

# MEDIASET *españa.*



## **QUARTERLY RESULTS** *January – March 2015*

Madrid – May 6<sup>th</sup>, 2015

### CONTENTS:

- Financial and operating highlights
- 1. Profit and loss account
- 2. Cash flow generation
- 3. Summary balance sheet
- 4. Audience share performance

## FINANCIAL AND OPERATING HIGHLIGHTS

million €	1Q15	1Q14
Total net revenues	220,7	200,4
Total operating costs	174,0	173,5
<b>EBITDA adj (1)</b>	<b>46,7</b>	<b>26,9</b>
<i>EBITDA margin</i>	<i>21,2%</i>	<i>13,4%</i>
<b>EBIT</b>	<b>42,1</b>	<b>22,6</b>
<i>EBIT margin</i>	<i>19,1%</i>	<i>11,3%</i>
<b>NET PROFIT</b>	<b>36,4</b>	<b>12,8</b>
EPS (2)	0,10 €	0,03 €
<b>Net cash position</b>	<b>299,6</b>	<b>103,9</b>

(1) EBITDA Adj, includes TV rights consumption  
 (2) Excluding treasury shares at 31st december.

**Mediaset España** registers an operating **EBITDA** in the first quarter 2015 of **€46.7 million, which** is **73.6%** higher than in the first quarter 2014 and an **EBIT** of **€42.1 million** that is **86.0%** higher than the same period last year.

- **Total net revenues** in the first quarter of 2015 total **€220.7 million**, with net advertising revenues of **€207.7 million** and **13.0 million Euros** in "Other income".
- According to the latest **Infoadex** data, total ad spending during the first quarter of 2015 grew by **+8.4%** compared to 2014, with the television outperforming the market with an increase of **+11.8%**. **Mediaset España**, as per Infoadex, has a **43.0% market share**.
- **Mediaset España's** operating margin is **21.2%** and its **EBIT** margin is **19.1%**, which are substantial margin increases compared to 2014, **7.8** points ahead of 2014.
- **Net profit** for the first quarter of 2015 amounts to **€36.4 million** that is an increase of almost three times compared to **2014**.
- **Mediaset España** remains debt-free and shows a net cash position of **€299.6 million for the first quarter 2015**, which is an **increase of €195.7 million** compared to the same period of 2014.
- **Mediaset España** reaches an audience share of **31.4%** in **24h Total Day Total Individuals**, improving its record by **2.0 points** compared to first quarter **2014**.
- **Mediaset España** achieves an average of **39.1 million unique users** and **404.2 million pages viewed in the first quarter 2015**.
- As at 31st of March 2015, **Mediaset España** held **10% of treasury shares**, which equals **40.686.142** shares. The **AGM** that took place on April 15<sup>th</sup> approved the cancellation of such shares and therefore a capital reduction followed in the month of **April**.

## 1. PROFIT AND LOSS ACCOUNT

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

Millions of €	1Q2015	1Q2014	% change
<b>TOTAL NET REVENUES</b>	<b>220,68</b>	<b>200,38</b>	<b>10,1%</b>
Rights Amortisation	(37,51)	(51,12)	(26,6%)
Personnel	(25,88)	(25,85)	0,1%
Other operating costs	(110,61)	(96,52)	14,6%
<b>TOTAL COSTS</b>	<b>(174,00)</b>	<b>(173,48)</b>	<b>0,3%</b>
<b>Adjusted EBITDA</b>	<b>46,68</b>	<b>26,89</b>	<b>73,6%</b>
Other amortisations, provisions	(2,57)	(2,25)	14,3%
Amortisation PPA	(2,00)	(2,00)	0,0%
<b>EBIT</b>	<b>42,11</b>	<b>22,65</b>	<b>86,0%</b>
Equity Cons. Results and Depr. Fin. Assets	4,97	(6,55)	-
Financial results	0,56	(0,48)	-
<b>Pre-tax profit</b>	<b>47,64</b>	<b>15,62</b>	<b>205,0%</b>
Income taxes	(11,31)	(3,00)	-
Minority interests	0,05	0,14	(64,1%)
<b>Net profit</b>	<b>36,38</b>	<b>12,76</b>	<b>185,2%</b>

## 1.1. Revenues

Table 2: Revenues

Millions of €	1Q2015	1Q2014	% change
<b>Gross advertising revenues</b>	<b>216,54</b>	<b>194,56</b>	<b>11,3%</b>
- Mediaset España's Media	204,62	184,41	11,0%
- Third Party Media	11,92	10,15	17,5%
Commission	(8,82)	(10,75)	(17,9%)
<b>Net advertising revenues</b>	<b>207,72</b>	<b>183,81</b>	<b>13,0%</b>
Other revenues	12,97	16,57	(21,8%)
<b>TOTAL NET REVENUES</b>	<b>220,68</b>	<b>200,38</b>	<b>10,1%</b>

**Gross advertising revenues** for the first quarter 2015 amounted to a total of **€216.54 million**, an increase of **11.3 %**, in line with the evolution of the TV advertising market as indicated by Infoadex.

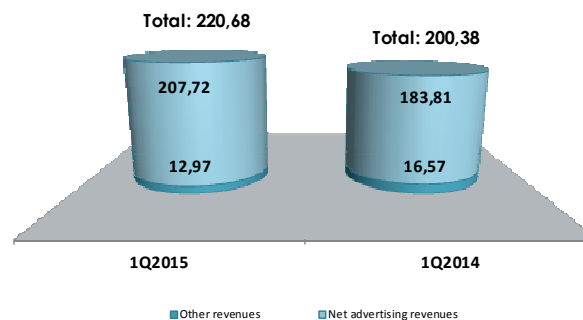
**Mediaset España's Multiplex Gross advertising revenues**, which comprise the income of the 6 channels of the group: TELECINCO, CUATRO, FACTORIA DE FICCION, BOING, DIVINITY, and ENERGY as well as the advertising on the internet and the teletext group, reach a total of **€204.62 million**. First quarter 2014 also includes revenues from the channels **La Siete y Nueve** which were closed in May 2014.

**The third party media advertising revenue**, totaling **€11.92 million**, represents an increase of **17.5 %** compared to the same quarter 2014.

**Net advertising revenues**, after commission, increased by **13.0%** totaling **€207.72 million**. **Other income** mainly includes the sale and distribution of film rights, co-production, merchandising and game revenues, amounted to **€12.97 million**. There have been no **film releases** this quarter which explains the revenue difference with 2014 when the "8 apellidos vascos" movie was released.

Finally, **net income** for the first quarter of 2015 totals **€220.68 million**, an increase of **10.1%**.

Total Net Revenues, Advertising and Others Revenues (mill. €)



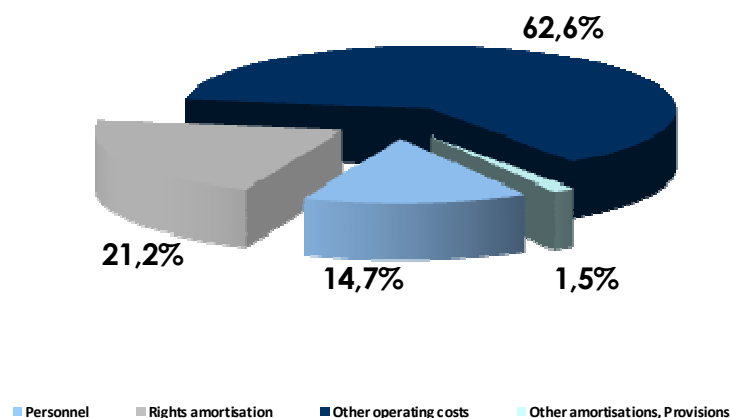
## 1.2. Operating costs

Total operating costs for the first quarter 2015 amounted to **€176.57 million**, which is in line with the total operating costs in the same period 2014, an increase of just **0.5%**. This is the result of the strict cost control policy put in place by the company.

**Table 3: Operating costs**

Millions of €	1Q2015	1Q2014	% change
Personnel costs	25,88	25,85	0,1%
Rights amortisation	37,51	51,12	(26,6%)
Other operating costs	110,61	96,52	14,6%
Other amortisation and provisions	2,57	2,25	14,3%
<b>Total Operating Costs</b>	<b>176,57</b>	<b>175,73</b>	<b>0,5%</b>
Amortisation PPA	2,00	2,00	-
<b>TOTAL COSTS</b>	<b>178,57</b>	<b>177,73</b>	<b>0,5%</b>

### Operating Costs



The consolidation of the sector has provided opportunities for cost cutting that **Mediaset España** has managed to maximise. This has transformed into a reduction of a **23.4%** in its operating cost for the first quarter **2015**, in comparison with the same quarter **2010**.

million €	1T2010*	1T2011	1T2012	1T2013	1T2014	1T2015	Var.
Operating Costs	230,46	205,02	195,60	175,80	175,73	176,57	-23,4%

\* Pro-forma consolidated P&L accounts under IFRS of Telecinco's Group and Sogecuatro's Group

## Content

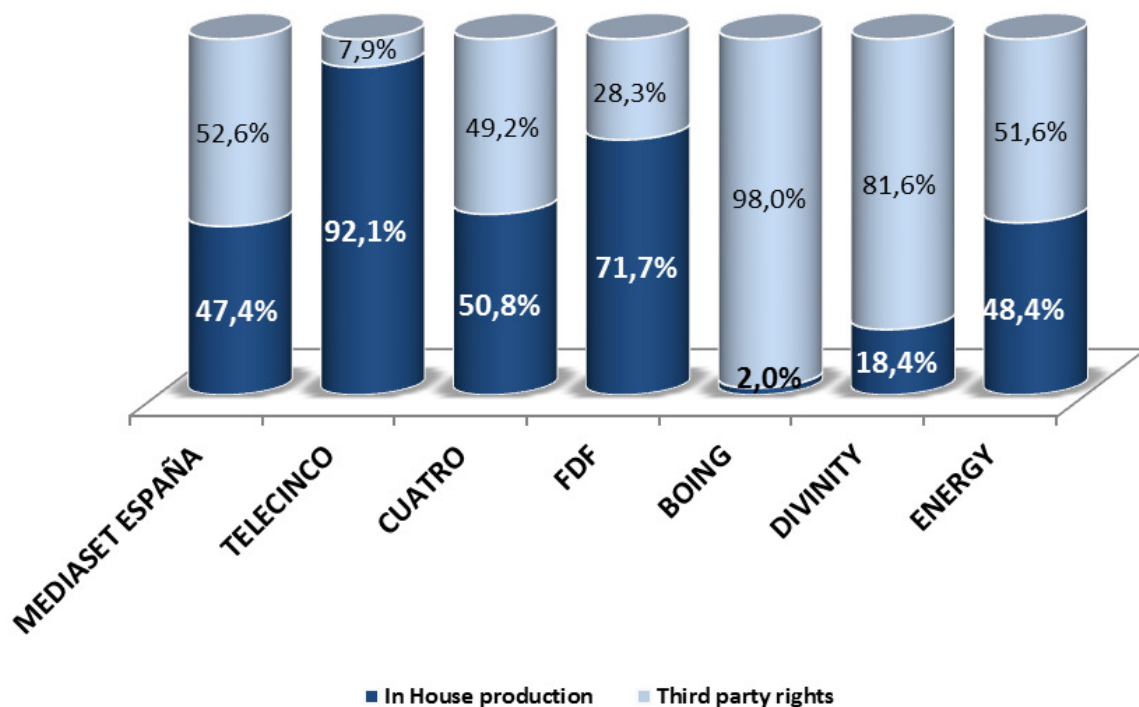
During the first quarter 2015, **Mediaset España** operated 6 channels, compared with the 8 channels for the same period 2014. This was due to a Supreme Court ruling that 2 channels had to be closed in May 2014: **La Siete and Nueve**. These two channels had most of their broadcasting hours devoted to **in-house production**.

In the **first quarter 2015** the group's in-house production represented a **47.4%** of the broadcasting hours, whilst third party rights accounted for the remaining **52.6%**.

For the **Telecinco** channel, **92.1%** of the broadcasted hours were in-house production whereas third party rights accounted for **7.9%** of the programming hours compared to **93.6%** in-house and **6.4%** third party from **2014**.

The proportion for the channel **CUATRO** it is **50.8%** in-house and **49.2%** by third parties.

As for the other channels, **FACTORIA DE FICCIÓN** had **71.7%** of its contents being in-house production compared to **28.3%** of third party rights, **BOING** took almost all of its contents, **98.0%** from third parties, **DIVINITY** has **18.4%** in-house production whereas third party production added up to **81.6%**. Finally, **ENERGY** had a **48.4%** of in-house production and **51.6%** of third party rights.



## 1.3. Operating profit and margins

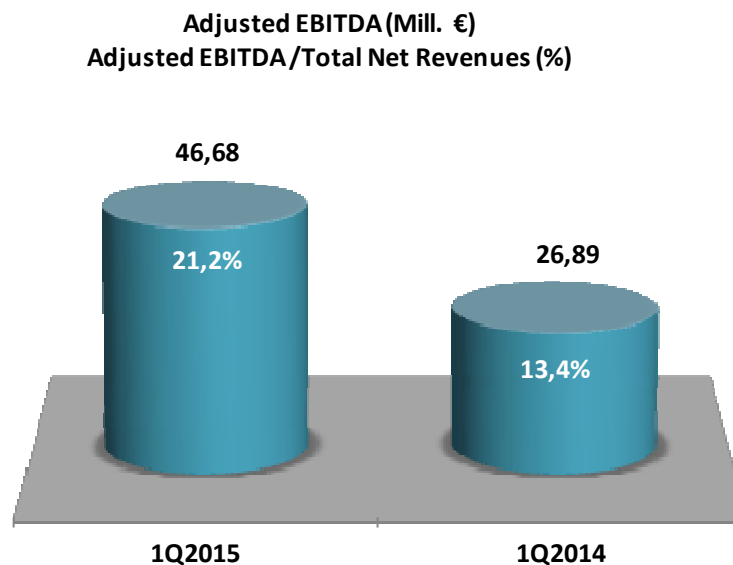
**Adjusted EBITDA** reached **€46.68 million** for the period **January to March 2015**, an increase of **73.6%** compared to same period last year and a **margin of 21.2% over 2015 total net revenues**.

**Net operating profit (EBIT)** amounted to **€42.11 million**, representing an increase of **86.0%** compared to the first quarter 2014, and **19.1% margin over 2015 total net advertising revenues**.

The **Net Profit** for the first quarter 2015 reached **€36.38 million** and improved its margin over total net revenues (16,5%) by **10.1 points** in comparison with first quarter 2014 (6,4%).

**Table 4: Margins**

Millions of €	1Q2015	1Q2014
<b>Total net revenues</b>	<b>220,68</b>	<b>200,38</b>
<b>Adjusted EBITDA</b>	<b>46,68</b>	<b>26,89</b>
<i>Adjusted EBITDA Margin</i>	<i>21,2%</i>	<i>13,4%</i>
<b>EBIT</b>	<b>42,11</b>	<b>22,65</b>
<i>EBIT Margin</i>	<i>19,1%</i>	<i>11,3%</i>
<b>Net Profit</b>	<b>36,38</b>	<b>12,76</b>
<i>Net Profit Margin</i>	<i>16,5%</i>	<i>6,4%</i>



## 1.4. Financial result and equity consolidated companies

**Financial income** represents a net income of **€0.56 million**.

The **equity consolidated results**<sup>1</sup> line amounts to **€4.97 million** and includes as well as the results on the participated companies, the gain on the exit of **La nevera roja** investment, **Mediaset España's** first and successful media for equity investment.

## 1.5. Profit for the period January – March 2015

**Pre-tax profit** as of 31 March 2015 amounted to **€47.64 million** and **three fold** the results for the same period last year (**€15.62 million**).

**Net profit after taxes and minority interests**, reached **€36.38 million** compared to the **€12.76 million in 2014**.

---

<sup>1</sup> Companies consolidated by the equity method are: Pegaso Television Inc. (43,7%), A.I.E. (Furia de titanes 2) (34% indirect shareholding), Supersport TV, S.L. (30%), , Big Bang Media S.L. (30%), Producciones Mandarina S.L. (30%), La Fábrica de la Tele S.L. (30%), 60DB Entertainment, S.L. (30%), Megamedia TV, S.L. (30% indirect shareholding).





## 2. CASH FLOW GENERATION

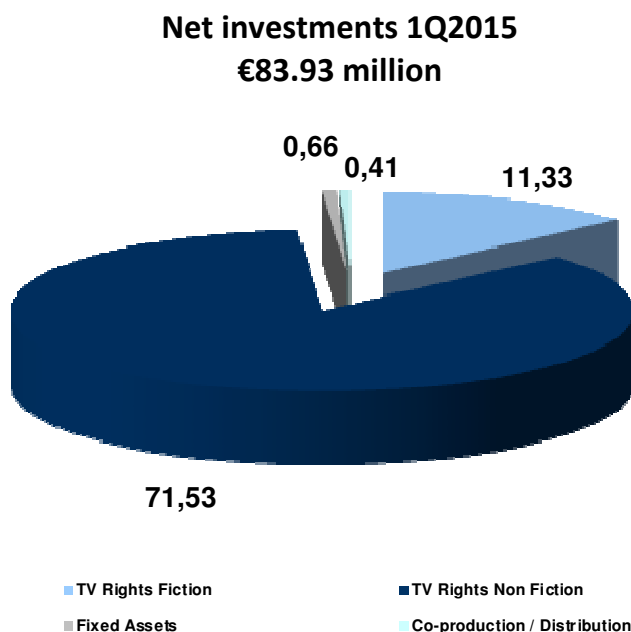
The **Operating Free Cash Flow** for the first quarter 2015 is **€49.60 million**, an increase of **€40.75 million** over the same period last year. **Mediaset España** has turned most of its operating profit (**EBIT**) into cash, which shows the extraordinary performance of the company in the period.

**Table 5: Cash Flow**

Millions of €	1Q2015	1Q2014	Change in millions of €
Net profit (without minority interests)	36,33	12,62	23,71
Amortisation:	41,75	55,38	(13,63)
- Rights	37,51	51,12	(13,61)
- Other	4,24	4,27	(0,02)
Provisions	0,31	(0,02)	0,33
Other	13,84	6,53	7,31
<b>OPERATING CASH FLOW</b>	<b>92,24</b>	<b>74,52</b>	<b>17,73</b>
Investment in rights	(83,27)	(80,21)	(3,06)
Investments, other	(0,66)	(1,26)	0,61
Change in working capital	41,29	15,81	25,47
<b>OPERATING FREE CASH FLOW</b>	<b>49,60</b>	<b>8,86</b>	<b>40,75</b>
PRISA stock purchase	0,00	0,00	0,00
Change in Equity	(20,23)	1,94	(22,17)
Financial investments/disinvestments	4,50	(0,38)	4,88
Dividends received	0,00	0,00	0,00
Dividend payments	0,00	0,00	0,00
Net Cash Change	33,88	10,42	23,46
<b>INITIAL FINANCIAL POSITION</b>	<b>265,71</b>	<b>93,48</b>	<b>172,23</b>
<b>FINAL FINANCIAL POSITION</b>	<b>299,59</b>	<b>103,90</b>	<b>195,69</b>

**Total net investments** as of 31<sup>st</sup> March 2015 reached **€83.93 million**.

During the first quarter 2015, the total net investment has been in line with previous years. The investment in third party rights amounted to **€71.53 million**, in Spanish fiction **€11.33 million** and in co-productions **€0.41 million** while investments in tangible and intangible fixed assets were **€0.66 million**.



### 3. BALANCE SHEET

Table 6: Summary Balance Sheet

Millions of €	March 2015	December 2014
<b>Tangible assets</b>	<b>568,23</b>	<b>569,55</b>
- Financial	306,07	303,61
- Non Financial	262,16	265,94
<b>Audiovisual rights and Pre-payments</b>	<b>274,40</b>	<b>228,64</b>
- Third parties	229,08	182,49
- Fiction	25,65	25,74
- Co-production / Distribution	19,68	20,41
<b>Pre-paid taxes</b>	<b>150,46</b>	<b>164,78</b>
<b>TOTAL NON-CURRENT ASSETS</b>	<b>993,08</b>	<b>962,97</b>
Current assets	213,95	246,36
Financial investments and cash	311,12	277,09
<b>TOTAL CURRENT ASSETS</b>	<b>525,07</b>	<b>523,45</b>
<b>TOTAL ASSETS</b>	<b>1.518,15</b>	<b>1.486,42</b>
<b>Shareholders`equity</b>	<b>1.205,02</b>	<b>1.189,41</b>
Non-current provisions	8,52	9,68
Non-current payables	8,47	10,43
Non-current financial liabilities	11,22	11,15
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>28,21</b>	<b>31,26</b>
Current payables	284,60	265,51
Current financial liabilities	0,32	0,24
<b>TOTAL CURRENT LIABILITIES</b>	<b>284,91</b>	<b>265,75</b>
<b>TOTAL LIABILITIES</b>	<b>1.518,15</b>	<b>1.486,42</b>

The **current assets** on our balance-sheet includes a large cash position which allowed for a dividend payment for the amount of **€47,60 million** on May 4<sup>th</sup>, and will also be used to carry on with our share buyback programme approved in July 2014 for the outstanding amount of approximately **€175 million**. This will leave a healthy match in the balance-sheet between our current assets and current liabilities. The **liquidity ratio** at 31<sup>st</sup> of March 2015 is a **184.3%**, before completing the share buyback plan.

The mix in the **library in the balance-sheet** shows the needs of the company towards its broadcasting strategy, making sure the required contents are available at any time.

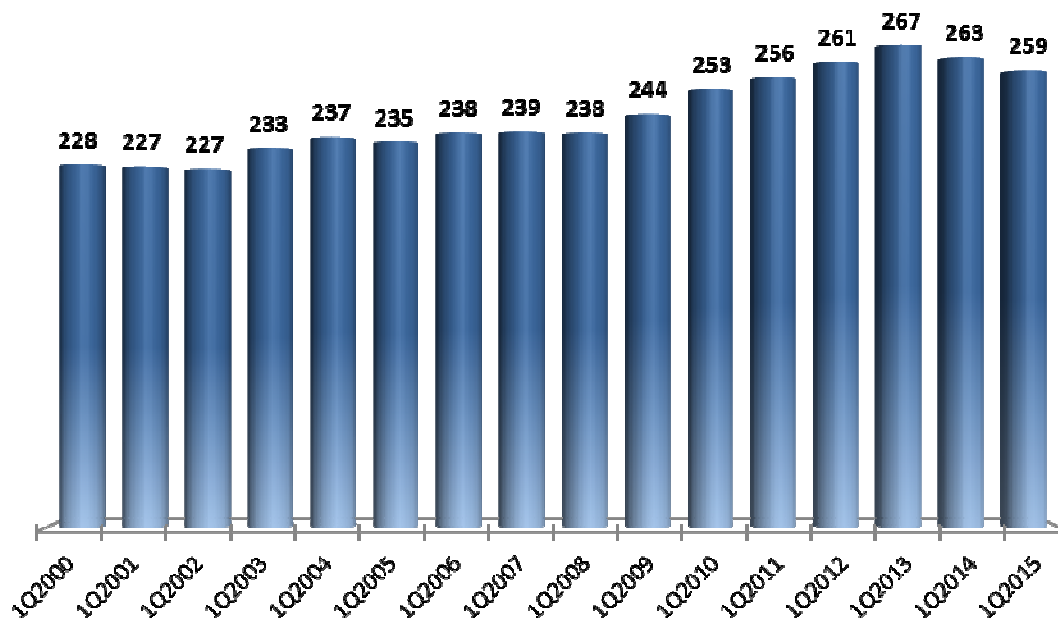
## 4. AUDIENCE SHARE PERFORMANCE<sup>2</sup>

### 4.1. TV Consumption

Years	Minutes	Thousands
1Q2000	228	6.123
1Q2001	227	6.189
1Q2002	227	6.189
1Q2003	233	6.380
1Q2004	237	6.689
1Q2005	235	6.734
1Q2006	238	6.870
1Q2007	239	6.958
1Q2008	238	7.029
1Q2009	244	7.411
1Q2010	253	7.696
1Q2011	256	7.825
1Q2012	261	7.984
1Q2013	267	8.171
1Q2014	263	8.097
1Q2015	259	7.989

The average TV consumption has reduced slightly compared to 2014, standing at **4.3 hours per person per day**, with a **daily average of almost 8 million viewers**. However, television consumption remains strong, 4<sup>th</sup> best record in the last fifteen quarters, considering that the level of unemployment is reported to be reducing.

Also in this first quarter 2015 **Mediaset España** continues increasing the **television online consumption both live and on demand** and developing new apps to support interactivity in its most popular television programs. The use of tablets, phones and PCs allow the television viewers to participate in the programs actively, and offers a new way of enjoying television contents from a second screen.



<sup>2</sup> Source: Kantar Media

## 4.2. Group

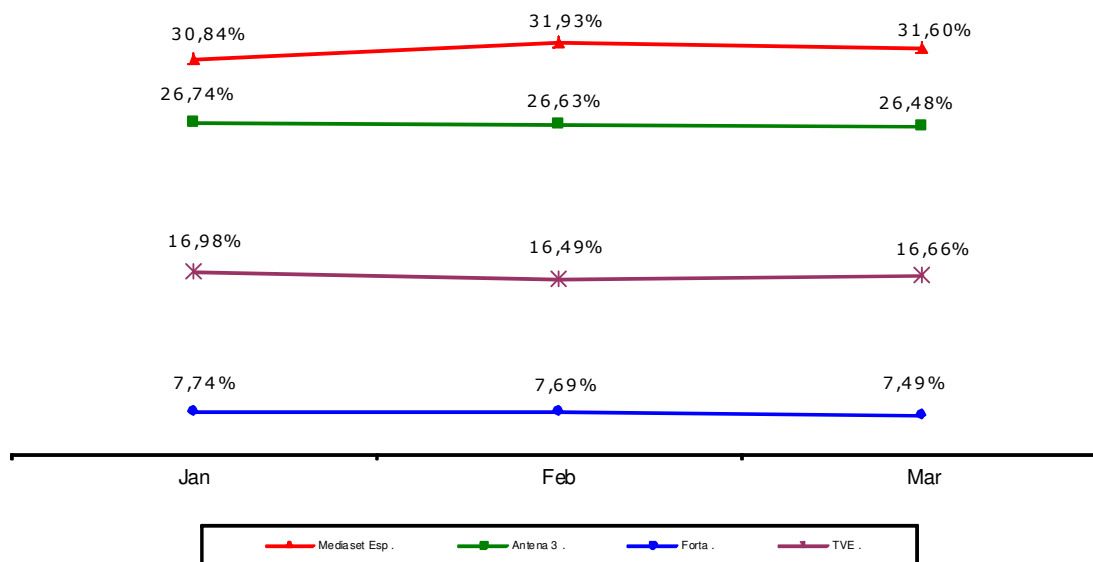
Table 7: January-March 2015 average audience share for Mediaset España

		1Q2015	1Q2014
<b>Total Individuals</b>	<b>Total Day</b>	<b>31,4%</b>	<b>29,4%</b>
	<b>PRIME TIME</b>	<b>30,4%</b>	<b>28,5%</b>
	<b>DAY TIME</b>	<b>31,9%</b>	<b>29,8%</b>
<b>Commercial Target</b>	<b>Total Day</b>	<b>33,2%</b>	<b>31,5%</b>
	<b>PRIME TIME</b>	<b>31,3%</b>	<b>29,7%</b>
	<b>DAY TIME</b>	<b>34,2%</b>	<b>32,4%</b>

**Mediaset España** closed the first quarter 2015 with a **31.4%** audience share in **Total Day Total Individuals**, an increase of **2.0 points** in comparison with the same period last year, and a commercial target of **33.2%**, which is an improvement of **1.7 points** compared with 2014.

In Prime Time, **Mediaset España** achieves its **best-ever** audience record with a **30.4%**, which is **1.9 points** better than **first quarter 2014** and registers a **31.3%** in commercial target.

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



## 4.3. Main Channels

Table 8: January- March 2015 average audience share for Telecinco and Cuatro

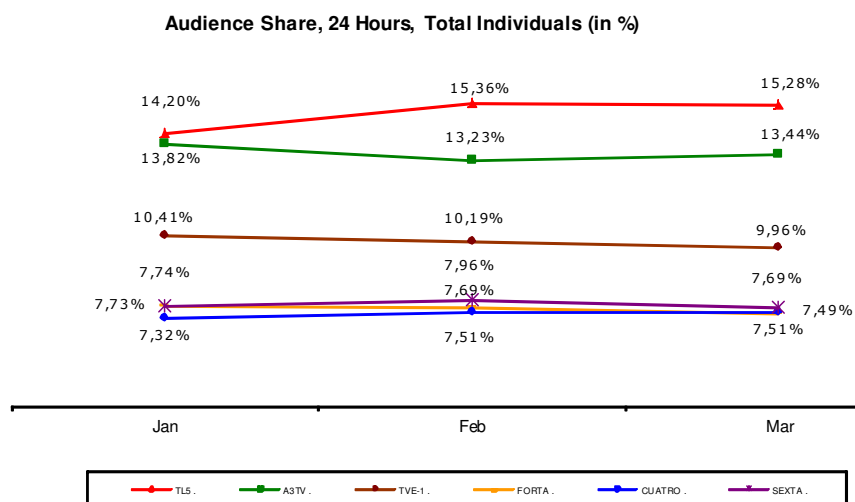
		TL5		CUATRO	
		1Q2015	1Q2014	1Q2015	1Q2014
Total Individuals	Total Day	14,9%	14,2%	7,4%	6,1%
	PRIME TIME	15,3%	15,1%	6,7%	5,3%
	DAY TIME	14,7%	13,8%	7,8%	6,5%
Commercial Target	Total Day	14,0%	13,5%	8,7%	7,5%
	PRIME TIME	13,6%	14,1%	8,3%	6,5%
	DAY TIME	14,2%	13,2%	8,9%	7,9%

The Telecinco channel reached in **Total Day Total Individuals** an average of **14.9% audience share** in the first quarter 2015, and a commercial target audience, for the same period of **14.0%** leading audiences in **Total Day Total Individuals** outperforming its nearest competitor by **1.4 points**. Also, Telecinco has **lead audiences 66 days out of 90** in the period, which is **73.3%** of the broadcasting time.

The Cuatro channel, achieved an audience share of **7.4%** in **Total Day Total Individuals** and **8.7%** commercial target, an increase of **1.3 points** and **1.2 points** respectively.

In "**prime time**", Telecinco leads **Total Day Total Individuals** with an average share of **15.3%** which is **2.3 points** greater than its nearest competitor.

Meanwhile the **Cuatro** channel has an audience share of **6.7%** in "**prime time**" **Total Individuals**, increasing its audience share notably, by **1.4 points** in comparison with same period 2014.



## 4.4. New Generation Channels

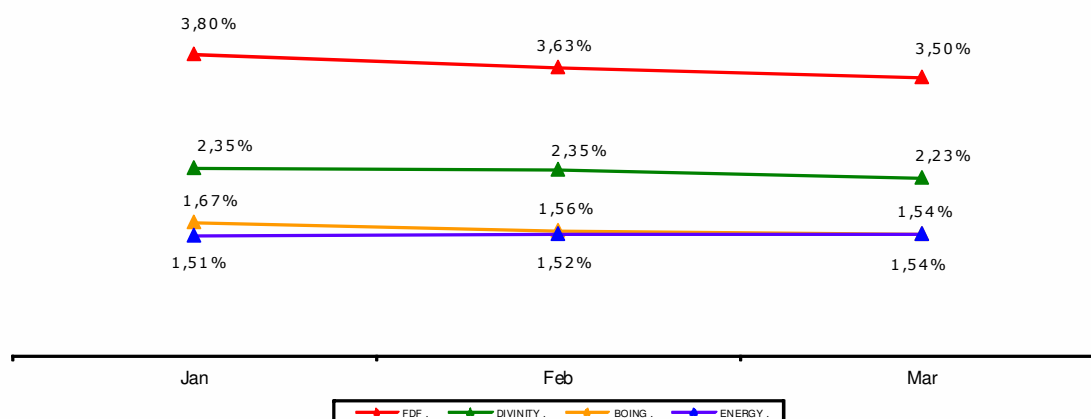
Table 9: January-March 2015 average audience share for New Generation Channels

1Q2015			
		Total Individuals	Commercial Target
FDF	Total Day	3,6%	4,5%
	PRIME TIME	3,2%	3,7%
DIVINITY	Total Day	2,3%	3,0%
	PRIME TIME	2,4%	2,9%
BOING	Total Day	1,6%	1,2%
	PRIME TIME	1,3%	1,0%
ENERGY	Total Day	1,5%	1,8%
	PRIME TIME	1,5%	1,8%

The new generation channels continue to improve their records and **Mediaset España** managed to achieve in the first quarter **2015** the same audience share (**9.1%**) as in first quarter **2014** (**9,0%**) besides operating **2 less channels**.

The **FDF** channel reached a **3.6% audience share in Total individuals** while in its target **13 to 24 year olds** it achieved **9.1%** audience share and in the **25 to 34 year olds** it has a **5.9%** audience share. The **Divinity** channel achieves an excellent record in its target of **16 to 44 year old women** with **3.6%**, while in **Total individuals** its share is **2.3%**. The **Energy** channel registers a **1.5%** audience in **Total individuals** while in its target, **25 to 44 year old men** reaches a **2.3%**. **Boing**, the children's channel, has an audience share in **Total individuals** of **1.6%** while in its target **4 to 12 year olds**, it has managed to multiply its record sevenfold, reaching a **12.0%** audience share.

Audience Share, 24 Hour



## 4.5. Internet Audience<sup>3</sup>

In 2015, Mediaset España achieves **an average** for the first quarter 2015 of: **39.1 million unique users**, **404.2 million pages viewed** and **86.0 million** video streamed.

	Unique Users	Page Viewed	Video Streamed
March 2015	42.972.712	413.462.784	97.670.297
February 2015	36.176.701	398.648.452	79.683.294
January 2015	38.139.054	400.421.299	80.772.404

**Mediaset España** contents are very popular amongst users as it shows the **508** accounts registered in the social networks (including **Facebook**, **Twitter**, **Google+** etc...) with a total of **26.9 million followers**. **Mediaset España** has been leader in the social networks during the first three months **2015**, with more than **17 million comments** (as per global Media) which represent **64%** of the total mentions about television on the web. Notably, **Telecinco.es** gets almost **15 million comments** well ahead of the nearest competitor which achieves **3.2 million** comments.

The site **Telecinco.es** registers more than **30 million unique users** while the **Cuatro.com** site registers **10 million**. In the month of March, the program **Gran Hermano VIP** came first as the most commented program on the web, reaching **2 million comments** in a single day. However, other program releases such as **La Voz** on **Telecinco** and **¿Quien quiere casarse con mi hijo?** on **Cuatro**, are also within the most successful programs on the social networks.

The platform **Mitele**, which offers both on-line and on demand contents, achieves **37.8 million videos** served and **13.3 million** live connections. The rest of Mediaset España apps, for the first quarter 2015, register **8.9 million downloads**, the **Mitele app** being most popular one, with nearly **3.3 million** downloads, followed by **Gran Hermano** app with **2 million** downloads and **La Voz** app with **1.4 million downloads**.

<sup>3</sup> Source: OJD Nielsen and ComScore