

# MEDIASET *españa.*



## FIRST NINE MONTHS RESULTS January – September 2012

Madrid – October 24<sup>th</sup>, 2012

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## 1. Financial and operating highlights

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- **Mediaset España consolidates its leadership with a 45.4% share of the TV advertising market and records an adjusted EBITDA<sup>1</sup> of €40.6 million and an adjusted Net Profit of €52.1 million.**

### **From consolidated results as of 30 September 2012, we highlight:**

1. According to Publiespaña's internal estimates, advertising investment in the first nine months of 2012 would have fallen -18,3% compared with the same period of 2011.

In this environment, Mediaset España would have managed to increase its market leadership with a share of 45.4% in the nine month period (1.9 points more than in the first nine months of 2011).

**Total Net Revenues** as of 30 September 2012, reached €629.81 million. The Gross Advertising Revenues of Mediaset España's two Multiplex amount to €605.40 million and the advertising Revenues of Other Media totalled €26.85 million. Finally, the "Other Revenues" amount to €34.90 million.

2. In the first nine months, Mediaset España **Total Operating Costs** remain almost flat, with a slight increase of 0.5% compared to 2011 recurring costs, reaching €602.13 million. The strong cost control carried out by the group offset the increase in costs relating to the "UEFA EURO 2012", Moto GP and increased investment for the launch of new channel Energy.
3. **Net profit**, after tax, as of September 30<sup>th</sup>, 2012, reached €40.73 million. If we isolate the accounting impact of the amortisation of intangibles (PPA), then the adjusted result would improve reaching €52.13 million of net adjusted profit, with a margin of 8% over Net Revenues.
4. **Free cash flow** in the first nine months of 2012 was positive €4.42 million, reflection of an adequate working capital management of the company.
5. **The net financial position** as of September 30<sup>th</sup>, 2012 was positive €39.49 million, representing an advantage given the difficult financial environment. The distribution of the 2011 ordinary dividend, for a total amount of €55.26 million, has been deducted, representing €0.14 per circulating share. Given the macroeconomic situation in Europe and especially in Spain and the weak advertising market, Mediaset España decided to hold the prudential decision to distribute 50% of the reported net profit of 2011, allowing the company to strengthen the balance sheet, with no debt and a positive net cash position, which is a valuable asset for the group, especially in the current economic environment.

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<sup>1</sup> EBITDA post-rights amortisation

6. In the first nine months of 2012, Mediaset España consolidates its **audience** leadership in absolute terms amongst the commercial channels thanks to the good performance of all channels' programming, highlighting the broadcast of "UEFA EURO 2012", MotoGP, Roland Garros, the channels Divinity, Energy, the kid's channel Boing, as well as the news programs. It also stands out the good performance of the start of the new TV season; with TV formats like the talent show "The Voice," launched in September, which became the biggest opening of a program in the last decade in Spain.

The average audience share of Mediaset España in the first nine months of 2012 total-individuals (total day), reaches 28.1%, with a +10.2pp lead on Antena3 Group (17.9%). The audience share of the main channel, Telecinco, was 13.9%. This figure confirms Telecinco as the first commercial television network 1.7pp ahead of Antena3 (12.2%). Cuatro reached 6.0% compared to 4.7% of its main competitor La Sexta.

In "Commercial Target<sup>2</sup>" (total day), Mediaset España's audience share was 30.4%, 11.8pp ahead of Antena3 Group (18.6%). The Telecinco channel audience share reaches 13.6%, 1.3pp ahead of Antena3 channel (12.3%).

The average audience share of Cuatro reached 7.5% versus 5.5% of La Sexta.

As per the audience of FACTORIA DE FICCION, LA SIETE, BOING, DIVINITY and ENERGY, the trend in audience share continues to set records, the sum of the channels has reached 8.2% in the first nine months of 2012, in total day, total-individuals and 9.4% in total day, commercial target.

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<sup>2</sup> 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

## 2. Profit and loss account

The results of the first nine months of 2011 have been adjusted to reflect the impact of the amortization of "Purchase Price Allocation" (PPA) in Digital+, amounting to €5.40 million booked under equity consolidated results, reducing pre-tax profit and Net Profit.

**Table 1: Consolidated Profit and Loss Account**

<i>Millions of €</i>	9M2012	9M2011	% change
<b>TOTAL NET REVENUES</b>	<b>629,81</b>	<b>731,62</b>	<b>(13,9%)</b>
Rights Amortisation	(129,75)	(160,02)	(18,9%)
Personnel	(79,59)	(76,55)	4,0%
Other operating costs	(379,88)	(350,77)	8,3%
<b>Recurring Adjusted EBITDA</b>	<b>40,59</b>	<b>144,27</b>	<b>(71,9%)</b>
Non recurring costs	0,00	(12,69)	-
<b>Adjusted EBITDA</b>	<b>40,59</b>	<b>131,58</b>	<b>(69,1%)</b>
Other amortisations, provisions	(6,91)	(5,51)	25,4%
Amortisation PPA	(6,00)	(6,00)	-
<b>EBIT</b>	<b>27,69</b>	<b>120,07</b>	<b>(76,9%)</b>
Equity Cons. Results and Depr. Fin. Assets	10,25	0,45	-
Financial results	(3,67)	4,50	-
<b>Pre-tax profits</b>	<b>34,26</b>	<b>125,03</b>	<b>(72,6%)</b>
Income taxes	5,96	(22,82)	-
Minority interests	0,50	0,05	-
<b>Net profit</b>	<b>40,73</b>	<b>102,25</b>	<b>(60,2%)</b>
<b>Adjusted Net profit</b>	<b>52,13</b>	<b>113,65</b>	<b>(54,1%)</b>

The Adjusted Net Profit in the first nine months of 2012 amounted to €52.13 million, an 8.3% margin over Net Revenues.

The €11.40 million difference between the Net Profit and the adjusted Net Profit is due to the impact of the amortisation of PPA in Cuatro (€6.00 million) and Digital+ (€5.40 million), as a result of the final purchase price allocation to the Balance Sheet of the respective companies.

## 2.1. Revenues

Table 2: Revenues

	9M2012	9M2011	% change
Gross advertising revenues	632,25	730,37	(13,4%)
- Multiplex	605,40	706,65	(14,3%)
- Others	26,85	23,71	13,2%
Discounts	(37,34)	(42,54)	(12,2%)
Net advertising revenues	594,91	687,82	(13,5%)
Other revenues	34,90	43,79	(20,3%)
<b>TOTAL NET REVENUES</b>	<b>629,81</b>	<b>731,62</b>	<b>(13,9%)</b>

Gross advertising revenues as of September 30<sup>th</sup>, 2012 reached €632.25 million.

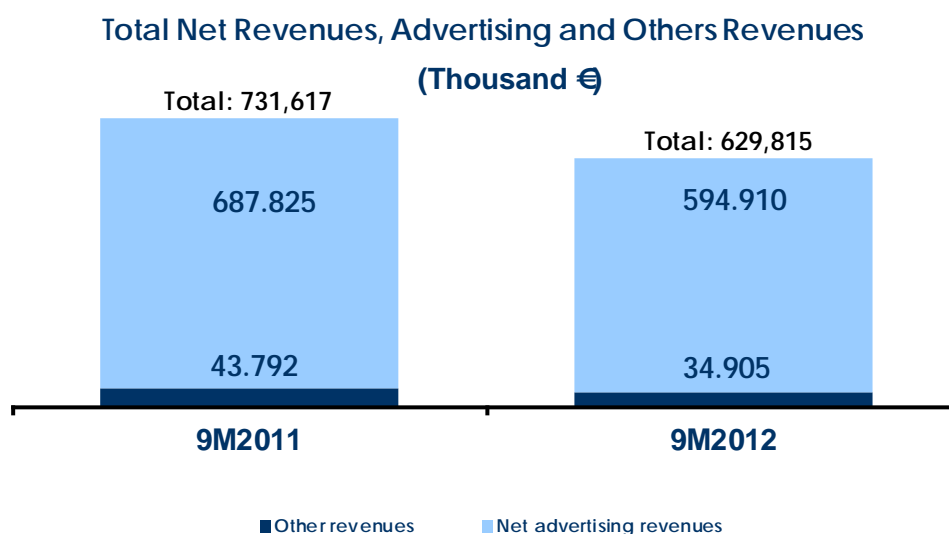
Mediaset España's Multiplex Gross advertising revenues, which include advertising revenues from TELECINCO, CUATRO, FACTORIA DE FICCION, LA SIETE, BOING, DIVINITY and ENERGY, reached €605.40 million.

The Other advertising revenues reached €26.85 million. This figure includes advertising revenues from other platforms such as pay-TV (Digital+), the thematic channels, Internet and teletext.

Net advertising revenues after commissions reached €594.91 million.

"Other revenues", which mainly include the sale of coproduction film rights, merchandising rights, SMS, Call TV and audiotex services amounted to €34.90 million, which is lower than the amount reached in the same period last year, mainly due to a reduction of Call TV, SMS and Merchandising revenues. This decline is mainly explained by the condition of the Spanish economy, which has produced a reduction in the consumption of these products.

Finally, Total Net Revenues as of September 30<sup>th</sup>, 2012 amounted to €629.81 million.



## 2.2. Operating costs

**Total operating costs**, as of September 30<sup>th</sup> 2012 amounted to €602.13 million, representing an important cost control taking into account the extra investments in the “UEFA EURO 2012” and the new channel Energy compared to the total costs of the same period in 2011. If we isolate the impact of non-recurring costs in 2011, operating costs have remained almost flat, with a slight increase in the first nine months of 2012 of €3.28 million (0.5%) over the same period of 2011.

**Table 3: Operating costs**

<i>Millions of €</i>	9M2012	9M2011	% change
<b>Personnel costs</b>	79,59	76,55	4,0%
<b>Rights amortisation</b>	129,75	160,02	(18,9%)
<b>Other operating costs</b>	379,88	350,77	8,3%
<b>Other amortisation and provisions</b>	6,91	5,51	25,4%
<b>Amortisation PPA</b>	6,00	6,00	-
<b><u>Total recurring costs</u></b>	<b>602,13</b>	<b>598,85</b>	<b>0,5%</b>
<b>Non recurrings costs</b>	0,00	12,69	-
<b>TOTAL OPERATING COSTS</b>	<b>602,13</b>	<b>611,54</b>	<b>(1,5%)</b>

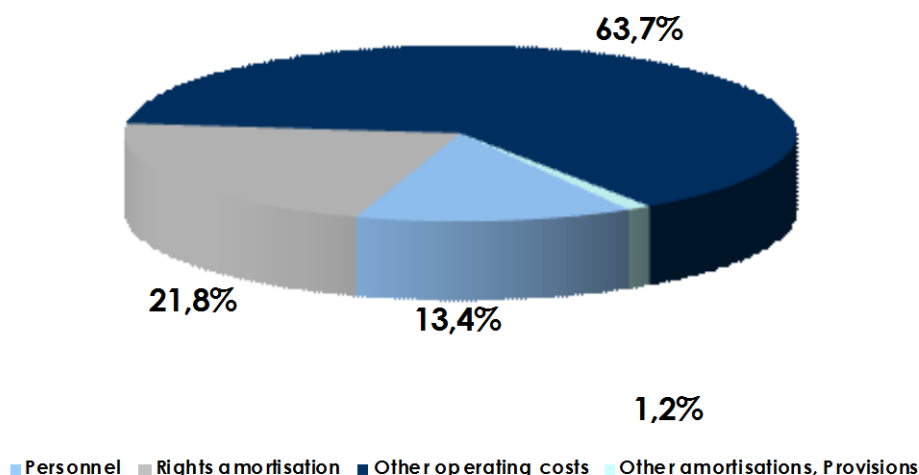
The Group's in-house production continues to dominate the network's programming in terms of broadcasting hours. At a group level, 55.2% was produced in-house versus 44.8% of external production.

In the first nine months of 2012, 94.5% of broadcasted programmes on the main channel (Telecinco) were produced in-house and the remaining 5.5% were external productions (compared with a 90.9% and 9.1% in the first nine months of 2011).

The proportion for the Cuatro channel is 53.0% of in-house and 47.0% by third parties.

As per the other channels, LA SIETE, 95.4% of production is in-house and 4.6% third parties rights, FACTORIA DE FICCION has 64.9% of in-house versus 35.1% of third parties, DIVINITY 30.9% of production is in-house and 69.1% third parties rights, ENERGY 48.3% of production is in-house and 51.7% third parties rights and BOING is mainly third party rights (95.3%).

## Operating Costs



### 2.3 Operating profit and margins

**Adjusted EBITDA** reached €40.59 million, representing a 6.4% margin over net revenues.

**Net operating profit (EBIT)** reached €27.69 million with a margin of 4.4% over net revenues.

Economic uncertainty in Spain and a weak advertising market during the first nine months led to a contraction in the Group's turnover. However, the efficiency of Mediaset España's business model and the right management of costs has partially offset the increase in sports rights costs, without affecting the audience share of the Group's channels, which has increased in the period.

**Table 4: Margins**

<i>Millions of €</i>	9M2012	9M2011	% change
Total net revenues	629,81	731,62	(13,9%)
Recurring Adjusted EBITDA	40,59	144,27	(71,9%)
Adjusted EBITDA	40,59	131,58	(69,1%)
EBIT	27,69	120,07	(76,9%)
<b>Net profit</b>	<b>40,73</b>	<b>102,25</b>	<b>(60,2%)</b>
<b>Ajusted Net profit</b>	<b>52,13</b>	<b>113,65</b>	<b>(54,1%)</b>
Rec. Adj.EBITDA / Total net revenues	6,4%	19,7%	
Adj.EBITDA / Total net revenues	6,4%	18,0%	
EBIT/ Total net revenues	4,4%	16,4%	
Net profit / Total net revenues	6,5%	14,0%	
Adj. Net Profit / Total Net Revenues	8,3%	15,5%	



## 2.4. Financial result and equity consolidated companies

**Financial income** totalled minus €3.67 million, after reporting, in the first quarter, the profit from the sale of "Senior" debt of Endemol, as well as the cost of the option agreed with Prisa related to Digital +.

On the other hand, the result from the **equity consolidated companies**<sup>3</sup> amounted to a €10.25 million, including the negative impact of €5.40 million of the amortization of intangibles resulting from the purchase price allocation of Digital +.

The results of the first nine months of 2011 have been adjusted to reflect the impact of the amortization of PPA in Digital+, amounting to -€5.40 million booked under equity consolidated results.

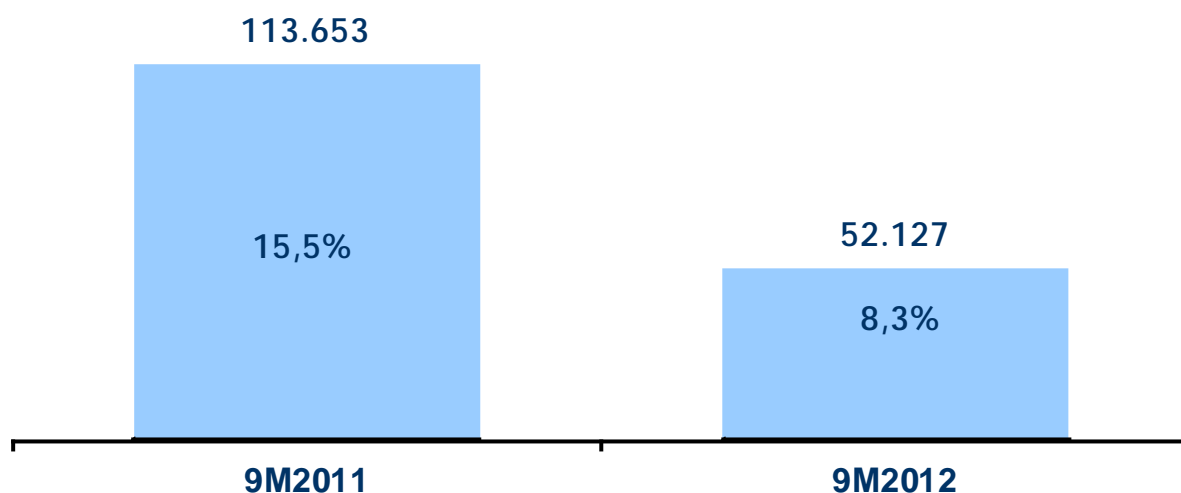
## 2.5. Profit for the period January – September 2012

**Pre-tax profit** as of 30<sup>th</sup> September 2012 reached €34.26 million and **net profit after taxes and minority interests**, €40.73 million (a margin of 6.5% over total net revenues).

**Adjusted net income** amounted to €52.13 million, excluding the net impact of the amortisation of intangibles arising from the purchase price allocation of Cuatro and Digital+. This represents an adjusted net income margin of 8.3% of total net income.

### Adjusted Net Profit (Thousand €)

### Adjusted Net Profit / Total Net Revenues (%)



<sup>3</sup> Companies consolidated by the equity method are: Pegaso Television Inc. (43.7%), DTS Distribuidora de Televisión Digital, S.A. (22%), A.I.E. (Furia de titanes 2) (34%), Big Bang Media S.L. (30% shareholding), Producciones Mandarina S.L. (30% shareholding), La Fábrica de la Tele S.L. (30% shareholding), Aprox Imagen S.L. (3% shareholding), 60DB Entertainment, S.L. (30%), Editora Digital de Medios, S.L. (50%).

### 3. Cash flow generation

The **Operating Free Cash Flow** in the first nine months of 2012 amounts to €4.42 million, reflecting the adequate management of the Group's working capital and the cash generation capacity, to further develop the activity normally in a difficult economic environment.

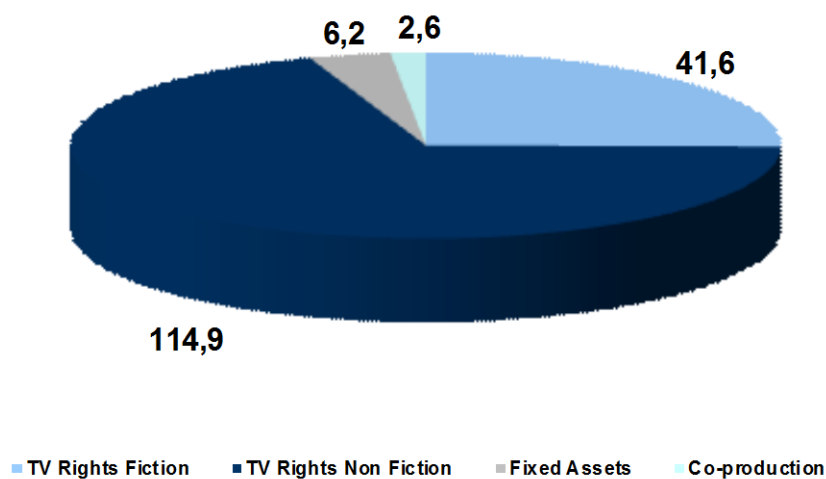
**Table 5: Cash Flow**

Millions of €	9M2012	9M2011	Change in millions of €
<b>Net profit (without minority interests)</b>	40,23	107,60	(67,38)
<b>Amortisation:</b>	141,37	171,03	(29,66)
- Rights	129,75	160,02	(30,27)
- Other	11,62	11,01	0,61
<b>Provisions</b>	1,29	0,50	0,79
<b>Other</b>	(4,82)	6,30	(11,12)
<b>OPERATING CASH FLOW</b>	178,07	285,43	(107,37)
<b>Investment in rights</b>	(159,10)	(190,94)	31,84
<b>Investments, other</b>	(6,15)	(9,69)	3,54
<b>Change in working capital</b>	(8,40)	(27,92)	19,52
<b>OPERATING FREE CASH FLOW</b>	4,42	56,89	(52,47)
<b>Change in Equity</b>	0,61	0,68	(0,07)
<b>Financial investments</b>	47,34	24,95	22,39
<b>Dividends received</b>	15,93	1,94	13,99
<b>Dividend payments</b>	(55,26)	(140,16)	84,90
<b>Net Cash Change</b>	13,04	(55,70)	68,74
<b>INITIAL FINANCIAL POSITION</b>	26,45	(28,05)	54,50
<b>FINAL FINANCIAL POSITION</b>	39,49	(83,75)	123,24

**Total net investment** in the first nine months 2012 reached €165.26 million.

During the first nine months, the investment in third party rights amounted to €114.87 million, in Spanish fiction €41.60 million and in co-productions €2.64 million while investments in tangible and intangible fixed assets were €6.15 million.

**Net investments 9M2012**  
**€165.26million**



## 4. Balance Sheet

Table 6: Summary Balance Sheet

	September 2012	December 2011
<i>Millions of €</i>		
<b>Tangible assets</b>	<b>1.053,10</b>	<b>1.123,08</b>
- Financial	762,72	825,91
- Non Financial	290,38	297,18
<b>Audiovisual rights and Pre-payments</b>	<b>289,25</b>	<b>260,96</b>
- Third parties	208,42	186,50
- Fiction	36,79	29,34
- Co-production / Distribution	44,03	45,11
<b>Pre-paid taxes</b>	<b>179,94</b>	<b>158,13</b>
<b>TOTAL NON-CURRENT ASSETS</b>	<b>1.522,29</b>	<b>1.542,17</b>
Current assets	198,62	302,89
Financial investments and cash	66,10	114,36
<b>TOTAL CURRENT ASSETS</b>	<b>264,71</b>	<b>417,25</b>
<b>TOTAL ASSETS</b>	<b>1.787,00</b>	<b>1.959,42</b>
Shareholders` equity	1.411,41	1.425,84
Non-current provisions	28,35	29,31
Non-current payables	8,70	5,49
Non-current financial liabilities	0,01	0,10
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>37,06</b>	<b>34,89</b>
Current payables	311,92	410,87
Current financial liabilities	26,61	87,82
<b>TOTAL CURRENT LIABILITIES</b>	<b>338,53</b>	<b>498,69</b>
<b>TOTAL LIABILITIES</b>	<b>1.787,00</b>	<b>1.959,42</b>

The evolution of the **library** shows adaptability within the different categories and is in line with the business' strategy, with an increase in third parties rights due to the incorporation of rights to the library for the development of new channels.

The **current assets and liabilities** reflect the solvency of the overall financial position of Mediaset España for its business operations.

The **Net financial position** reached at the end of September 2012 was €39.49 million, after the distribution of the 2011 ordinary dividend, for a total amount of €55.26 million (50% pay-out), representing an absence of debt which is certainly a very positive factor considering the difficulties in the financial markets.

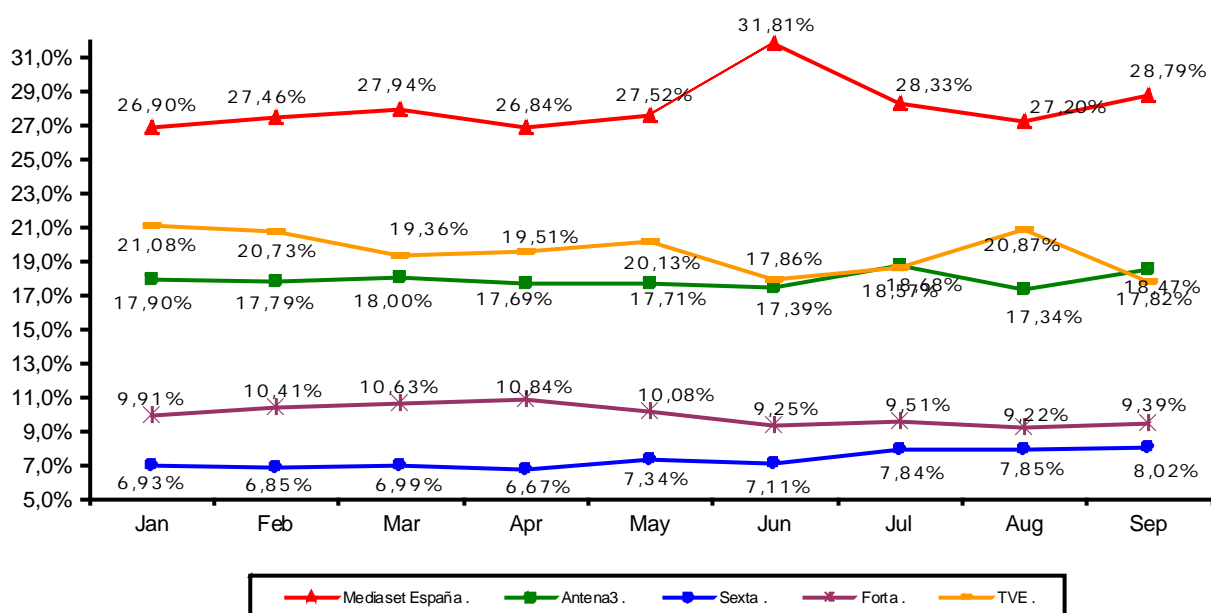
## 5. Audience share performance

Table 7: January-September average audience share for Mediaset España

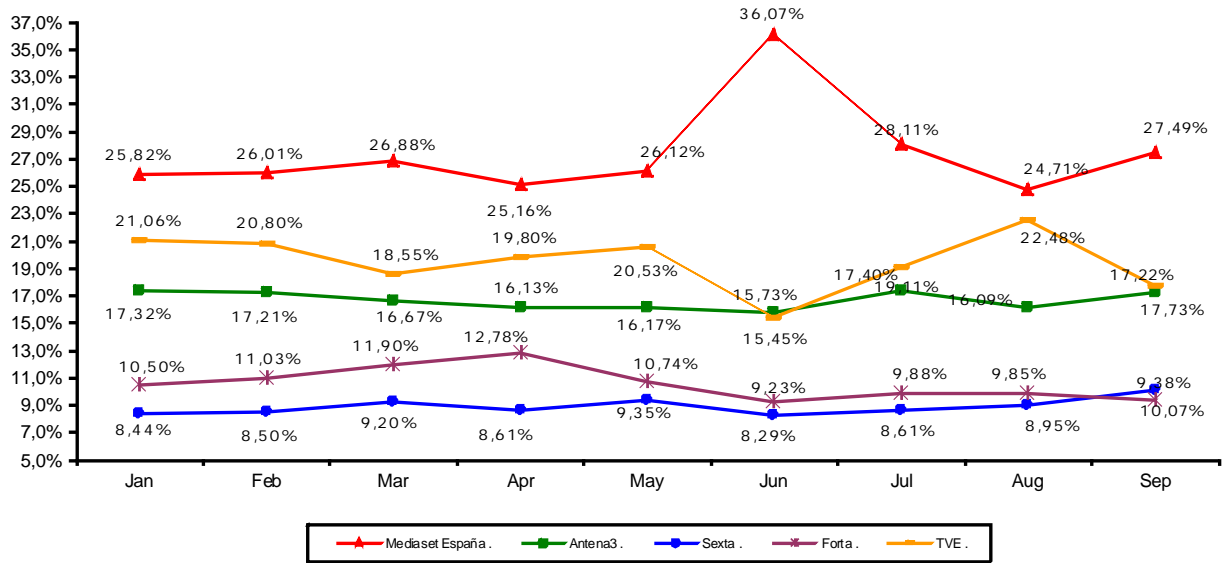
		9M2012	9M2011
Total Individuals	Total Day	28,1%	26,3%
	PRIME TIME	27,3%	24,7%
	DAY TIME	28,4%	27,1%
Commercial Target	Total Day	30,4%	28,7%
	PRIME TIME	29,2%	26,5%
	DAY TIME	31,0%	29,6%

The Group audience share in the first nine months 2012 consolidates Mediaset España as the leader of TVs in Spain. The audience share in total-individuals (total day) for the period, reached 28.1%, 10.2 points ahead of Antena3 Group (17.9%). Concerning the audience share in commercial target (total day), Mediaset España reached 30.4%, which represents an average 11.8 points ahead of Antena3 Group (18.6%).

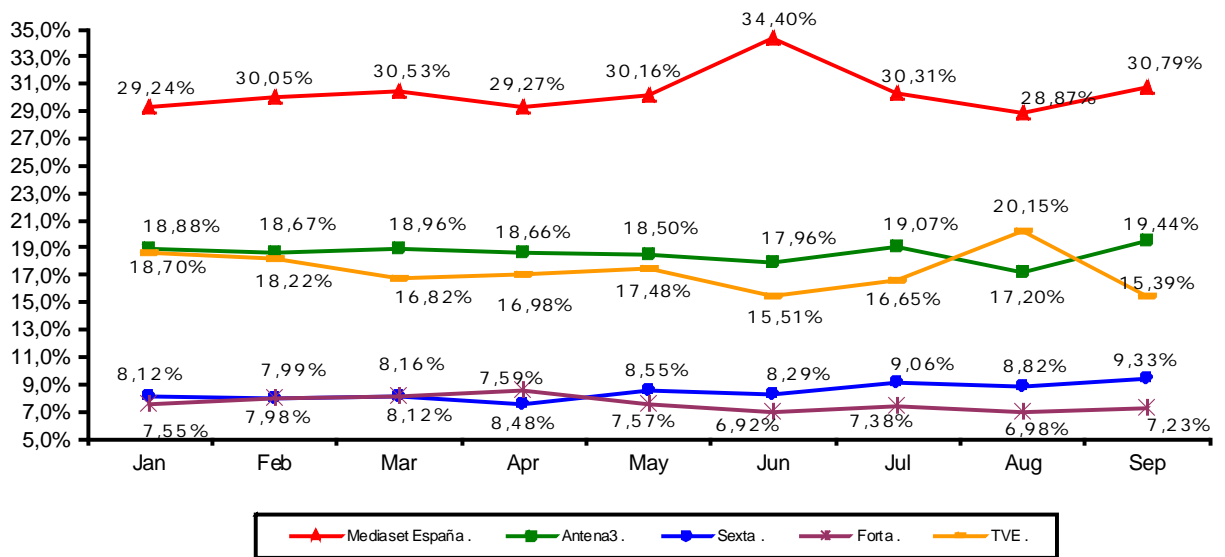
Audience Share, 24 Hours, Total Individuals (in %) per Group



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



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



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

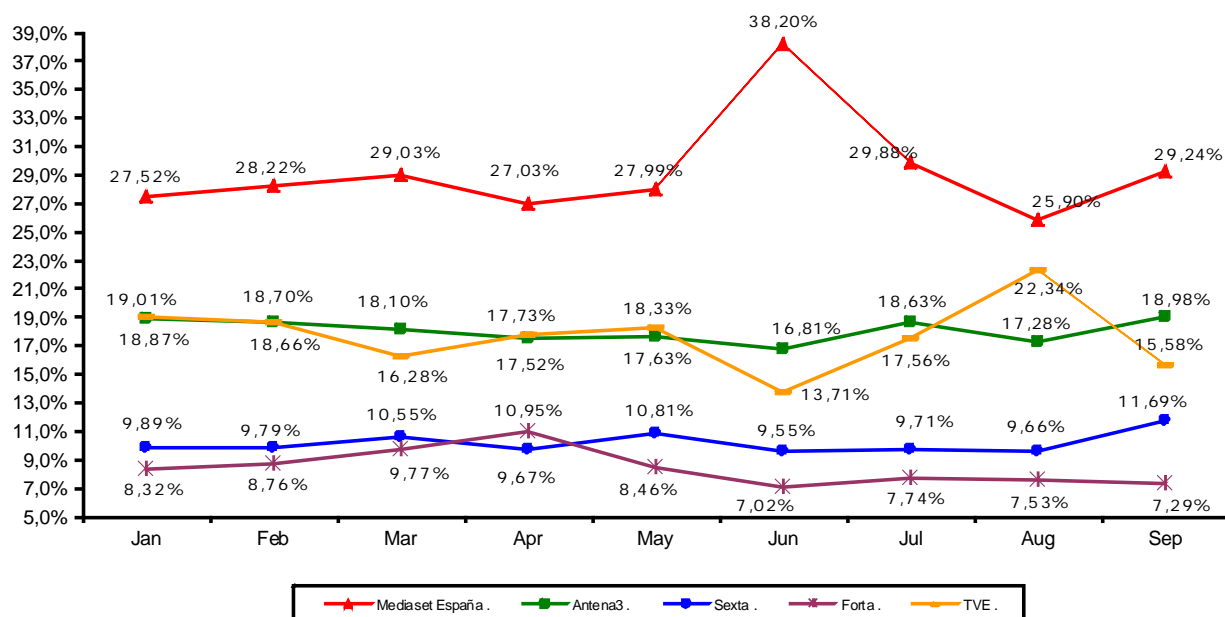


Table 8: January-September average audience share for Telecinco and Cuatro

	TELECINCO		CUATRO	
	9M2012	9M2011	9M2012	9M2011
<b>Total Individuals</b>				
<b>Total Day</b>	<b>13,9%</b>	<b>14,2%</b>	<b>6,0%</b>	<b>6,2%</b>
<b>PRIME TIME</b>	<b>14,4%</b>	<b>13,1%</b>	<b>5,7%</b>	<b>6,2%</b>
<b>DAY TIME</b>	<b>13,6%</b>	<b>14,7%</b>	<b>6,1%</b>	<b>6,3%</b>
<b>Commercial Target</b>				
<b>Total Day</b>	<b>13,6%</b>	<b>14,2%</b>	<b>7,5%</b>	<b>7,8%</b>
<b>PRIME TIME</b>	<b>14,0%</b>	<b>12,8%</b>	<b>7,1%</b>	<b>7,7%</b>
<b>DAY TIME</b>	<b>13,4%</b>	<b>14,9%</b>	<b>7,6%</b>	<b>7,8%</b>

The good performance in audience share of the programs during the year and the success of the start of the new TV season, places Telecinco as the leader in 24h. and in prime time total-individuals.

At the end of September 2012, the Telecinco channel reached 13.9% average audience share in total-individuals (total day), placing Telecinco as the leading network 1.7 points ahead of Antena3 (12.2%).

Regarding the audience share in commercial target (total day), Telecinco (13.6%) is an average of 1.3 points ahead of Antena3 (12.3%).

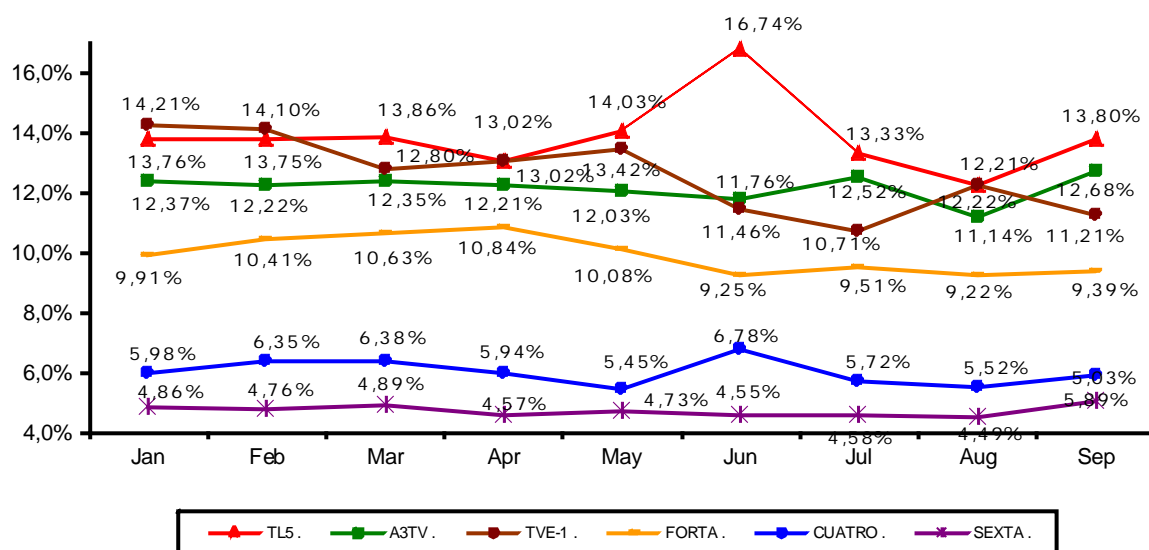
Cuatro reaches an audience share of 6.0% total-individuals (total day) and 7.5% in commercial target, 1.3 points and 2.0 points respectively ahead of its main competitor La Sexta.

Telecinco continues to lead in prime time<sup>4</sup> total-individuals with an average of 14.4% in the period, 3.6 points ahead of Antena3 (10.8%).

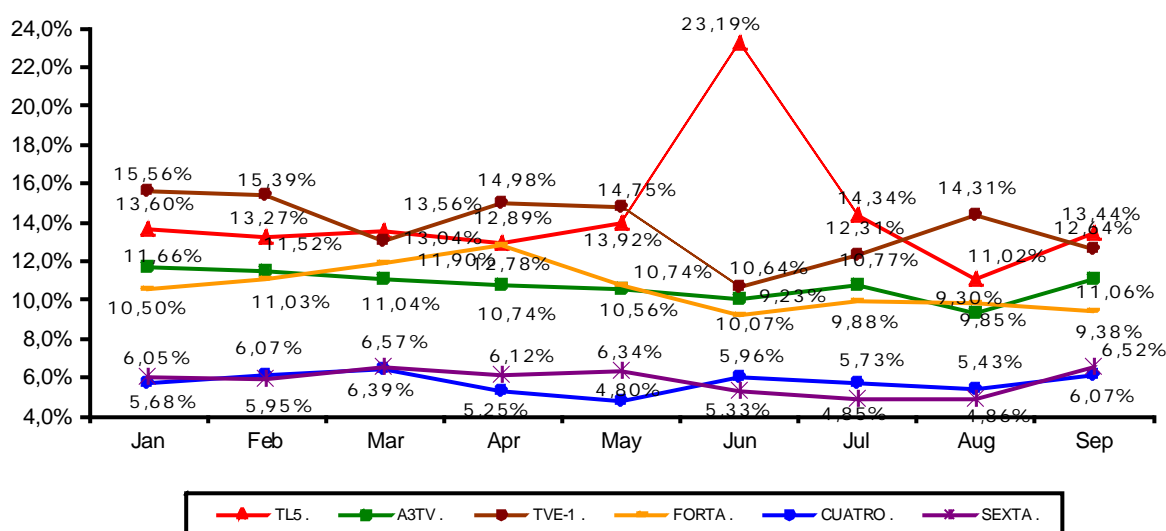
Cuatro reaches a share of 5.7% in prime time total-individuals in the first nine months of 2012.

With regards to the commercial target audience share for 24 hours, prime time, and day time, Telecinco and Cuatro maintain the lead in the first nine months of 2012, increasing the distance from its main competitors.

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



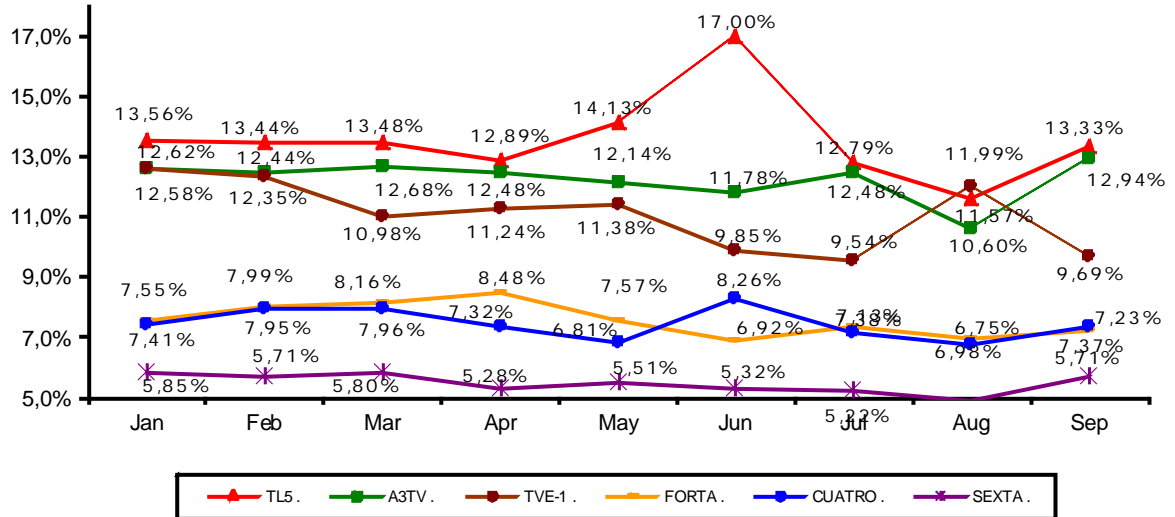
**Audience Share, Prime Time, Total Individuals (in %)**



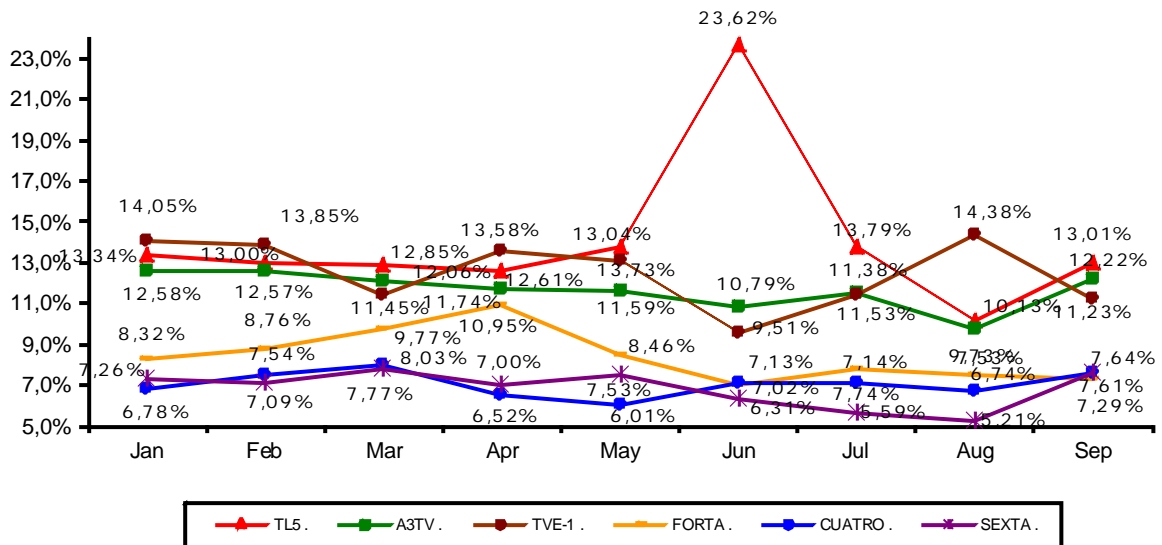
<sup>4</sup> Prime time: Time slot with the highest television consumption of the day, from 20:30 to 24:00.



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



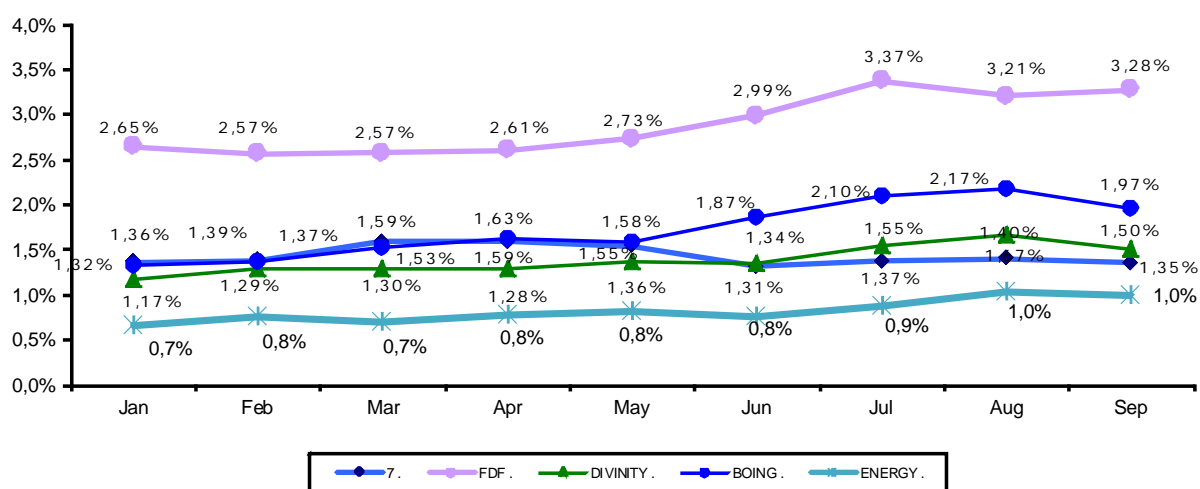
**Audience Share, Prime Time, Commercial Target (in %)**



In the first nine months of 2012, Mediaset España continues with the consolidation of the Group's channels FACTORIA DE FICCION, LA SIETE, BOING, DIVINITY and the new channel ENERGY, targeted to male, following the multi-channel strategy, and is focused on developing the personality of each channel, by gender or by product.

In the first nine months of 2012, FACTORIA DE FICCION has reached a total audience share in total day of 2.9%, LA SIETE a share of 1.4%, BOING 1.7%, DIVINITY 1.4% and the new channel ENERGY, launched earlier this year, contributes with 0.8% to the audience of the group. Overall, these channels, add up to a total share of 8.2%, and 9.4% in total day, commercial target.

Audience Share, 24 hours, DTV %



Audience Share, Prime Time, DTV %

