

GENERAL ORDINARY MEETING OF SHAREHOLDERS

28th of March 2012

THE PRESIDENT'S SPEECH – MR. ALEJANDRO ECHEVARRIA.

Good morning ladies and gentlemen shareholders.

I would like to thank you again for assisting our general meeting of shareholders, which we are holding for the eighth time since the company began floating on the Stock Market.

2011 has been influenced by a continuous storm of threats from the debt market, particularly Greece, but also seriously affecting Portugal, Italy and Spain.

At an intercontinental level, 2011 consolidated the tendency appreciated at the end of last year, revealing a good rhythm of growth in emerging countries in Asia and South America, signs of revitalization in the United States and a pronounced recession in the European Union.

In Spain, 2011 has left us with a scarce growth of the GDP (Gross Domestic Product. 0.7%), with a final decreasing tendency which shall be more pronounced in 2012, a decreasing private consumption and an increasing unemployment rate. Ultimately, a clear situation of recession.

The previous mentioned circumstances have provoked the collapse of the television publicity market, estimating an average decline of 10%, which was more pronounced in the second half of last year.

It has been in this context that we had to confront the integration of *Cuatro*, closing the purchase on the 28th of December 2010, which from a publicity point of view has provided us, apart from a major market share, and the ideal complement to our traditional target. It is a shame that the Market conditions have not allowed us to maximize the profits of our investment, something which in the near future will be compensated thanks to our leadership position which gives us privileges while we wait for a change in tendency.

Also from an audience point of view, *Cuatro* has enriched our TV offer; as the same way in which Divinity has done in the past, and more recently *Energy*, allowing our consolidation as leaders in an ever more fragmented context.

Moving on, our economical results during 2011 have been the following:

- The operational income has increased to 1,009,330,000 Euros, 18% more than in 2010, an increase led by the acquisition of *Cuatro*.
- The operational costs were 884,801,000 Euros in 2011, with a 32.9% increase on 2010, again due to the acquisition of *Cuatro*, which in similar terms shows the Groups efforts of reducing costs (principally programming) once observed the low tendency in the publicity market. It should be emphasized that this capacity to reduce expenses in a sector which is characterized by an operating leverage, it is possibly thanks to the flexible nature of *Mediaset España's* television model *Television*, due to a major self production. Furthermore, the reduction of costs in 2011 are a result of the absence of major sporting events, the bloom of the synergies in the integration of *Cuatro* and less exploitation of films with regards to last year.
- The operational profit figures are at 169,529,000 Euros, which implies an operating margin equivalent to 16.3%.
- Finally, the net result assigned to the Parent Company in 2011 was 110,519,000 Euros.

Regarding the dividend, in the Board meeting on the 22nd of February the Board of Directors of the Company agreed to propose to the Shareholders meeting the distribution of an ordinary dividend which increased to the amount of 55,259,702 Euros, 50% of the consolidated net result of the Company in 2011, the equivalent of 0.14 Euros for each share after deducting treasury shares.

It is true that this year's dividend is less than dividends previously distributed, but the current economic situation in general and the audiovisual sector in particular recommends, prudently, that we avoid falling into debt and at the same time provisioning sufficient funds to have access to any opportunities that arise during these turbulent times. In short, we are the first ones interested in going back to previous year's remuneration.

The evolution of the *Mediaset España Comunicación* brand is highlighted by a pronounced decline of the *IBEX 35*, suffering a 46,4% decrease, the second worst registered from this index in its history. The highest price we reached was 9.96 Euros (9th of February) and the lowest was 3.76 Euros (24th of November), with an average of daily negotiated titles (2,922,482) equivalent to 18,185,860 Euros.

The total volume negotiated increased to 4,640.9 million Euros, 11.9% lower than in 2010.

With regards to the classification of the companies listed on the *IBEX 35*, *Mediaset España* was in 28th place as of the end of 2011 regarding capitalization and 24th for turnover.

Finally, it is worth noting that among the listed companies belonging to the *Media* sector, and with the data for the close of the year, *Mediaset España Comunicación*, with 1794 million Euros of capital, is number one in Spain, practically exceeding the sum of the other e listed media groups. At a European level we hold fourth position, behind *ITV*, *ProSieben* and *Mediaset Italia*.

Last year I said that the closing of the operation with *Prisa Group*, by which we acquired *Cuatro* as well as 22% of *Digital+*, had been the Company's most important milestone since its incorporation.

Even though a year is a such a small space of time to evaluate the result of an operation of such importance, even more in the current economic situation, there is no doubt as to f the effectiveness of our decision, allowing us to reinforce our leadership in the TV Market, and at the same time have a privileged participation in the major and most successful pay TV platform in Spain.

On the other hand, we must emphasize that we confronted this operation maintaining our capacity to avoid debt as it was financed by a capital extension, which was a successful subscription, given that the orders we received were approximately ten times superior to the value of the offer.

Following the recommendations of a good management within *Telecinco* is still a priority for our company.

This year we submit for approval at the Annual General Meeting of Shareholders, under the fourth and fifth points of the Agenda, the approval of several modifications to The Articles of Association as well as the General Shareholders Meeting Regulations, aiming to include the developments introduced by The Companies Act and by the Law of Sustainable Economy. These modifications have also affected the Regulations of the Board and its committees.

In all the cases we aim to increase our transparency for the groups interested, mainly shareholders, raising the level of information about our Company's organization and functioning, favoring a better knowledge and more effective control.

Because of this, and following one of the developments in this matter, not only do we provide information on the retributions received by the Board member and directors of *Telecinco* and its group, but also, unlike previous years, the Retribution Policy for Senior Management and Directors of the Company is submitted for an advisory vote to Annual General Meeting of Shareholders for the first time. A report which – I must highlight- has been revised by an external auditor. As on many other occasions, we are pioneers with this initiative in Spain.

The Annual Corporate Governance Report has also been examined, demonstrating our serious commitment to, precision and transparency, as recognised by the Observatory for Corporations Social Responsibility locating us at the head of the *IBEX 35* in corporate governance.

Being responsible in a sector mainly orientated at entertainment, and being conscious of the influence we can make, is our main challenge.

During 2011 *Mediaset España* broadcasted 2190 hours of programs with social content, and globally, *Mediaset España* channels broadcasted 24277 hours of subtitled programs as to the 11460 hours in 2010. Meanwhile, the value of the advertising spaces provided free of charge to non-profit organizations increased to 5.5 million Euros.

On another hand, the Board of Directors approved an Ethical Code in 2011 which must be applied to the group of companies; the code establishes the principles and values that must guide the actions of the members of the Board of Directors, employees in their relationships with providers, clients and institutions.

Publicity, which constitutes the main business of television, is content and as such it is subject to our commitment to social responsibility. To this end, *Publiespaña* has specific internal procedures to define what type of advertising content to broadcast, voluntarily submitting any advertising through the “Autocontrol de la Publicidad” (Advertising Autocontrol filter), a non-profit organisation which manages a self-regulation publicity system. In 2011 they asked for 287 reports referring to advertising campaigns before they were broadcast, and 47 legal consultations regarding advertising material were made.

In short, all the progress and actions that have been made in 2011 are reflected in the Corporations Responsibility Report which, once more, has been verified by an independent auditor.

From a regulation point of view, 2011 has not been a year of developments, but of consolidation and certainties, because if there is anything positive to learn from difficult situations, it is that they serve for testing the solidity of things.

In this sense, 2011 has been a year of consolidation for Digital Television after the analogue switch off in 2010, which has not only brought a greater number of channels but also greater audience fragmentation. We shall have to pay attention to how this evolves in the mid-term.

2011 has also been a year of consolidation for State Television without advertising. A successful but insufficient measure, as TVE is still a commercial television, such as ours, from a content point of view. Hence the huge imbalance suffered because of the already adjusted income of the public service, and the expenses that not even a private television could justify. It should, therefore, complete TVE’s adaptation process to its role as a public service television.

Last year again confirms that our obligatory contribution to Spanish cinema does not help solve the problems this sector is going through, which are conceptual and structural. In this regard we ask ourselves why a private economic sector deficit, such as television, is obliged to finance another private sector such as cinema. This is in spite of the fact that our contributions are paying off once again, with triumphs such as the *Goyas* collected by our film “*NO HABRÁ PAZ PARA LOS MALVADOS*”.

Along with many other obligations, we remain aware of the need to revise the Intellectual Property Law, supplying the correct tools against piracy which is causing so much damage to the audiovisual industry in our country. In the meantime it should also aim to reconfigure the collective management of intellectual property, stuck in an inefficient and dangerous model as it has been demonstrated in the past.

There are still many other pending obligations which we shall continue working on with great effort.

That said, it is time to say goodbye and where I must congratulate, once again, all personnel of *Mediaset España* and all the business Group, without whom these results would not be possible.

A special thanks as well to the shareholders confidence in *Mediaset España*, which we hope we continue to deserve.