

Madrid, 31st July 2008

Today Telecinco our controlled company has disclosed the following press release

Financial results for the first half of 2008

TELECINCO INCREASES ADVERTISING MARKET SHARE AND PRACTICALLY EQUALS H1 '07 NET RESULTS WITH ADJUSTED NET PROFIT OF €210.67 MILLION

- Despite the severe crisis in both the economy and consumer confidence and the significant increase in sector interventionism, Telecinco maintains its leadership position in audience share, advertising turnover, financial margins and generation of cash flow.
- Telecinco's net profit, which totals €198.87 million, includes an accounting impact of €1.8 million on the results from associates caused by the amortization of intangible assets in Endemol in connection with the acquisition price, without which Telecinco's results would have dropped by only 0.4% despite the crisis.
- Net advertising revenues (€519.69 million) show the channel's ability to resist the drop in television advertising investment, allowing the company to increase its market share to 31.4%, almost 8 pp more than its immediate competitor.
- The effectiveness of Telecinco's business model has allowed the channel to reduce total operating costs by 1.1% during the first half with barely any reduction in revenues. As a result, the channel has maintained its EBIT (51%) and EBITDA (51.7%) margins, confirming Telecinco as one of the most profitable television channels in Europe.
- The channel was the audience leader in the first half of the year with a 19.1% audience share, 2.5 pp more than TVE 1 (16.6%) and 3 pp ahead of Antena 3 which lies in third position with 16.1%.
- The accumulated *prime time* (20:30-00:00 h.) data accounts for a 20.5% share, a figure that places even more distance between Telecinco and its immediate competitors: 4.6 pp ahead of Antena 3 (15.9%) and 5 pp ahead of TVE 1 (15.5%).

Despite the deterioration of the general macroeconomic environment - a severe crisis in both consumer confidence and the economy and the slowdown of the advertising market in particular, Telecinco has been able to maintain high profitability ratios unparalleled in the market. Neither fierce competition, the new status of the audiovisual sector, nor the major sporting events held during the first half of the year have prevented Telecinco from remaining loyal to its management model, which is characterised by identifying and satisfying public tastes without neglecting the control of operating costs, an area in which the channel has not been waylaid by the new conditions for the acquisition of external production rights that some operators have imposed on the market.

Within this context, Telecinco's **total gross advertising revenues** for the first half of 2008 reached **€545.15 million**, a slight fall of 2.3% on the same period in 2007. This decrease, which is less than the 4.1% drop seen in the broader television sector, is an indication of advertisers' confidence in the channel's advertising space when it comes to accessing the most valuable audience segments.

Both Telecinco's leadership by advertising revenues and the percentage increase in its market share stem from this fact. Market share now lies at **31.4%, 0.5 pp more** than in 2007, a 7.8 pp lead on our most direct competitor, Antena 3 (23.6%), all despite the crisis.

Telecinco, through Grupo Publiespaña, has registered €19.69 million in net advertising revenues

This significant lead on its traditional competitor is due not only to audience leadership, but also to the quality of Publiespaña's advertising offer, a fact which rests on the customer service and wide range of creative products that the company offers to its advertisers, giving them access to an excellent commercial target – a metric where the channel also leads both in total day (20.8%) as well as prime time (22.4%), 4.5 pp and 6.5 pp ahead of Antena 3 and 7.9 pp and 10 pp ahead of TVE 1 respectively.

Telecinco's **net advertising revenues** came in at **€19.69 million**, a figure which likewise shows a slight drop, of 2.6%, on the same period in 2007 (€33.84 million).

Publimedia Gestión, the Grupo Publiespaña subsidiary in charge of selling audiovisual content for platforms such as DTT, cable television, outdoor media and print media, recorded a **15.7% increase in net revenues to €17.47 million** in the first half of 2008. Contributors to this growth include revenues from the sale of advertising space in Telecinco's DTT channels, which grew by more than 500% on the same period last year, and those from the operation of Telecinco.es and other online platforms through Advanced Media, which grew by almost 72% and more than doubled the increase in online advertising expenditure – estimated at 28.3% for the first half of 2008 by Infoadex.

Telecinco maintains its EBIT and EBITDA operating margins

As well as its excellent audience share figures and percentage stake in the advertising market, Telecinco's success can also be measured in terms of profitability, margin, net shareholder profit and generation of cash flow. These statistics position Telecinco as one of the most profitable television channels in Europe.

Based on net revenues that have barely dropped and a 1.1% reduction in costs over the first six months, Telecinco has maintained, in percentage terms, its EBIT and EBITDA operating margins, despite the strong results obtained in 2007 and the increase in competition. **The gross operating margin (adjusted EBITDA) reached €290.98 million (a 51.7% margin on net revenues). The company's EBIT, meanwhile, was €287.2 million, equivalent to a 51% margin on net revenues.** The percentage growth shows the effectiveness of the business model with regard to cost control and maintenance of margins in adverse market conditions.

Telecinco practically equalled the net profit obtained in the first half of 2007 excluding the impact of the amortization of intangible assets in Endemol

Profit before tax reached **€266.2 million**, 11.9% less than in the first six months of the previous year, while **net profit** came in at **€198.87 million** (-6%).

Under the same conditions within the same period of 2007, however, Telecinco presents an **adjusted net profit** of **€210.67 million**, compared to €211.58 million the year before, resulting in a minimal difference of only 0.4%.

The €1.8 million difference between the net profit and the adjusted figure is due to the impact of the increased amortization of intangible assets in Endemol, the product of the difference between the price paid by the current shareholders and the net book value of the group, on the results from associates. This impact is of a purely accounting nature and does not add or detract value from the company nor does it generate any cash flow. This increased amortization is a result of assigning a part of the difference between Endemol's acquisition price and its book value at the date of the acquisition to certain assets ("Purchase Price Allocation").

Telecinco reduces costs by 1.1%

During the first half of 2008, Telecinco succeeded in lowering its total operating costs by 1.1% on the same period of 2007, despite DTT-related expenses and cinematographic co-production activity costs imposed by legislation.

Telecinco leads audience share in the first half of the year, 3 points ahead of its traditional competitor.

The strength of live broadcasts, close link with in-house productions and careful combination of established, popular slots and new programmes in all genres are the tools with which Telecinco approaches the daily challenge of dominating the remote controls in Spanish homes, where the channel took leading position in the first half of the year.

Between January and June, Telecinco was the audience's **favourite television channel**, with an audience share of **19.1%**, 2.5 pp ahead of TVE 1 (16.6%) and 3 pp ahead of Antena 3, which lies in third position with 16.1%.

This leadership in the total day share is equally visible in the main time slots, especially at prime time, which receives the greatest concentration of advertising investment. In this important time slot, the difference between Telecinco (**20.5%**) and its main competitors has grown considerably, once again reaching an all-time high: 4.6 pp ahead of Antena 3 (15.9%) and 5 pp ahead of TVE 1 (15.5%).

With regard to the **commercial target**, the main driving force behind the price increases based on the qualification of audience segments that the channel offers to advertisers, means that Telecinco has returned to the pole position in this area during the first half of 2008 with a **20.8% share**, a percentage that grows to **22.4% in the prime time slot**. These figures demonstrate a lead of 4.5 pp and 6.5 pp on Antena 3 (16.3% and 15.9% respectively) and 7.9 pp and 10 pp on TVE 1 (12.9% and 12.4% respectively).

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