

ORDINARY GENERAL SHAREHOLDERS MEETING
17th APRIL 2013

CEO SPEECH – SR. GIUSEPPE TRINGALI

Good morning everyone,

All of us here know that 2012 has not been an easy year. Our industry, like other sectors of Spanish industry, has had to endure the adverse economic climate that characterizes the current period with initiative, effort and work.

I remind you that it has been a particularly complicated year for all media and one of the harshest since the birth of commercial television in our country.

Looking at the key points of last year, namely:

1. The economic environment,
2. The results obtained,
3. The editorial offer,
4. And our business strategy

Starting with the **ECONOMIC ENVIRONMENT**:

Even though everyone knows the national economic situation, I would like to add some data to help us understand its impact on the advertising market:

- The GDP has continued to fall since the beginning of the crisis in 2008, with a decrease of -1.4% in the fourth quarter of 2012
- The unemployment rate continued to rise to reach 26.1% at the end of last year
- Private consumption has slowed, reaching -6.5% in the fourth quarter of 2012, due to the loss of purchasing power of families

These are just a few facts to keep in mind to understand the decline in advertising spending and the difficulties facing the industry right now. According to the latest study by *Infoadex*, the estimated real investment in the advertising market in 2012 stood at 10,858 million Euros, representing a decrease of -9.9% over the previous year. Conventional media for its part had a decrease of -15.8% and television, was down by -18.9%.

In this panorama of sharp decline in consumption and ad spending, here at Mediaset España, if we consider the parameters that are under our direct responsibility and

control (audiences/costs/advertising market/development of technological means), we have perhaps had one of the best years in our history.

The content area of Mediaset España has done it again, even with the significant cost savings on the programming grids, the group is leader in audience and not just because of the "European Championship" and "The Voice".

Two new films have been produced, which have obtained, not for the first time, major awards and have beaten all records, as happened with "The Impossible".

And the area of advertising also has achieved a clear leadership.

Given the great difficulties, there are two types of attitudes: keep waiting for things to rectify themselves or face them and make the best of yourself. We, Mediaset España, are those who struggle, reinvent and adapt, taking advantage of the new opportunities offered by the environment, building on our strengths and applying our extensive experience as marketers of a major national channel offering free to air TV, both general and thematic channels.

In 2012, Publiespaña was the leader of the television advertising market with an investment share of 45.3%, according to the data published by *Infoadex*, representing an increase of 1.7 points compared to 2011 and 3, 7 points above the nearest competitor, *A3Media Group*, with more than 60 million difference in revenues.

Meanwhile, Publimedia Gestión has obtained excellent results in 2012 with its multimedia offering increasing its turnover by 17% on the previous year. Greater merit in the decreasing environment of the advertising market as previously mentioned.

These encouraging results have been achieved through the successful commercial management of the company and large group events throughout 2012, events which along with its varied programming Mediaset España have managed to continue to maintain its leadership in audience, in 2012.

Cost management and leadership in audience and revenue has allowed us to close 2012 with a profit, and we are particularly proud of this considering the situation in which the Spanish media find themselves.

In any case, it has been a complicated year, one with a lot of very hard work and our efforts have been rewarded on the basis of the results obtained.

And what has the **EDITORIAL OFFER** been for 2012 and our **COMMERCIAL STRATEGY**?

Regarding the **EDITORIAL OFFER** 2012 has been a year in which Mediaset España has continued to strengthen its multi-channel and multi-target strategy. Thanks to this ongoing effort, the company has maintained a television offering of varied genres,

themes and a target that has become the market leader in audience of television in 2012 in our country, with a cumulative average of 28.1% share together, 2.3 points more than its nearest competitor, and has positioned itself as the group with the fastest growing audience in 2012, with 1.7 points.

TELECINCO with its generalist profile has accomplished a decade as leader of commercial television, crowned as the most-watched in the last ten years. CUATRO, aimed at a young, urban audience with high affinity in the Commercial Target, closed 2012 ahead of "LaSexta", once again enforcing their lead over its main competitor.

Looking at the thematic channels, they have grown 2.2 points compared to 2011 to reach, as a whole, an 8.3% share.

And with respect to the Internet, Mediaset España has closed 2012 as the largest media group with the biggest following online in Spain, with more than 15 million unique users as a monthly average, nearly 3.5 million more than its nearest competitor, which represents a growth of 29.4% on last year.

And I would like to highlight here the profitability achieved by our internet area having overcome this breakeven point even in such a difficult environment like the present one.

Regarding **OUR BUSINESS STRATEGY**, the group of channels contributes to our commercial policy a wealth of profiles which are unique to the sector. And with respect to the action guidelines issued by the National Competition Commission, Publiespaña have forged a strategy of modules that can offer our customers a flexible purchase.

The "Monocadena" offer, with which the advertisers can individually choose the channel on which they want to program their campaigns, additionally there is the simultaneous option that integrates families of channels with similar profiles, which not only facilitates the purchase but also simplifies planning and management.

Moreover, we have continued to maintain our commitment to commercial self regulation, undertaken in 2011, by our effective Prime Time Short Breaks policy. In 2012, we issued approximately 95% of the commercials in the largest consumption slot with duration of less than 6 minutes of conventional advertising, improving the perception and effectiveness of our advertisers.

This success has been supported by the results of the second wave of the study "*Prime Time advertising effectiveness*", prepared by the Research Institute CIMEC, from which it was extracted that the advertising recall of our advertising blocks **improves by more than 60% on average and almost triples that of the long blocks (of more than 6 minutes)**.

By the way, I would say that this study was presented at the AEDEMO Twenty-Ninth Workshop on Television and was awarded the Best Paper Award of this edition.

And regarding our special initiatives undertaken during the past year, I would like to highlight the expansion of the advertising opportunities which we have made available to advertisers. Different actions of *Branded Content*, highly integrated with the content of the chain, effective brands and respectful of the viewer.

Innovation and development of new formats have been key as has the Internet and for this reason, the ADLIVE platform has been launched, commercial format created specifically for live broadcasts on Mitele.es. Its technology allows for the capture of commercial breaks on television and introduce in those *spots* and specific content for online viewers of live performances. A great innovation that can be another window for small advertisers and for those customers who want a 360 degree communication campaign.

And regarding Publimedia Gestión, subsidiary of Publiespaña, it has consolidated its position as an operator of pay television in our country with the offer of the channels produced by Prisa TV alongside Chello Multicanal and the newly incorporated, Cosmopolitan TV.

Whilst the IWall In Shop, the Outdoor Digital TV circuit that completes our multimedia offer has once again opted for innovation with special actions such as augmented reality and 3D advertising.

And about the future.

Now we are in 2013, a year that at least in the first part, as we are seeing, will still be very hard but we will face it with fortitude thanks to the excellent work done during 2012.

2013 marking the umpteenth change of scenery.

In a few years, we have gone from a scene with many operators to a scene of practically two large groups of free TV.

This changes and simplifies everything.

It will be easier to compare the "*performances*" of audiences, cost, revenue and profits, and so we have to do our job very, very well.

It will be more demanding for the two private groups: on the one hand the responsibility to prevent the advertising pie becoming smaller and smaller and on the other, the need for survival, that our sector improves in efficiency, effectiveness and transparency.

We are facing 2013 with great strength.

From the editorial side, I would like to highlight our range of sports, which will be the largest of the free to air TV. For one, the matches of the Spanish team, the Copa del Rey

and the Europa League and, secondly, that the Moto World Championship is back in 2013 beating audience records. In total, more than 60 hours of live sporting events.

Our main goal is to leverage our great multimedia offer. An offer for the future because we are in all that is audiovisual, TV, not only is it not going to end but it will multiply through the different platforms and in particular through the Internet.

In this sense, we have already launched a reorganization of Publiespaña and Publimedia Gestion, the reorganization will allow us to continue to be leaders in the future.

The future depends on what we do best: content and advertising.

Thank you very much for your attention.