

**GESTEVISION TELECINCO S.A.**



**TELECINCO**

**THE LEADING TV MEDIA GROUP IN SPAIN**

**December 21<sup>st</sup> 2009**



## TRANSACTION SUMMARY

- ❑ Telecinco to acquire 100% of the business of Cuatro and 22% of Digital+ from Grupo Prisa
- ❑ Grupo Prisa to receive 18.3% stake in Telecinco on a fully diluted basis and up to €500mm in cash
- ❑ Telecinco will execute a rights issue capital increase of €500mm, with the purpose of financing the transaction
  - ❑ Mediaset committed to subscribe on a pro-rata basis
  - ❑ The remainder, fully underwritten by Mediobanca and J.P. Morgan which will lead a syndicate of banks
- ❑ Telecinco will have proportional representation on the Pay-TV entity's Board. Similarly, Grupo Prisa will be entitled to proportional representation on Telecinco's Board
- ❑ The Agreement is subject, inter alia, to due diligence, final documentation and antitrust and other approvals

# OVERVIEW OF AGREEMENT

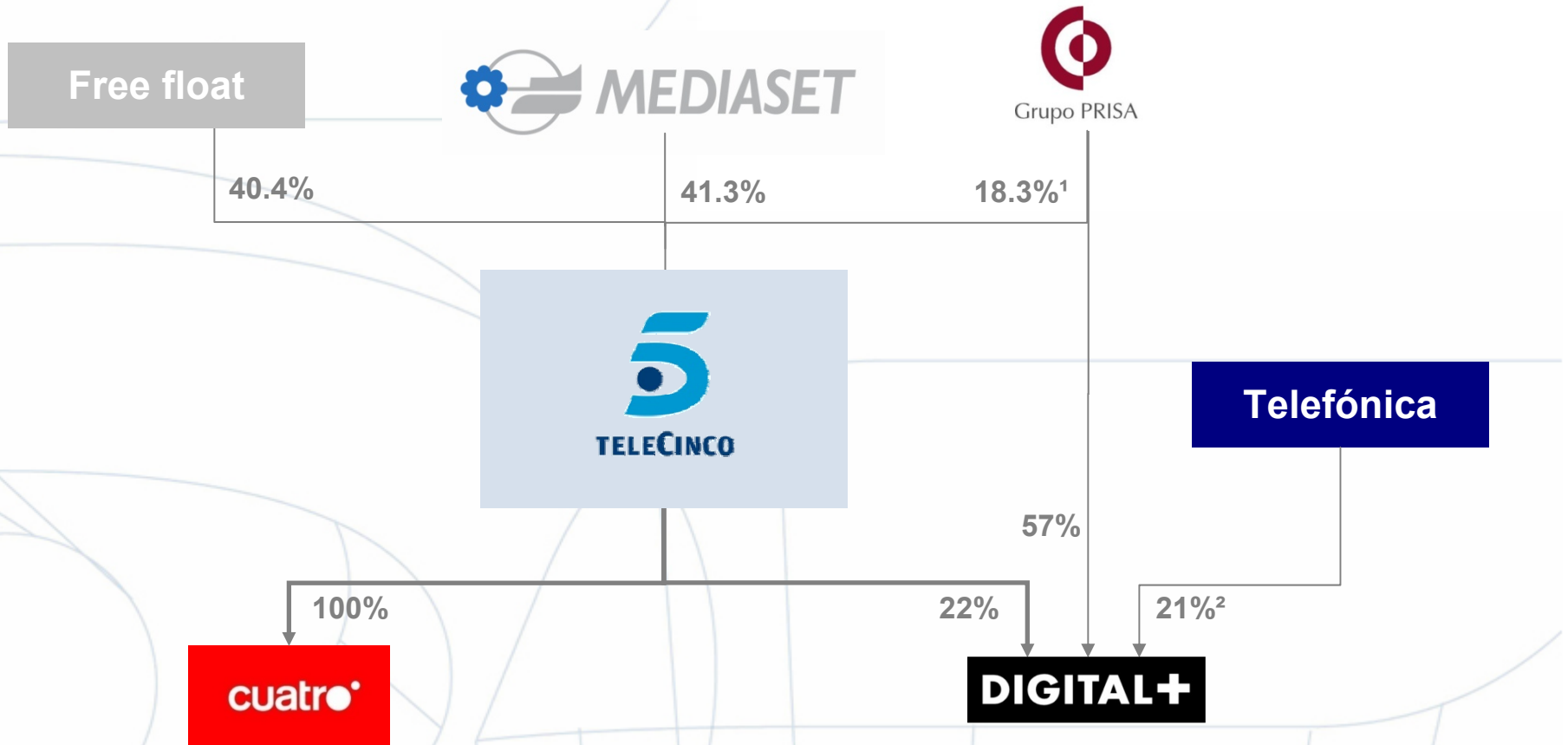
## Agreement

- ✦ **Telecinco:**
  - ✦ To acquire 100% of Cuatro and 22% of Digital+
  - ✦ To undertake rights issue of approx. €500mm
    - ✦ 50.5% (approx. €253mm) subscribed pro rata by Mediaset
    - ✦ Remaining 49.5% (approx. €247mm) underwritten by Mediobanca and J.P. Morgan
- ✦ **Grupo Prisa to receive:**
  - ✦ Up to €500mm of cash
  - ✦ Telecinco stock equating to an 18.3% stake on a fully diluted basis

## Indicative sources and uses

Uses	
Cuatro 100%	18.3% of Telecinco fully diluted
Digital+ 22%	Up to €500mm
Sources	
Cash from rights issue	€500mm
Telecinco shares (reserved to Grupo Prisa)	18.3%

# FINAL STRUCTURE



Note: Mediaset continues as controlling shareholder and maintains Board control and full accounting consolidation

<sup>1</sup> Post rights issue and share exchange

<sup>2</sup> Based on Telefónica announcement as of November 25, 2009



Leading TV platform

# STRATEGIC RATIONALE

- 1 Creation of a TV convergence platform
- 2 Free-TV audience quality — enhanced reach and demographics
- 3 Broadcasting scale in Free-TV — clear #1 with 45%<sup>1</sup> advertising market share
- 4 Pay-TV partnership — optimisation of Free-TV and Pay-TV strategies
- 5 Significant revenue synergies — audience quality driving power ratio
- 6 Significant cost synergies — rationalization of large cost overlap

The right deal at the right time

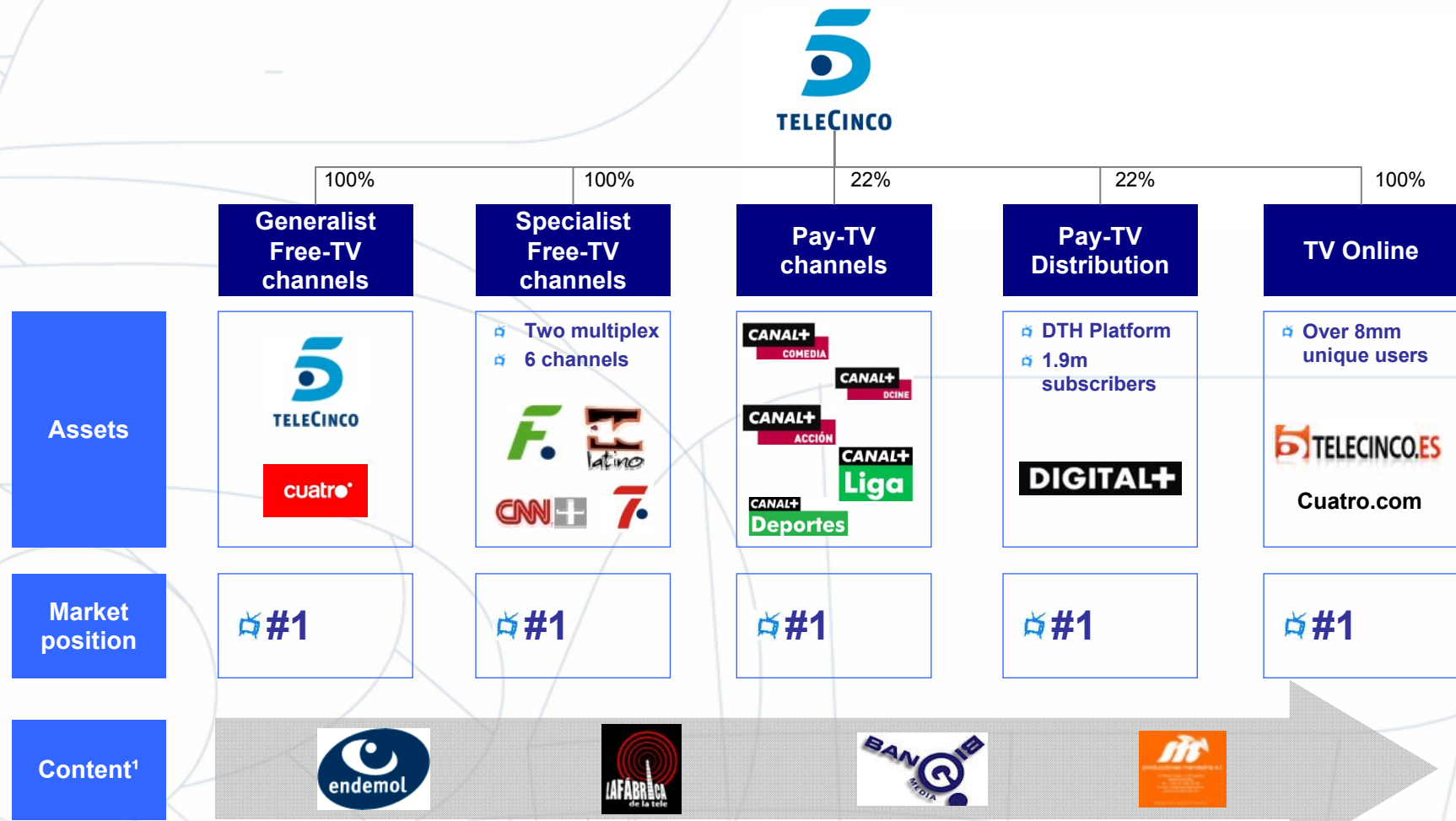
- ✦ Capture outsized share of growth:
  - + Market recovery
  - + TVE regulatory flow-in
  - + DTT switch-over
  - + Significant revenue synergies
  - + Rationalised cost structure, highly geared to revenue growth
- = SIGNIFICANT VALUE CREATION POTENTIAL

<sup>1</sup> 9M 09 advertising market share excluding TVE



A compelling strategic fit with synergy potential

# 1 CONVERGENCE PLATFORM



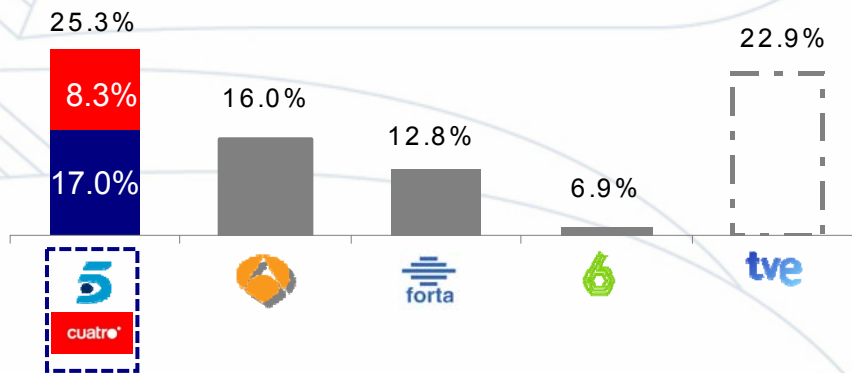
<sup>1</sup> 25% interest in Endemol (through a 75% stake in Mediacinco), 30% interest in La Fabrica de la Tele SL, 30% interest in Producciones Mandarina, and 30% in Big Bang



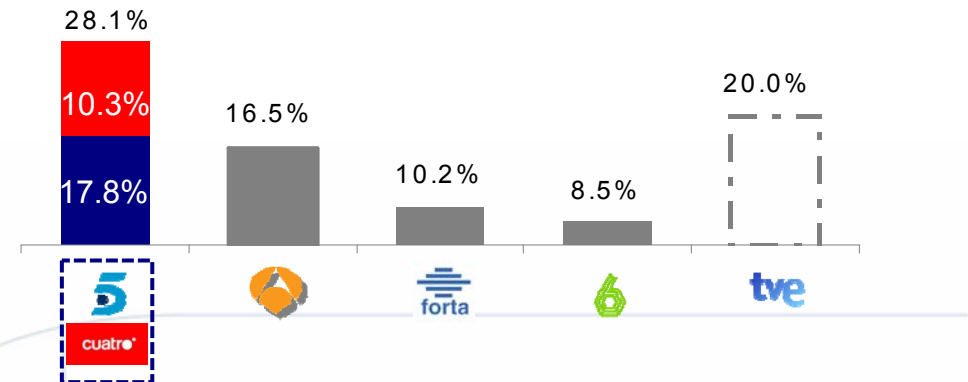
**Telecinco becomes an end-to-end converged media platform**

September 1<sup>st</sup> – December 15<sup>th</sup> 2009

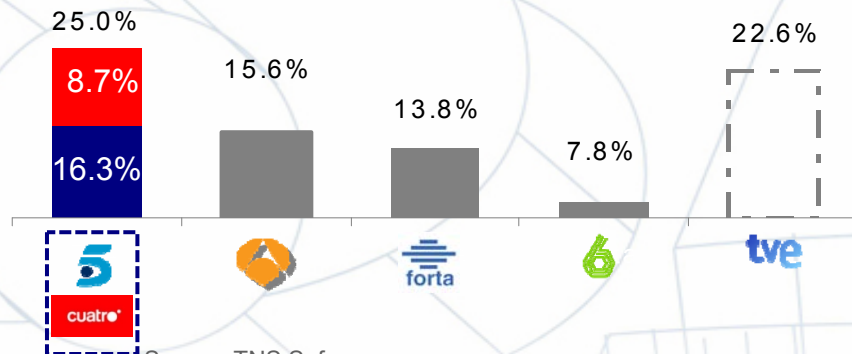
## 24H Total Individuals



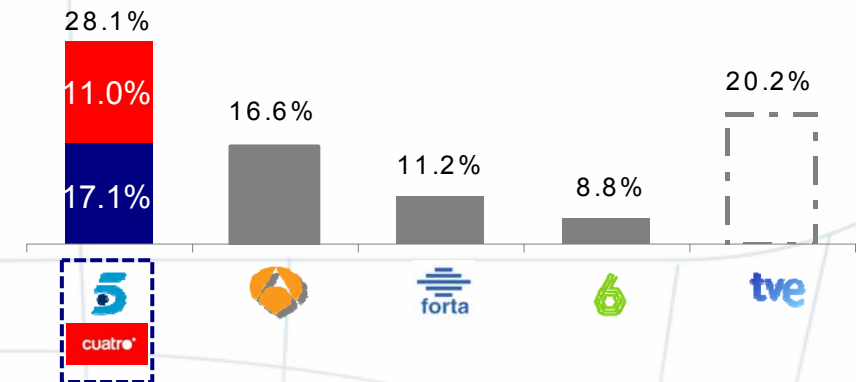
## 24H Commercial Target



## Prime Time Total Individuals (21:00 – 24:00)



## Prime Time Commercial Target (21:00–24:00)



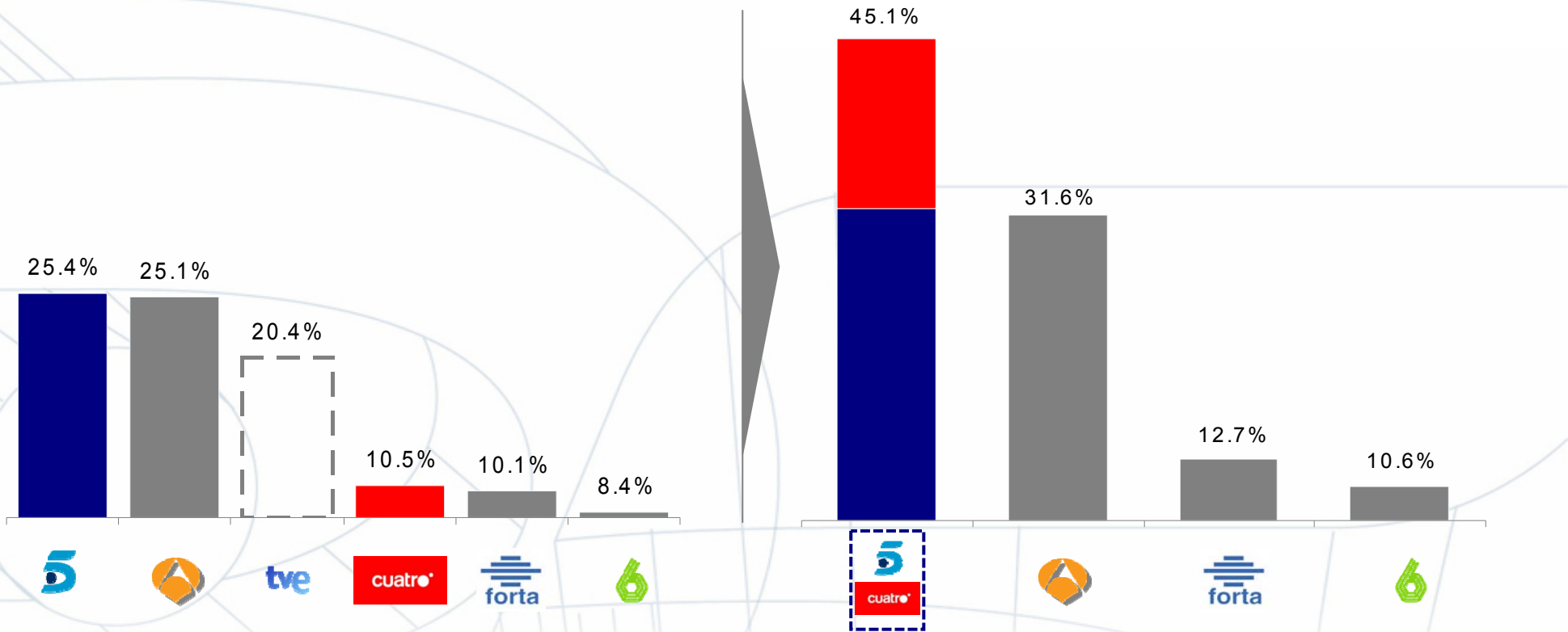
Source: TNS Sofres

Note: Audiences refer to total broadcaster groups. Commercial target: Audience group comprising of individuals from 16 to 59 living in communities of over 10,000 inhabitants and across middle and upper social classes

# 3 BROADCASTING SCALE

9M 09 Advertising Market share (including TVE)

9M 09 Advertising Market share (excluding TVE)

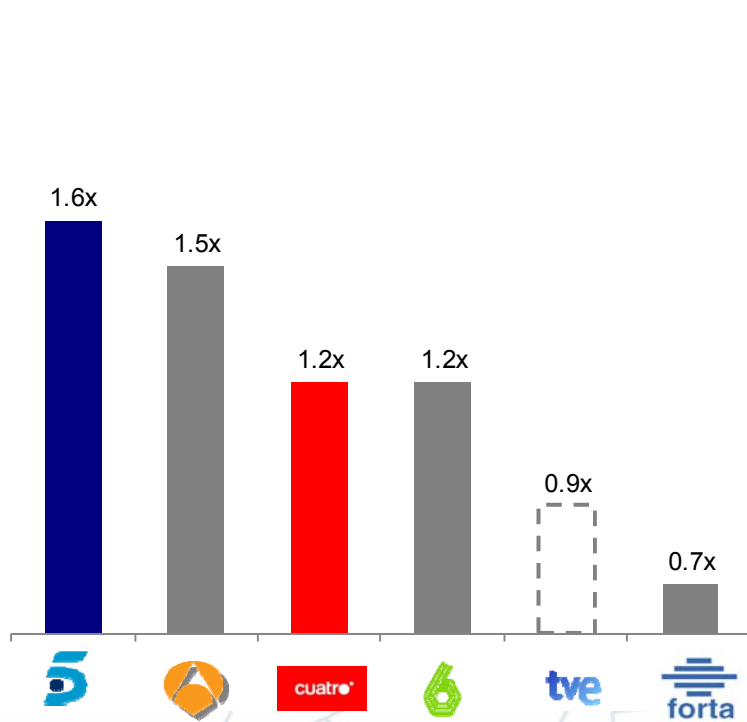


Source: Infoadex

**Creation of the leading Free-TV player in Spain**

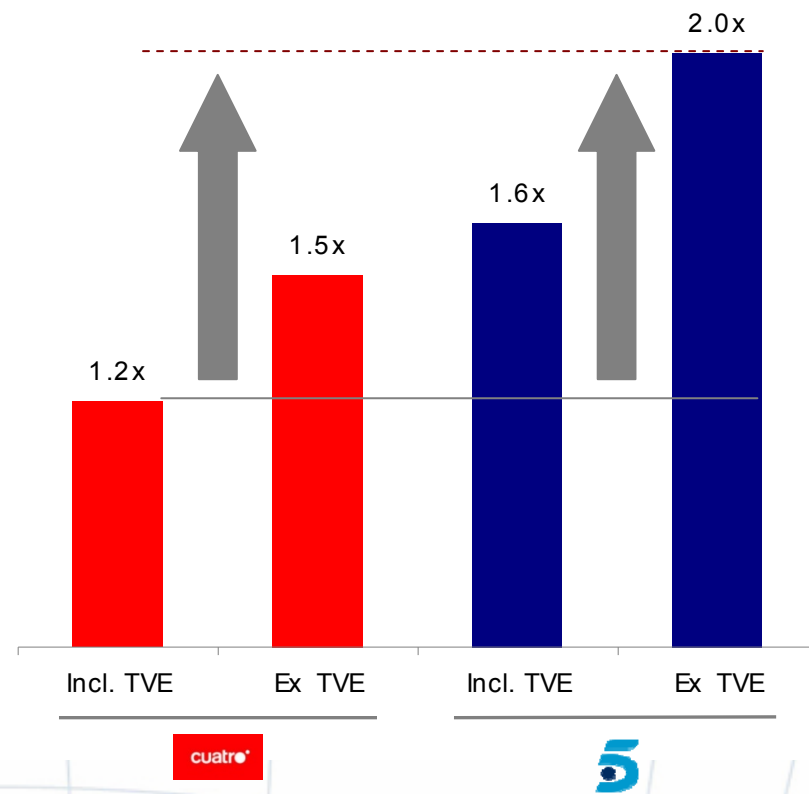


Power Ratio – incl. TVE (9M 09)



Source: Sofres, Infoadex.

Power Ratio adjustment



# 4 PAY-TV PARTNERSHIP



22%



Grupo PRISA

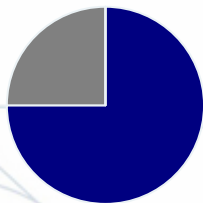
57%

Telefónica

21%

## DIGITAL+

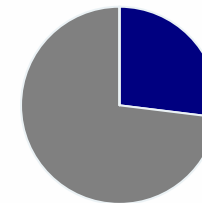
The leading Pay-TV platform  
Digital+ share of Pay-TV market



Digital+  
75%

- ✦ #1 position
- ✦ 1.9 million subscribers<sup>1</sup>
- ✦ €1.4 billion<sup>1</sup> revenues and €351 million<sup>1</sup> EBITDA
- ✦ Highest quality content offer in Spain

Significant growth potential  
Pay-TV penetration of Spanish homes  
(000s of subscribers as of 2008)



Pay-TV  
homes in  
Spain  
27%

- ✦ Partnership of Spain's leading networks
- ✦ Rationalisation of ad sales force
- ✦ Telecinco to act as exclusive agent for sale of advertising in Digital+
- ✦ Digital+ could offer pay DTT channels in Telecinco/Cuatro multiplexes
- ✦ Other news and production collaboration with Grupo Prisa

Source: Zenith, CMT, broker reports, company websites

<sup>1</sup> Subscribers as of Sep 2009 and LTM Sales and EBITDA (1 Oct 2008 – 30 Sep 2009)



**Strong strategic partnership  
with Digital+**

4

5

6

# FINANCIAL HIGHLIGHTS

12 months  
Oct '08-Sep'09  
(million €)

	Telecinco	Cuatro <sup>1</sup>	Aggregate (pre-synergies)	Digital+
<b>Sales</b>	<b>679</b>	<b>273</b>	<b>952</b>	<b>1,381</b>
Costs	525	297	822	1,030
<b>EBITDA</b>	<b>154</b>	<b>(24)</b>	<b>130</b>	<b>351</b>
EBITDA margin (%)	22.7%	neg.	13.6%	25.4%
D&A	(9)	(4)	(13)	(139)
<b>EBIT</b>	<b>145</b>	<b>(28)</b>	<b>117</b>	<b>212</b>
EBIT margin (%)	21.4%	neg.	12.3%	15.3%

Source: Company information

<sup>1</sup> Financial information for Cuatro is as reported and may not reflect legal entity to be contributed to Telecinco

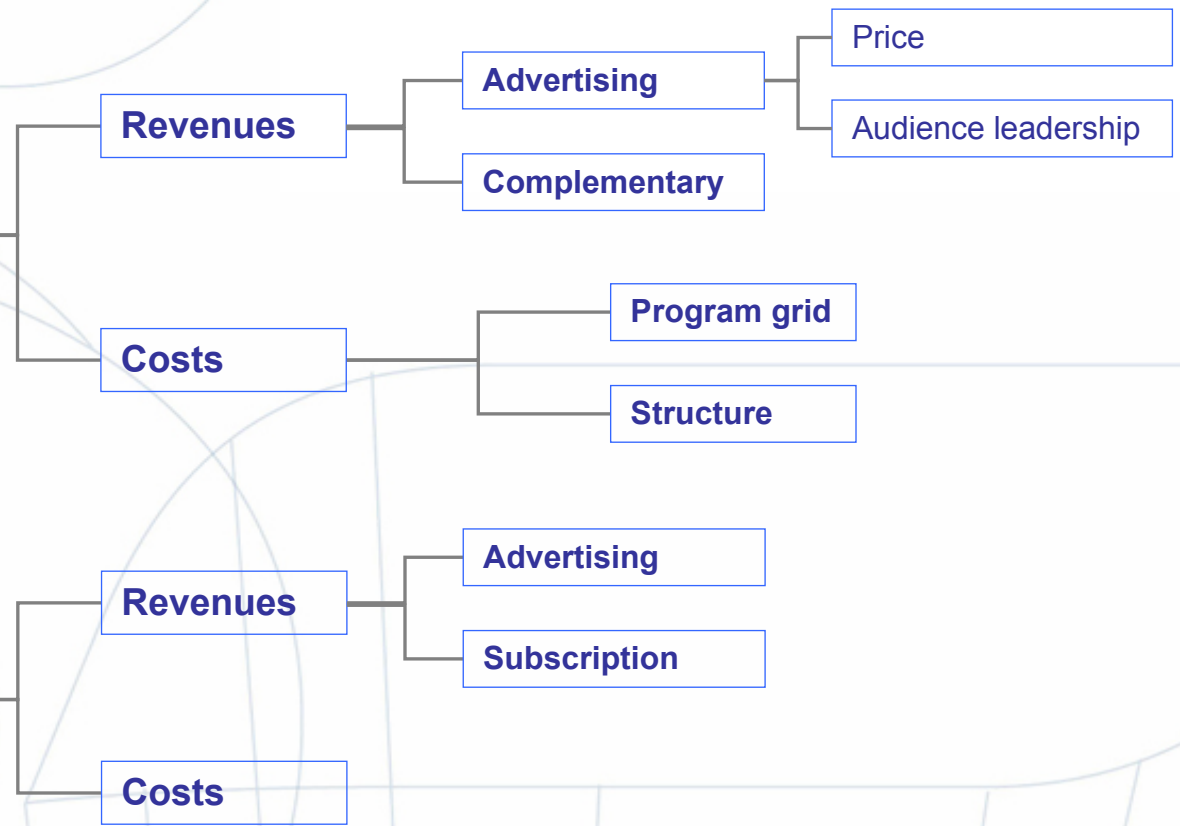


**c.€1 billion revenues with  
significant synergy potential**

**Cross Promotion**



**DIGITAL+**



# RATIONALE FOR RIGHTS ISSUE

## Maintain financial strength

- ▣ Preserve balance sheet strength
- ▣ Consistent with Telecinco prudent financial policy
- ▣ Key to allow Telecinco and its shareholders to prosper throughout cycle, including extreme phases

## Accelerate organic growth

- ▣ Accelerate organic growth and benefit from market restructuring
  - ▣ Investment in new formats
  - ▣ Acquisition of rights

## Future shareholder distribution

- ▣ Unaffected dividend policy

- ▣ Rights issue capital increase of €500mm with the purpose of financing the transaction
  - ▣ Mediaset is committed to subscribe pro-rata basis
  - ▣ The remainder fully underwritten by Mediobanca and J.P. Morgan which will lead a syndicate of banks
- ▣ Exact terms of the rights issue will be determined at the time of the capital increase

# FORESEEN TIMETABLE

Q1

- ✦ Due Diligence
- ✦ Signing of final Transaction Agreement
- ✦ CNMV process initiated
- ✦ Initiate antitrust process

Q2

- ✦ Telecinco shareholder approvals
- ✦ Conditions for closing
  - ✦ Consent from Grupo Prisa banking creditors
  - ✦ Rights issue execution by Telecinco
  - ✦ Regulatory and antitrust approvals
- ✦ Completion of the transaction

Q3

# CONCLUSIONS

- ✦ The creation of the leading TV media company in Spain
  - ✦ #1 content, #1 Free-TV, #1 Pay-TV, #1 TV online
- ✦ The right deal at the right time
  - ✦ Consolidation of the market (more efficient structure) poised to exploit economic, regulatory and digital growth
- ✦ Significant revenue synergy potential
  - ✦ Enhanced reach and quality of audience set to capture disproportionate share of market growth
- ✦ Significant cost synergy potential
  - ✦ Strong cost rationalization to create high P&L gearing to revenue recovery
- ✦ Partnership with Digital+ to maximize long term strategic flexibility
  - ✦ Cooperation to optimise returns across Free- and Pay-TV markets
  - ✦ Free- and Pay-TV strategic positioning and medium term business opportunity in the digital context

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