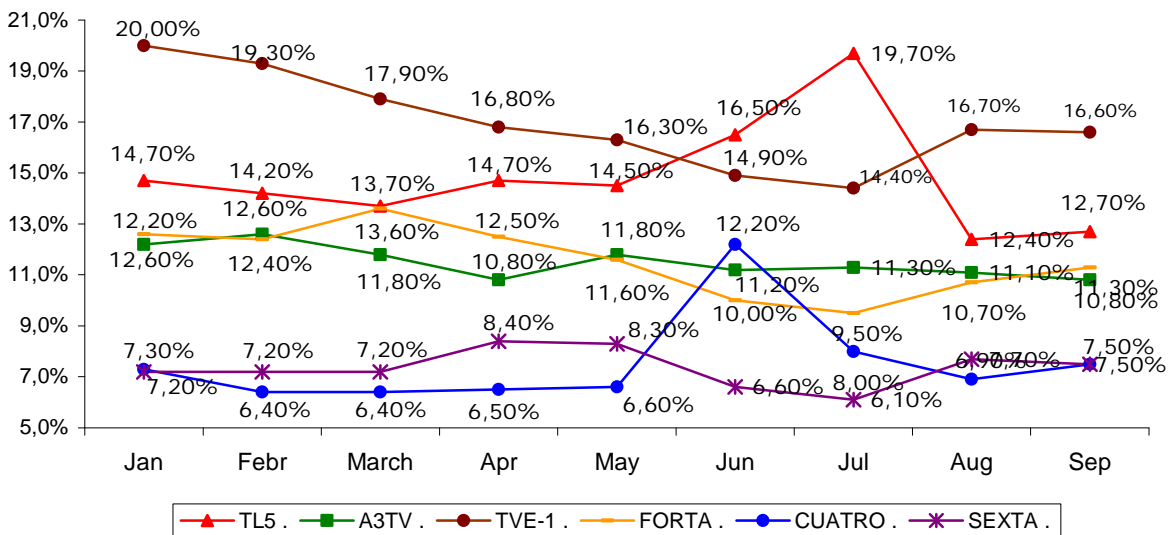
At the end of September 2010 Telecinco channel reached 14.7% average audience share in total-individuals (total day) and situates Telecinco as the leading commercial network 2.9 points ahead of Antena3 (11.8%). Concerning the audience share in commercial target (total day), Telecinco (15.2%) has an average of 3.3 ahead of Antena3 (11.9%).

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



The broadcast of the Spanish matches of the World Cup in June and July, places Telecinco as the leader in 24h. and in prime time⁵ total-individuals.

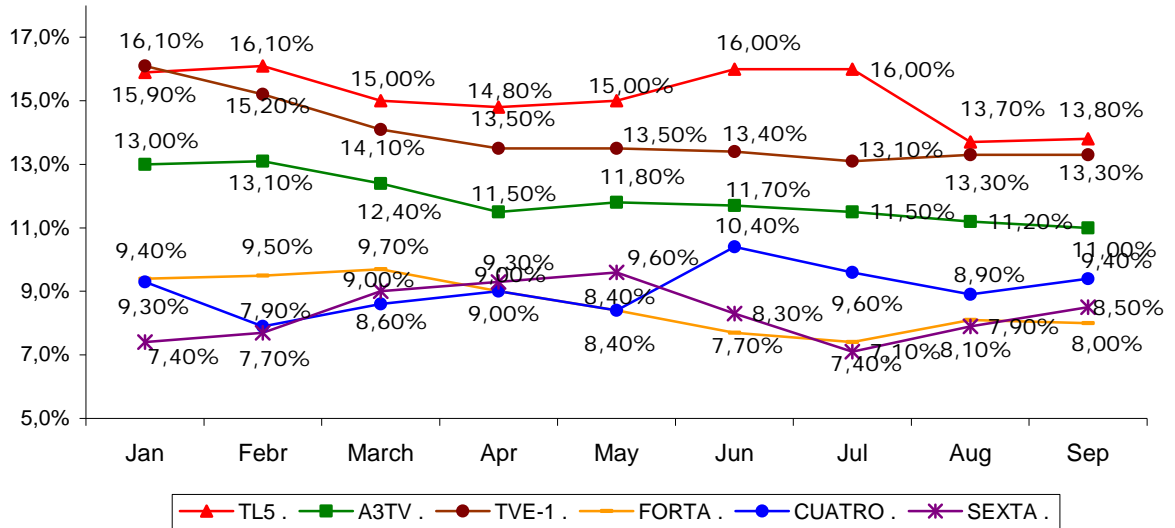
Audience Share, Prime Time, Total Individuals (in %)



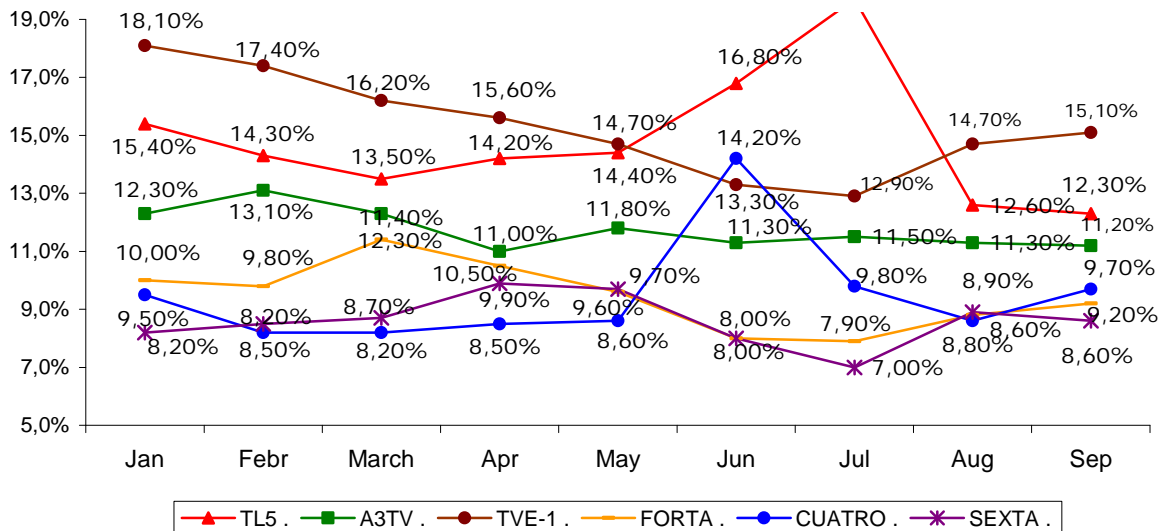
With regards to the commercial target audience share for 24 hours, prime time, and day time, Telecinco maintains the lead in 2010, increasing the distance from its main competitors.

⁵ Prime time: Time slot with the highest television consumption of the day, from 20:30 to 24:00.

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



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





In 2010 Telecinco continues with the development of its multichannel strategy with the launch of the kids channel BOING completing the offer of the group (in September 2009 the Group launched LA SIETE and FACTORIA DE FICCION). In September FACTORIA DE FICCION has reached a total audience share in total day of 1.8%, LA SIETE a share of 1.4% and BOING 0.6%.

Audiencia Share, 24 hours, DTV %

