

ORDINARY GENERAL SHAREHOLDERS MEETING

17th APRIL 2013

PRESIDENTS SPEECH – SR. ALEJANDRO ECHEVARRIA

Good morning ladies and gentlemen, shareholders.

Dear Members, there is little that I can say that we don't already know about the economic context that has presided over 2012, which we are now closing. It is certainly disheartening to acknowledge, once again, the depressive picture that is evolving, especially when the prospects for change are appearing between the clouds, more typical of omens than certainties.

For, if we didn't have enough with our own weaknesses, we reciprocally suffer the avatars from the other countries closest to us. And, as the wise proverb says, "to the skinny dog everything is fleas" (It never rains, it pours).

According to published data, GDP fell by 1.8% throughout 2012, with a special contribution from the fourth quarter, the worst quarterly performance over the last few years. This reduction has provoked intense job losses, which puts the unemployment rate at 26.1% of the working population, three points higher than a year ago.

This reduction is explained partly by the inevitable austerity measures taken by the Government, including the rise in income tax and VAT, and others aimed at limiting the costs of Public Administration. Measures which, together with the evolution of the risk premium and macroeconomic news from Europe, which repeatedly assault us, have a very significant impact on overall domestic demand and private consumption in particular.

We can say that this is not, of course a context conducive to any market and less for the advertising market, which is often said to be the first to suffer the consequences of the crisis and the first to experience signs of recovery. All economic factors which I have highlighted have generated essentially a negative psychological impact and finally, a climate of distrust in companies and consumers that has led to a significant reduction in budgets that advertisers spend to advertise and consequently a pronounced drop in television advertising revenues.

In effect, according to data reported specialized companies, the TV advertising market closed 2012 with a drop of 18.9%, which places this year as the second worst of the crisis after 2009, and has caused the advertising industry in television to, as a whole, lose about 50% of its turnover since 2007.

In this situation, the strategy of Mediaset España has been primarily directed to:

- Strengthen the leadership of our largest market share in the sector (45.3% at year end).
- Ensure a balanced use of different channels depending on market conditions.
- Optimize the revenue from sporting events (with special reference to the European Championship, won by Spain, and the Moto GP Championship).

This has been possible due to the good audience results obtained. Following the successful integration of Cuatro in 2011 and the launch of the channel "Divinity" in the same year, the Group has continued its diversification strategy and complementation of profiles with the launch of the channel "Energy" in 2012, which focuses primarily on a male audience. Thus, alongside more established channels like Factoría de Ficción, La Siete and Boing, and led by Telecinco, we managed to form a complete television package, which is positioned ideally between all public profiles, avoiding self-competition. All this in an environment where TV consumption continues growing.

As Paolo Vasile will explain in detail, Mediaset España's television offer has been absolute leader in audiences in 2012, obtaining a clear lead over its main competitors, both private and public. And, as our channel shows, Telecinco has also led the industry.

Turning now to economic data, if we compare the Group's results with those obtained in 2011, the following considerations are made:

- Revenues have gone from 1,009.3 million Euros in 2011 to 886.7 million Euros in 2012, as a result of the decline in advertising revenue.
- Total operating costs, net of non-recurring costs, go from 832.12 million Euros in 2011 to 837.9 million Euros in 2012, a very small increase considering the launch of a new channel (Energy) and, especially the broadcasting of the European Football Championships, the World Motorcycling Championship and the Roland Garros Tournament, the accumulated cost far exceeds the total cost increase, which is explained by the programming cost savings generated in the year to adapt to an advertising market on the wane and the efforts made during the year to reduce overhead and personnel costs. This is without prejudice to the outcome of audience and advertising market share which, on the contrary, have increased during the year.
- The operating profit amounts to 48,803 million Euros compared to 164,529 million Euros in 2011, which implies an operating margin (computed as the ratio operating profit and net operating income) equal to 5'5 % versus 16'3% achieved in 2011. Due to operating leverage that is inherent in the business of television, this decrease is mainly due to the repeated collapse of the advertising market.
- Finally, net income attributable to the Group's Parent Company in 2012 was 50,248 million Euros, compared to 110 519 000 million Euros in 2011.

The IBEX 35 has had an overall negative trend in 2012, losing a total of 4.7%, although the trends have been conflicting throughout the year: while up until May 30th it accumulated losses close to 30% and the rest of the year has recovered strongly, mainly due to the recovery of investor confidence to the firmness shown by the European Central Bank in defense of the Monetary Union.

This behavior shows, in any case, that the perception of investors about the Spanish economic situation has generally been negative if we make reference to other international markets (Dow Jones, DAX, CAC40, FTSE100 etc.), which closed the year positively.

With regards to our title, the evolution has been positive in 2012, consolidating a 15.4% growth at the end of the year, placing us in the eighth best position of the IBEX 35.

As of December 31, 2012, the price reached 5.09 Euros, giving Mediaset España capitalization worth 2,071 million Euros, which allows us to stay as group leader in the sector, far ahead of the rest, as we surpass twice the value of all the other Spanish companies in the sector.

The volume of shares traded during the year amounted to 477.4 million shares, equivalent to 2,0041 billion Euros, a record significantly lower than in 2011 and that is mainly due to the ban on the short selling of Spanish stocks that the National Stock Exchange imposed in late July and continued until the end of the year.

Finally, it is worth noting that the shares of Mediaset España reached their annual maximum on 19th December with a record of 5.69 Euros while the minimum occurred on May 9th, with 3.30 Euros.

In Corporate Governance matters, I must emphasize that during 2012 we presented to our shareholders a battery of changes in government regulations in order to incorporate both new legislation, and to enforce their rights within our company and, therefore, increase the transparency of management.

The changes affected 24 articles of Association, 10 of General Meeting Regulations, 14 articles of the Regulation of the Board of Directors, 2 of the Rules of the Audit and Compliance Committee and 1 item of the Rules of the Nomination and Remuneration Committee.

As I said, these changes have been designed, among other objectives, to strengthen the rights of shareholders, for ensuring equal treatment with regard to information, participation and exercise of voting rights, and to this end, we created a forum for shareholders to remain active since the convening of the General Meeting, until the meeting is held.

They have reinforced the control mechanisms to prevent conflicts of interest,

establishing assumptions and forms of action in each of them.

Financial intermediaries, who already have the possibility to split their vote, must inform the company about the direction of their voting shareholder customers.

It establishes the obligation to register in the Commercial Register and inform the CNMV of both the General Meeting Regulations and the Board Meeting of Directors and any subsequent amendments.

Also, as already proposed in our report last year, the powers of the General Meeting have increased, among which the adoption of the Report on Remuneration Policy for Directors is included. So, for the first time, this year we submit a vote, not an advisory one, but binding on, the Remuneration Policy for Directors and executives Report. This report has been verified by an independent external auditor.

As for the Audit and Compliance regulations, the need for the President to be elected from among the independent members has been included; in fact that has been so since our IPO in 2004. And, among its functions, the establishment and oversight of the system of internal control of financial reporting (ICFR) is included as a novelty.

The Corporate Governance Report has also been audited, as it was last year, with all of this we are demonstrating our commitment to reliability, accuracy and transparency.

For Mediaset España, reconciling its identity as a chain of entertainment and information with ethical management of the business is an ongoing challenge. The reflection about what it means to be responsible in a primarily consumer-oriented sector of entertainment, but whose influence and socialization are significant, sets the tone of business management: from managing the space in which it operates, to management of relations with its employees, shareholders, advertisers, competition, institutions, government bodies, suppliers and environmental impact.

During 2012 we have maintained and strengthened our participation in key corporate responsibility initiatives, both national and international, including participation in the Carbon Disclosure Project, an initiative launched by the United Nations.

In 2012 "12 meses" completed 12 years with the unanimous recognition of society and has done so by premiering a new approach, adapted to changing times to take full advantage of Mediaset España's new resources and its ability to penetrate Spanish households, under a new corporate identity.

The project now focuses on powerful causes, with tangible and measurable results, as is the case of this year's project on which it has concentrated all its efforts: "You're perfect for others," a campaign in conjunction with National Transplant Organization to promote the culture of organ donation which has been a resounding success getting 180,000 new donors.

Besides this, "12 meses" also developed the "Green Wings" campaigns to advocate for

environmental conservation and awareness of the importance of preserving the environment; they have also actively collaborated in The Red Cross's "El Día de la Banderita" which dedicated its Christmas campaign to promote the solidarity donation of resources to the Messengers of Peace Foundation by way of 360° framework under the *claim* "I want to do my best."

We have maintained a commitment to disseminate the values associated with specific projects or nonprofit institutions by transferring our free advertising space to causes associated with Drug Addiction Foundation, Spanish Fundraising Foundation -SOMOS, Plan Spain Foundation or Save the Children, among others. The donations made during 2012 have been valued at more than 3.5 million Euros.

In relation to our employees, the Mediaset group recognizes their key role in achieving our business success. For this reason and despite the current situation of our country, our structure has remained virtually intact, preserving and improving not only social benefits, but also measures to reconcile work and family life, as well as reinforcing the equal opportunity measures of the company.

We cannot forget that Mediaset España maintains its commitment and efforts to bring its programming to groups with visual or hearing impairments. Series, movies or programs have been subtitled, translated into sign language or have received audio-descriptions. In 2012, Mediaset España channels have issued 32,759 hours of subtitled programs, representing 35% more than the previous year.

Corporate responsibility is transversely integrated therefore affecting our company in all areas of activity and continuing the relationship with our major interest groups.

You can find more information on our Corporate Responsibility Report which, once again has been audited by an independent entity and formulated according to international guidelines GRI, obtaining the grade of A +.

I said in my speech last year that 2011 was the year of consolidation of Digital Terrestrial Television; a process, the digitalization, which had materialized in accordance with the planning, started in 2005. However, when we believed that the model was finally formed apart from a few last adjustments, by surprise, a novelty appeared that most definitely involves a profound change in the television landscape. I refer to the judgment by the Supreme Court last November, by which it annulled the decision of the Council of Ministers that decided to license each digital TV a multiplex consisting of four channels each.

Let me clarify that the grounds on which the Supreme Court based this decision, they are not material but are of a strictly formal character, because as I said, the Digital Terrestrial Television plan approved in 2005, provided that, at the end of the process, each licensed TV would hold one Digital Television Multiplex.

Based on contacts with the government, we were confident that, in the case of a formal

error, it could have been corrected without anything further, recovering the path of the established and agreed model. But that has not happened. The Government has limited the implementation of the terms of the Judgment in its entirety, which has left the definition of audiovisual model in the air, again. In our case, 2 of our 8 channels are affected, but other TV operators will be substantially more affected than us, which is not, of course, a relief.

This issue should be solved. This is required by the most basic formulation of the principle of legal certainty, which prevents situations of uncertainty like the one I have described and imposes a duty of accountability to television operators who abide by the rules set out in planning, and have been undertaking important investments to launch new TV channels whose existence, now, cannot be questioned.

We know that the Government is aware of everything I just said and hope that the situation can be resolved soon.

2011 was also the year of the consolidation of a Spanish television without advertising. As we have always maintained, it was successful but insufficient. I do not mean by this that we want one marginal Spanish Television. Quite the contrary. We have always argued for a strong TVE, but this does not mean it should be ineffective, as it has come to be.

Income received by TVE is sufficient to generate and sustain competitive programming grids, if I may hasten to add leaders. What should not happen is that the revenue should fund these programming grids that are dedicated to defray the costs of an oversized structure, these programming grids are shaped by remarkably expensive events of a marked commercial nature that are already offered by other private operators with which it competes in its acquisition, generating inflationary processes which all taxpayers pay for.

Again a strong, but effective and sustainable TVE, not only centered on income, but mainly on controlling and managing costs well, as we all do.

Last year we reconfirmed that our mandatory contribution to Spanish cinema does not serve to fix the problems facing this sector, which are conceptual and structural. In this regard, we continue to ask why a deficient private economic sector, such as television, is required to finance another private sector like the cinema for yet another year. And despite the fact that our contribution to Spanish cinema is still paying off, once again, with successes, such as the results obtained by our films. Both "TADEO JONES" and "LO IMPOSIBLE" have broken not only our most optimistic forecasts, but all records of following and takings, both nationally and internationally.

That said it's time to say goodbye, I am bound to congratulate, once again, all Mediaset España and its groups staff, without whom the present results would not be possible.

Thanks also to all shareholders for their trust; we hope to continue to deserve it.