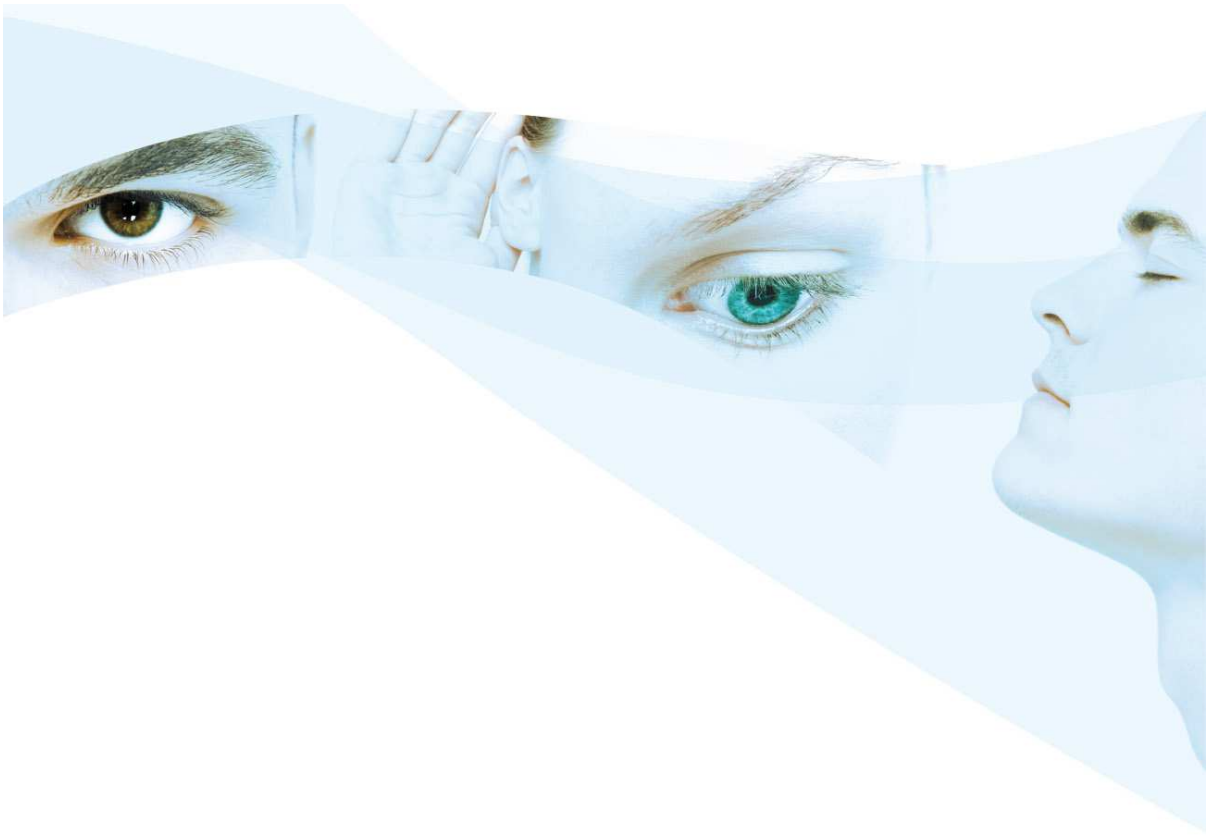
vocento



Vocento, S.A. and Subsidiaries

January-June 2014 Results

29 July 2014

INTRODUCTION: VOCENTO AND THE ECONOMIC ENVIRONMENT

In the first half of the year, the Spanish economy continued to record a gradually improving trend, with quarterly GDP up by 0.4% in the first quarter, according to the INE, and the Bank of Spain estimating growth of 0.5% in the second quarter. As in the second half of last year, the recovery of internal demand (with rising household consumption, a recovery in investment and more moderate falls in public spending), has supported the expansion of GDP and has been replacing external demand as the driver of growth (according to the Bank of Spain, internal demand contributed 0.3% to GDP growth in 2Q14, compared to 0.2% from external demand).

Based on this improvement in the economic outlook, GDP forecasts for 2014e are being raised, with the Funcas panel upgrading its forecast from 0.9% in January to +1.2% in June, with forecast household consumption increasing from +0.6% to +1.5%.

The advertising market appears to be responding to a degree, and according to i2p data in the first half of 2014 expanded by +4.3%, compared to a contraction of -10.1% in 2013, with growth of +1.8% forecast for 2014 following three years of declines. This improvement has been concentrated above all in the TV market (helped by the World Cup) and in Internet, while traditional press advertising decreased by -5.5% in the first half and is forecast by i2p to fall by -4.8% in the full year.

In this environment, VOCENTO is focused on three areas: 1) maintaining the strength and leadership of its brands, leveraging this competitive advantage to grow in new digital businesses, 2) optimizing the cost structure in order to continue to improve operational gearing, and 3) protecting cash to maintain a solid financial position, which has recently been strengthened by the signing of a 5-year syndicated loan (see Relevant Fact of 24 February).

PERFORMANCE OF VOCENTO'S BUSINESSES

VOCENTO is a multimedia group, whose parent company is VOCENTO, S.A., and it is dedicated to the various different areas that comprise the media business.

In 2013, VOCENTO management carried out a change in the way in which management information is presented, in order to better assess the risks and returns of the company. New lines of activity have been defined: Newspapers, Audiovisual, Classifieds and Others, replacing the previous reporting segments of Print Media, Audiovisual, Internet and Other Businesses. This structure is also used when reporting to the market. It includes all the newspapers, the digital editions, radio, digital television and other areas where VOCENTO is present, and which are allocated to the corresponding business segment. The comments and comparative information provided in this Management Report are based on these new segments.

Breakdown of the Activity lines of VOCENTO

NEWSPAPERS

REGIONALS

- El Correo
- La Verdad
- El Diario Vasco
- El Norte de Castilla
- El Diario Montañés
- Ideal
- Sur
- Las Provincias
- El Comercio
- Hoy
- La Rioja
- Regional printing plants
- Regional sales companies
- Other regional companies

ABC

- ABC
- National printing plants
- Sales company

SUPPLEMENTS & MAGAZINES

- XL Semanal
- Mujer Hoy
- Hoy Corazón
- Inversión y Finanzas
- Mujerhoy.com
- Finanzas.com

AUDIOVISUAL

DIGITAL TERRESTRIAL TELEVISION

- National DTT – Net TV
- Regional DTT

RADIO

- Analog radio licenses
- Digital radio licenses

CONTENT

- Veralia

Production:

- Veralia Contenidos (Boca Boca, Europroducciones, Europroduzione and Hill Valley)

Distribution:

- Veralia Cinema

CLASSIFIEDS

Classifieds:

- Pisos.com
- Infoempleo
- Autocasión

Directories:

- 11870 (35%)

OTHERS

- Sarenet

IMPORTANT NOTE

To facilitate the analysis of the information and understand the organic performance of the Company, it is always indicated in this report when operating expenses, EBITDA, EBIT and the Net Result are affected by non-recurring or extraordinary items. The most significant impacts fall into two groups: 1) restructuring costs and adjustment measures, and 2) the results of strategic business decisions (i.e. Radio, film distribution).

Highlights of the financial performance of the businesses

Meeting targets, despite weaker advertising in 2Q

VOC increases its share of the online and offline press markets

Increased contribution from digital revenues, now 24.3% of advertising revenues

VOC comparable EBITDA improves by 5,319 thousand euros in 1H14

- **Advertising revenues at Regional Newspapers and ABC (offline + online) 1H14: -1.7%**
  - (i) Advertising declined in 2Q14, partly as a consequence of the World Cup. The newspapers increased their share of advertising spend despite not having a sports title; offline advertising revenues at the Regional Newspapers and ABC decreased by -1.7% vs. -5.5%[1] for the market, while online revenues increased by +8.6% vs. +3.8%[1] for the market.
  - (ii) The revenue profile continued to move towards digital: advertising revenues from Internet and new digital businesses (such as Oferplan and Kiosko y Más) contributed 24.3% of VOC's total advertising and e-commerce revenues in 1H14 (+2.5 p.p. vs. 1H13).
  - (iii) Advertising revenues at Supplements and Magazines (1H14 -3.8%) outperformed the market (-9.2%[1]), led by Mujer Hoy, where advertising revenues increased by +24.2% in 1H14.
- **ABC improved its share of the circulation market in 1H14**
  - (i) ABC circulation sales stabilised at -0.7% in 1H14, as a result of the increase in cover price. ABC improved its share of the circulation market, reducing the gap to the number two general newspaper in Spain to 8,377[2] copies and already in the number two position[3] for kiosk sales in Madrid.
- **Comparable EBITDA in 1H14 increased by +5,319[4] thousand euros, +32.9%: the result of cost efficiencies and strategic decisions taken**
  - (i) Comparable cost savings in 1H14 of -9.5% with personnel expenses down -6.8%, excluding personnel adjustment measures made as part of ordinary business, totalling -4,842 thousand euros in 1H14 and -578 thousand euros in 1H13.
  - (ii) Newspapers: comparable EBITDA 1H14 increased by +1,520 thousand euros, thanks to the improvement in the margin on promotions (in particular at ABC) and the positive contribution of new digital businesses (1,150 thousand euros).
  - (iii) Audiovisual: comparable EBITDA 1H14 increased by +1,118 thousand euros. The impact of the end of broadcasting of two of the DTT channels was offset by the positive results from the strategic radio agreement with COPE and the change of the film distribution business model at Content.

	Comparable EBITDA			Advertising
IFRS thousand euros	**1H14**	**1H13**	**Var Abs**	**Var Abs**
Newspapers	21,449	19,929	1,520	(1,509)
Audiovisual	4,647	3,529	1,118	(355)
Classified	(378)	(1,382)	1,004	442
Other	1,451	1,759	(309)	(87)
Corporate	(5,695)	(7,682)	1,986	59
Total	**21,473**	**16,154**	**5,319**	**(1,450)**

[1] *Source: i2p 1H14.*
[2] *Source: OJD ordinary circulation Jun14*
[3] *Internal sources, kiosk sales Jun14.*
[4] *Excluding personnel adjustment measures 1H14 -4,842 thousand euros and 1H13 -578 thousand euros.*

- **EBIT improved to 4,369 thousand euros in 1H14, five times its level in 1H13, as a result mainly of lower amortization in the Content area**
- **Net result in 1H14 of -4,114 thousand euros vs. -8,165 thousand euros in 1H13. Excluding extraordinaries, VOCENTO's net result would be practically at the break-even level, at -52 thousand euros.**
- **Net financial debt 159,239 thousand euros vs. 149,277 thousand euros in 2013**

  (i) Positive cash generation in the ordinary business, with non-recurring cash exits and other adjustments related mainly to restructuring measures and the syndicated loan.

  (ii) Sale of ONO: in July 2014, the cash entry has been received, totalling 9,214 thousand euros.

Main financial data

Consolidated Profit and Loss Account

	IFRS			
Thousand Euro	**1H14**	**1H13**	**Var Abs**	**Var %**
Circulation revenues	103,614	108,206	(4,592)	(4.2%)
Advertising revenues	78,404	79,853	(1,450)	(1.8%)
Other revenues	66,244	78,595	(12,352)	(15.7%)
Total revenue	**248,261**	**266,655**	**(18,393)**	**(6.9%)**
Staff costs	(84,009)	(85,543)	(1,534)	(1.8%)
Procurements	(43,415)	(45,730)	(2,315)	(5.1%)
External Services	(102,611)	(118,010)	(15,399)	(13.0%)
Provisions	(1,595)	(1,794)	(200)	(11.1%)
Operating expenses (without D&A)	(231,630)	(251,078)	(19,449)	(7.7%)
EBITDA	**16,632**	**15,576**	**1,056**	**6.8%**
Depreciation and amortization	(12,287)	(14,887)	(2,601)	(17.5%)
Impairment/gains on disposal of tan. & intan. assets	24	101	(78)	(76.7%)
EBIT	**4,369**	**790**	**3,579**	**453.0%**
Profit of companies acc. equity method	45	(5)	50	n.r.
Net financial income	(5,127)	(5,359)	232	4.3%
Net gains on disposal of non- current assets	(358)	356	(714)	(200.6%)
Profit before taxes	**(1,072)**	**(4,218)**	**3,146**	**74.6%**
Corporation tax	(1,007)	(1,416)	409	28.9%
Net profit for the year	**(2,079)**	**(5,634)**	**3,555**	**63.1%**
Minority interests	(2,035)	(2,531)	496	19.6%
Net profit attibutable to the parent	**(4,114)**	**(8,165)**	**4,051**	**49.6%**
Staff costs ex non recurring costs[1]	(79,168)	(84,965)	(5,798)	(6.8%)
Operating Expenses ex non recurring costs[1]	(226,788)	(250,501)	(23,712)	(9.5%)
Comparable EBITDA[1]	21,473	16,154	5,319	32.9%
Comparable EBIT[1]	9,187	1,267	7,920	625.3%

n.r.: the change in absolute terms is over >1.000%.

n.a.: not applicable as one of the values is zero.

[1] *Excluding personnel adjustment measures 1H14 -4,842 thousand euros and 1H13 -578 thousand euros.*

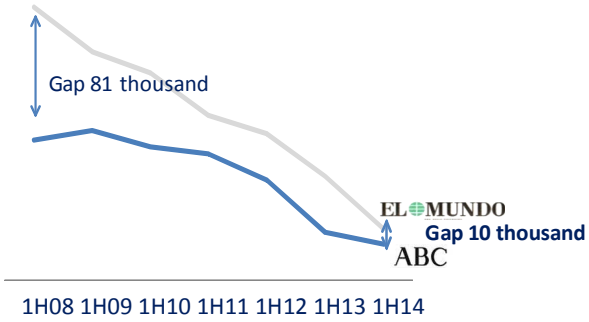
Operating revenues

Total revenues in 1H14 were 248,261 thousand euros, -6.9% compared to 1H13, mainly as a result of the following factors:

(i) Circulation sales fell by -4.2%, including a decline at the Regional Press of -5.4% and of -0.7% at ABC. The circulation performance was -7.7% at ABC and -7.1% at the Regional Press.

ABC has continued to improve its market share. According to official data for June 2014, ABC is now only 8[5] thousand copies from reaching the number two position in the Spanish national press market in 1H14, going up to 10 thousand copies gap based on six-months comparative figures 1H14.

Performance of ABC ordinary circulation vs. El Mundo[1]
Circulation at kiosks and individual subscriptions 1H14/08 (data in thousands)

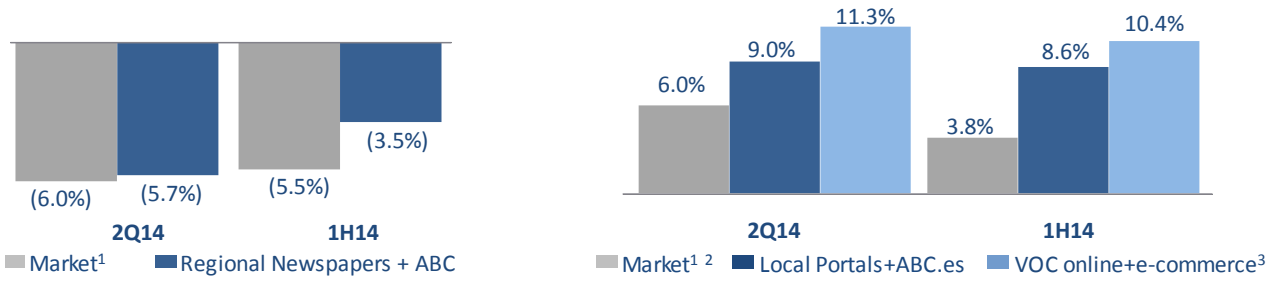


Note 1: source OJD. 1H14 data not certified.

(ii) Advertising revenues fell by -1.8%, or by -1.4% when adjusted for changes to the perimeter (the strategic radio agreement with COPE that took effect in 2Q13 and the divestment of online daily que.es in 2013).

In 2Q14, there was a slowdown in the trend of improvement in advertising revenues at the Regional Newspapers and ABC. This was partly a result of calendar effects in April and May (the timing of Easter and national holidays) and the World Cup in June. However, VOC brands outperformed the press sector, according to i2p, and expanded their advertising market share.

VOC advertising performance vs. offline and online markets (%)

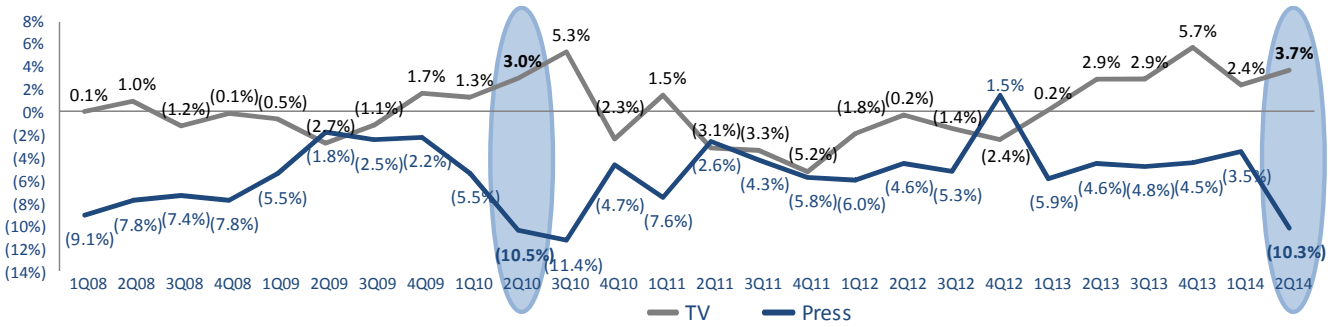


Note 1: source i2p. Note2: Online does not include search engine advertising. Note 3: includes all VOC Internet advertising revenues.

[5] *Source: OJD, June 2014 data not audited. Ordinary circulation (kiosk sales and individual subscriptions)*

The relative performance of the press segment to the rest of the advertising market deteriorated by 10 points, in line with its performance in the last World Cup in 2010, when a similar trend was seen in the performances of TV and the press, as the following chart illustrates:

Performance of Press and TV advertising vs. market 1Q08 a 2Q14 (%)

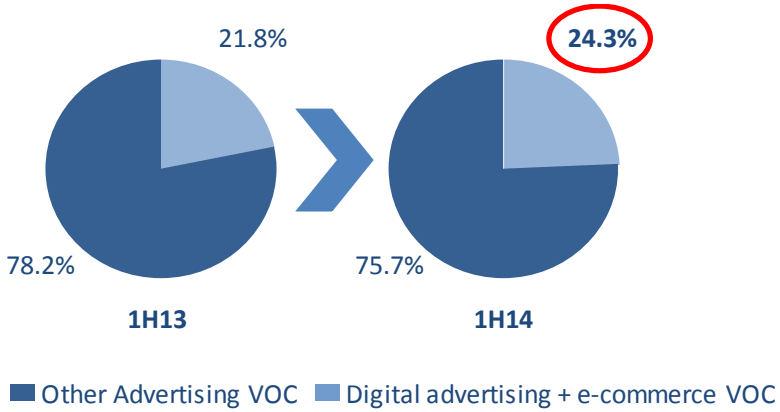


Source: i2p.

(iii) Other Revenues fell by -15.7% as a result, among other factors, of the end of broadcasting of two DTT channels, the sale of assets in the film distribution business (Content area), and the more selective promotional activity. These effects were partly offset by the increased contribution of digital businesses such as Oferplan, Kiosko y Más, Guapabox and Ticketing.

The change in the revenue profile towards digital, including not only digital advertising revenues at VOCENTO but also revenues from new digital businesses based on e-commerce, increased VOCENTO's exposure to digital to 24.3% in 1H14 (+2.5 p.p. vs. 1H13).

Advertising revenue profile moves towards digital and new businesses (%)



Operating expenses

In 1H14, comparable costs were reduced by -9.5%, or -23,712 thousand euros, excluding the costs of personnel adjustment measures of -4,842 thousand euros in 1H14 and of -578 thousand euros in 1H13. These measures form part of the company's normalized management and reflect its continuous search for efficiency in an advertising market that remains unstable.

Cost items where there have been significant decreases include supplies and comparable personal expenses, which in 1H14 decreased by -5.1% and -6.8%[6] respectively.

By business area, there was a significant reduction in comparable costs in the Newspapers area (-5.6% in 1H14) as a result, among other factors, of a decrease in personnel costs and a more selective promotions strategy. In Audiovisual (-27.2% in 1H14) the main reasons were the end of broadcasting of two TV channels, and the end to the distribution of new cinema releases. In the other areas, cost reductions were driven by the restructuring and resizing of workforces and processes.

Detail of comparable operating expenses by business area

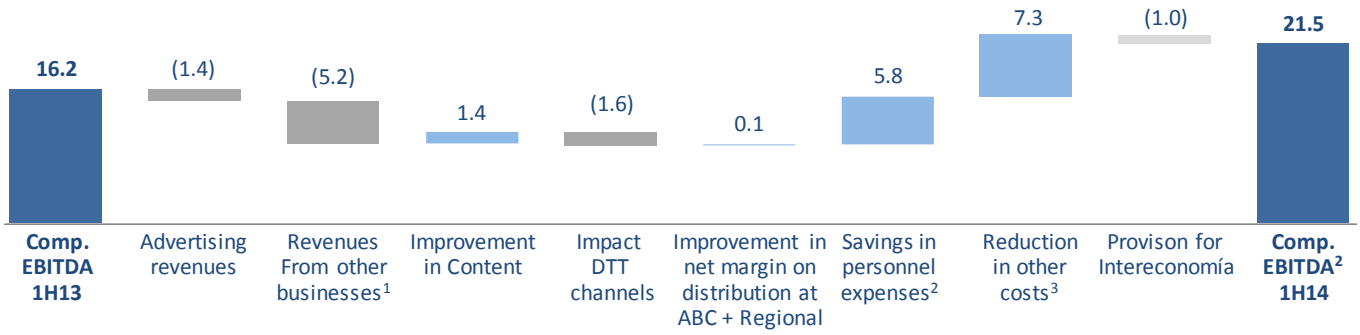
Like for like opex (thousand euros)	1H14	1H13	Var Abs	Var %
Newspapers	(186,877)	(198,045)	(11,168)	(5.6%)
Audiovisual	(24,318)	(33,416)	(9,098)	(27.2%)
Classified	(6,481)	(7,883)	(1,401)	(17.8%)
Other	(5,424)	(5,914)	(491)	(8.3%)
Corporate and adjustments	(3,688)	(5,243)	(1,555)	(29.7%)
Total	**(226,788)**	**(250,501)**	**(23,712)**	**(9.5%)**

Comparable EBITDA

Comparable EBITDA in 1H14 was 21,473 thousand euros, an increase of +5,319 thousand euros compared to 1H13.

As the chart shows, the increased stability of advertising revenues, despite continuing uncertainty about the cycle (the absolute variation in 1H14 vs. 1H13 was -1,450 thousand euros), the adjustment measures implemented at Content in 2013 to stabilize the area's EBITDA, the savings from the personnel adjustment measures and the other cost controls that have been carried out, have all enabled this increase in EBITDA.

Detail of variation in comparable EBITDA[2] 1H13-1H14 (€m)
(data in variation vs. 1H13 except comparable EBITDA)



Note 1: Radio, Classifieds, newspaper promotions, circulation sales of Supplements and other Businesses. Note 2: excluding personnel adjustment measures 1H14 €-4.8m and 1H13 €-0.6m. Note 3: costs of sales, promotions and administration at Regional and ABC, and costs of production, sales and administration at the other areas except Content.

Highlights by business area include:

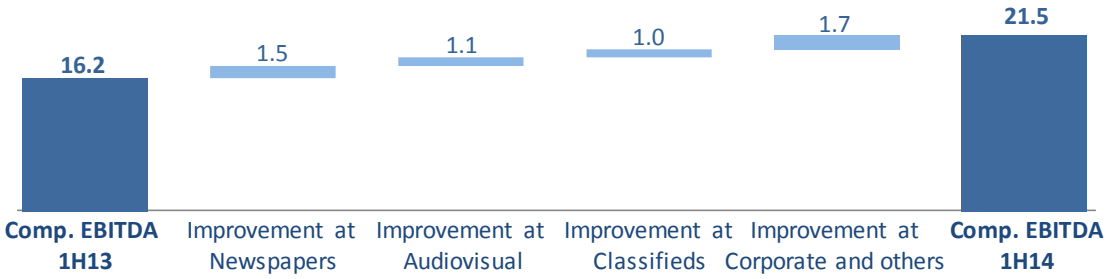
(i) Newspapers[7]: comparable EBITDA 1H14 of 21,449 thousand euros, an increase of +1,520 thousand euros vs. 1H13. Despite the decrease in advertising (which fell by -1,509 thousand euros), the active management of costs resulted in a) lower personnel costs following restructuring measures, b) an improvement in the net margin on circulation sales at ABC, and c) an improvement in the margin on promotions.

[6] *Excluding personnel adjustment measures 1H14 -4,842 thousand euros and 1H13 -578 thousand euros.*
[7] *Newspapers: Excluding adjustment measures 1H14 -3,038 thousand euros and 1H13 -958 thousand euros.*

(ii) Audiovisual[8]: comparable EBITDA 1H14 improved by +1,118 thousand euros, to 4,647 thousand euros. Negative impacts were felt from the end of DTT broadcasting of two channels and from the provision for unrecoverable loans associated with Intereconomía. There were positive impacts from the strategic Radio agreement with COPE and the restructuring measures implemented in the Content area in 2013.

(iii) Classifieds[9]: reduction of comparable EBITDA losses in 1H14 by +1,004 thousand euros to -378 thousand euros, because of the combined effect of a +8.6% increase in advertising revenues in 1H14 and cost reduction measures, which included optimizing sales teams and reducing headcount.

Comparable EBITDA[1] by business area 1H14 €m
(data in variation 1H14 vs. 1H13 except for comparable EBITDA)



Note 1: excluding personnel adjustment measures 1H14 €-4.8m and 1H13 €-0.6m.

Operating result (EBIT)

The operating result in 1H14 was 4,369 thousand euros, compared to 790 thousand euros in 1H13, an improvement of 3,579 thousand euros. The comparable operating result in 1H14 improved to 9,210 thousand euros from 1,368 thousand euros in 1H13. As well as the positive impact of reductions in costs, the result was also supported by the decline in amortization in the period by 2,601 thousand euros.

The decrease in amortization in 1H14 was a result mainly of a lower level of amortization in the Content area, where there was a reduction of -1,085 thousand euros following the transfer of part of the film distribution business.

Net financial result

The net financial result in 1H14 was -5,127 thousand euros, in line with the level of 1H13 (-5,359 thousand euros).

In February 2014, VOCENTO signed a 5-year syndicated loan for 175 million euros (see Relevant Fact of 24 February 2014) which has served to strengthen the financial structure, replacing bilateral credit lines, extending maturities and unifying debt management. The expenses and fees associated with the syndicated loan are accrued over the course of the lifetime of the loan.

Corporation tax

The performance of the operating result and the regularization of negative tax bases of previous years resulted in a decrease in taxes to -1,007 thousand euros in 1H14.

Minority interest

The reduction in minority interest in 1H14 by 496 thousand euros was mainly due the lower result at National DTT, because of the end of broadcasting of two channels.

[8] *Audiovisual: Excluding adjustment measures 1H14 -419 thousand euros and 1H13 -170 thousand euros.*
[9] *Classifieds: Excluding adjustment measures 1H14 -78 thousand euros and 1Q13 55 thousand euros.*

Net result attributable to the parent company

The consolidated net result in 1H14 was -4,114 thousand euros, with losses halved compared to 1H13 (-8,165 thousand euros). Excluding extraordinary items, which were mainly compensation payments, the comparable net result of VOCENTO would be -52 thousand euros, practically at break even.

Consolidated Balance Sheet

	IFRS			
Miles de Euros	**1H14**	**2013**	**Var abs**	**% Var**
Non current assets	**560,489**	**568,022**	**(7,532)**	**(1.3%)**
Intangible assets	157,049	159,662	(2,613)	(1.6%)
Property, plant and equipment	175,491	182,365	(6,875)	(3.8%)
Investments accounted using equity method	10,580	10,676	(96)	(0.9%)
Other non current assets	217,370	215,318	2,051	1.0%
Current assets	**148,006**	**172,774**	**(24,769)**	**(14.3%)**
Cash and cash equivalents	18,706	34,721	(16,015)	(46.1%)
Other current assets	129,300	138,053	(8,754)	(6.3%)
Assets held for sale	**193**	**193**	**0**	**0.0%**
TOTAL ASSETS	**708,689**	**740,990**	**(32,301)**	**(4.4%)**
Equity	343,733	349,902	(6,168)	(1.8%)
Bank borrowings and other fin. liabilities	175,781	184,414	(8,633)	(4.7%)
Other non current liabilities	68,509	68,274	235	0.3%
Other current liabilities	120,665	138,401	(17,735)	(12.8%)
TOTAL EQUITY AND LIABILITIES	**708,689**	**740,990**	**(32,301)**	**(4.4%)**

Other current assets

The amount decreased by -8,754 thousand euros, mainly as a result of a lower balance from clients because of the lower level of activity and because of the impact on clients and suppliers of the end of broadcasting of two DTT channels and the sale of part of the film distribution business.

Net financial position

The net financial position at the end of the period was -159,239 thousand euros, including cash and cash equivalents and other current financial assets of 18,706 thousand euros.

Subsequent to the closing of this reporting period in 30 June, the payment has been received for the divestment of the indirect stake of 0.37% in Ono, with a positive impact of 9,214 thousand euros on cash.

Breakdown of Net Financial Debt in 1H14

	IFRS			
Thousand Euro	**1H14**	**2013**	**Var Abs**	**Var %**
Bank borrowings and other financial liabilities (s.t.)	24,081	120,589	(96,508)	(80.0%)
Bank borrowings and other financial liabilities (l.t.)	151,699	63,824	87,875	137.7%
Gross Debt	**175,781**	**184,414**	**(8,633)**	**(4.7%)**
Cash and cash equivalents	18,706	34,721	(16,015)	(46.1%)
Other non current financial asstes	133	415	(282)	(68.1%)
Deferred expenses	2,297	0	2,297	n.a.
Net cash position/ (net debt)	**(159,239)**	**(149,277)**	**(9,962)**	**(6.7%)**

On the balance sheet, in accordance with accounting principles, short term and long term borrowing are netted off for the short term and long term expenses of the syndicated loan, an amount of 2,297 thousand euros (deferred expenses). There is no financial cost to this, and these expenses are included when calculating net debt.

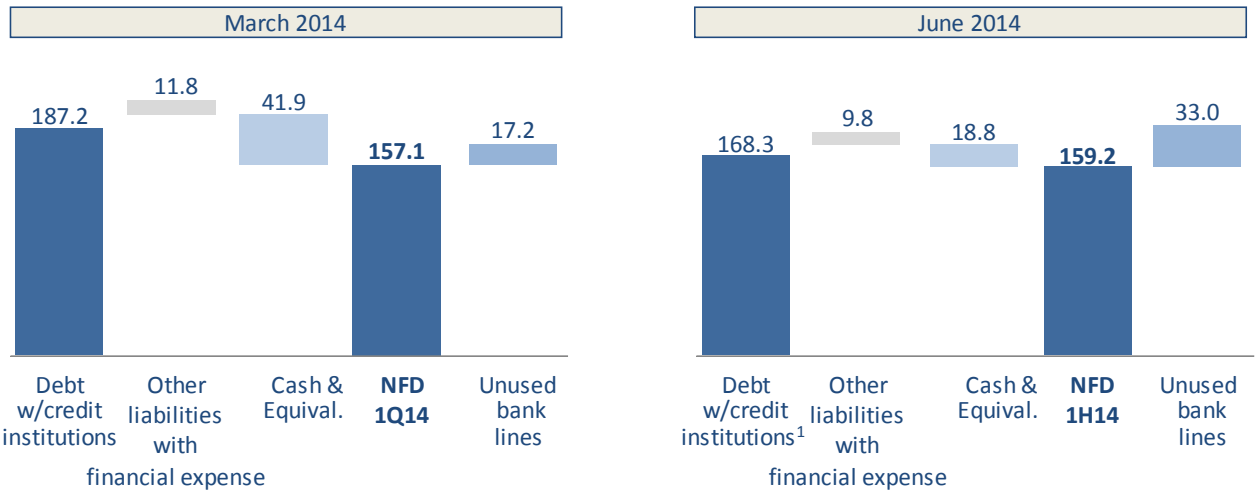
Short term borrowings and other financial liabilities include debt with credit institutions of 20,411 thousand euros, which decreased because of the syndicated loan, and other liabilities with a current financial cost of 4,165 thousand euros, mainly pension plans.

Long term bank borrowings and other financial liabilities include: a) debt with credit institutions of 147,875 thousand euros, which increased because of the syndicated loan and which includes 2,443 thousand euros from the mark to market valuation of the derivatives (signed with more than one financial institutions), and b) other liabilities with a non-current financial cost of 5,627 thousand euros, including mainly pension plans and compensation pending payment, associated with the downsizing at ABC in 2009.

Following the signing of the syndicated loan, and in order to hedge the interest rate paid, in March 2014 VOCENTO carried out a swap transaction for the interest rate on the syndicated loan, totalling 87,637 thousand euros.

In addition, in order to optimize its cash position and reduce interest payments, VOC has improved its cash pooling and reduced the "cash and cash equivalents" item by 17.5 million euros, with the amount drawn down from the revolving credit line (tranche B) reduced by the same amount. As a result of this, debt with credit institutions has been reduced, as have the interest payments associated with the credit line, while there has been an increase in the amount that has not been drawn down from the credit lines.

Composition of net financial debt, Jun14 vs. Mar14



To better understand the variation in debt, ordinary and extraordinary changes are analysed separately. The most significant ordinary variations in 1H14 were as follows:

(i) Variation in working capital of -10,674 thousand euros mainly due to the recovery of balances with clients, the impact in the balances for customers and suppliers due to the end of DTT broadcasting of two channels, the spin-off of part of the film distribution business and payments made to paper providers. The management of working capital (including the variation of inventories, clients, suppliers and current taxes (VAT)) remains one of the key priorities in the company's daily activities.

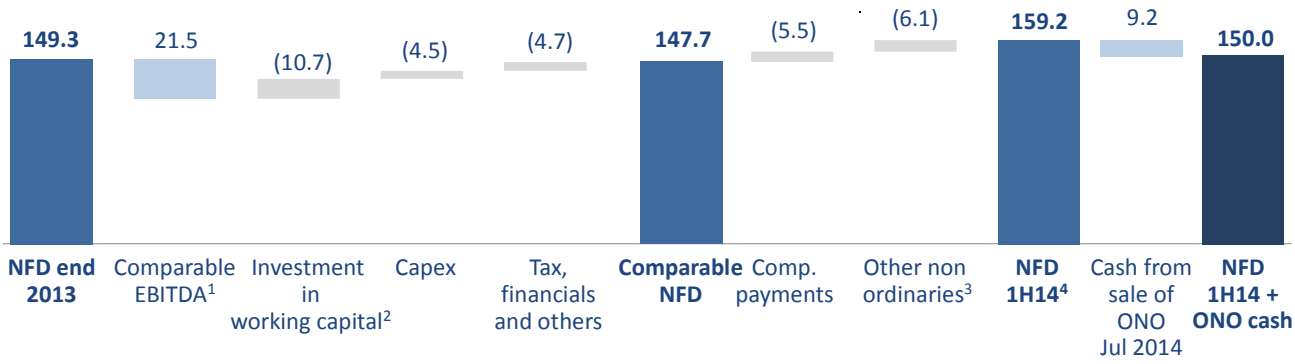
(ii) Investments in fixed and intangible assets: cash exits of a total of 4,464 thousand euros, mainly linked to the digital activity.

Non-recurring items include:

(iii) Compensation for personnel adjustment measures: there were cash exits in 1H14 of 5,492 thousand euros, mainly in the Regional Newspapers and in Corporate.

(iv) Other non-ordinaries including expenses associated with the arrangement of the syndicated loan, the accounting adjustment (is not a cash outflow) of the mark to market valuation of the derivative, and the loan made to the ABC Foundation for 1,926 thousand euros.

Analysis of movement of net financial debt 1H14-2013 (€m)



Note 1: excluding personnel adjustment measures 1H14 €-4.8m and 1H13 €-0.6m. Note 2: variation of inventories, clients, suppliers and current taxes (VAT). Note 3: including arrangement fee, associated expenses and derivative effects of the syndicated loan, and payments to the ABC Foundation.

Other current liabilities

The variation in Other Liabilities is due mainly to the reduction of balances with suppliers, because of the lower level of activity at Content in both television and film distribution, and the lower balances with suppliers of paper.

Cash flow statement

	IFRS			
Thousand Euro	**1H14**	**1H13**	**Var Abs**	**% Var**
Net profit attibutable to the parent	**(4,114)**	**(8,165)**	**4,051**	**49.6%**
Adjustments to net profit	22,496	25,438	(2,942)	(11.6%)
Cash flows from ordinary operating activities before changes in working capital	**18,382**	**17,273**	**1,109**	**6.4%**
Changes in working capital	(12,600)	(9,835)	(2,765)	(28.1%)
Other payables without financial cost	3,842	(9,827)	13,669	139.1%
Other payables with financial cost	(3,028)	(4,064)	1,036	25.5%
Income tax paid	(513)	(820)	307	37.4%
Interests deduction for tax purposes	(2,012)	(476)	(1,536)	(322.7%)
Net cash flow from operating activities (I)	**4,072**	**(7,749)**	**11,821**	**152.5%**
Acquisitions of intangible and property, plan and equipment	(4,464)	(4,958)	494	10.0%
Net proceed on disposal of financial assets	453	110	343	311.8%
Interests and dividends received	340	342	(2)	(0.6%)
Other receivables and payables (investing)	0	0	0	n.a.
Net cash flow from investing activities (II)	**(3,671)**	**(4,506)**	**835**	**18.5%**
Interests and dividends paid	(10,396)	(8,544)	(1,852)	(21.7%)
Cash inflows/ (outflows) relating to bank borrowings	(3,967)	17,770	(21,737)	(122.3%)
Other receivables and payables (financing)	5	191	(186)	(97.4%)
Equity related instruments without financial cost	(1,033)	(105)	(928)	(883.8%)
Equity related instruments with financial cost	(1,025)	(4,622)	3,597	77.8%
Net cash flows from financing activities (III)	**(16,416)**	**4,690**	**(21,106)**	**(450.0%)**
Net increase in cash and cash equivalents (I + II + III)	**(16,016)**	**(7,565)**	**(8,451)**	**(111.7%)**
Cash and cash equivalents at beginning of the year	**34,721**	**40,295**	**(5,574)**	**(13.8%)**
Cash and cash equivalents at end of year	**18,706**	**32,731**	**(14,026)**	**(42.9%)**

Net cash flow from operating activities was 4,072 thousand euros, including: a) payments of -5,492 thousand euros associated with the personnel adjustment measures, and b) a variation in working capital of -12,600 thousand euros which excluding non-ordinary items (the loan to the ABC Foundation) would have been -10,674 thousand euros, mainly due to the lower balance with suppliers of television services and paper already mentioned.

Net cash flow from investing activities was -3,671 thousand euros, mainly as a result of investments in fixed assets (see Capex section).

Net cash flow from financing activity was -16,416 thousand euros, and included interest and dividend payments paid by subsidiaries of VOCENTO of -10,396 thousand euros, and the repayment of debt in the period.

Capex

Controlling investments in order to preserve cash is one of the main targets of VOCENTO's financial management. Investments are currently associated mainly with the development of new sources of digital revenues.

Detail of Capex by business area

	IFRS (thousand euros)								
	1H14			1H13			Var Abs		
	Inmat.	Mat.	Total	Inmat.	Mat.	Total	Inmat.	Mat.	Total
Newspapers	1,498	517	2,016	626	941	1,567	872	(424)	449
Audiovisual	51	37	87	614	135	748	(563)	(98)	(661)
Classified	135	10	145	192	14	206	(57)	(4)	(61)
Other	6	289	295	3	278	281	3	12	15
Corporate	271	20	291	934	12	945	(662)	8	(654)
TOTAL	**1,961**	**873**	**2,834**	**2,369**	**1,379**	**3,748**	**(407)**	**(506)**	**(914)**

The difference between the exit of cash because of investments in fixed assets (4,464 thousand euros) and the Capex recorded in accounts (2,834 thousand euros) is mainly due to pending payments for investments made in 2013.

Information by business area

This section provides an analysis of the revenues, EBITDA and operating result of each business area.

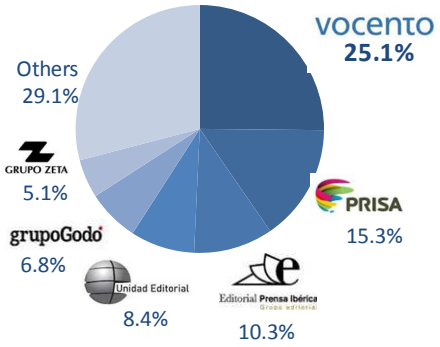
	IFRS			
Thousand Euro	**1H14**	**1H13**	**Var Abs**	**Var %**
Total Revenues				
Newspapers	208,326	217,974	(9,648)	(4.4%)
Audiovisual	28,964	36,945	(7,980)	(21.6%)
Classified	6,103	6,501	(398)	(6.1%)
Other	6,875	7,674	(799)	(10.4%)
Corporate and adjustments	(2,007)	(2,439)	432	17.7%
Total Revenues	**248,261**	**266,655**	**(18,393)**	**(6.9%)**
EBITDA				
Newspapers	18,411	18,971	(560)	(2.9%)
Audiovisual	4,228	3,359	869	25.9%
Classified	(456)	(1,326)	870	65.6%
Other	1,451	1,740	(289)	(16.6%)
Corporate and adjustments	(7,003)	(7,167)	165	2.3%
Total EBITDA	**16,632**	**15,576**	**1,056**	**6.8%**
Comparable EBITDA[1]				
Newspapers	21,449	19,929	1,520	7.6%
Audiovisual	4,647	3,529	1,118	31.7%
Classified	(378)	(1,382)	1,004	72.6%
Other	1,451	1,759	(309)	(17.5%)
Corporate and adjustments	(5,695)	(7,682)	1,986	25.9%
Total comparable EBITDA	**21,473**	**16,154**	**5,319**	**32.9%**
EBIT				
Newspapers	10,371	10,027	344	3.4%
Audiovisual	1,407	(794)	2,201	277.2%
Classified	(981)	(2,035)	1,054	51.8%
Other	943	1,159	(217)	(18.7%)
Corporate and adjustments	(7,371)	(7,568)	196	2.6%
Total EBIT	**4,369**	**790**	**3,579**	**453.0%**
Comparable EBIT[1 2]				
Newspapers	13,419	10,977	2,442	22.2%
Audiovisual	1,791	(670)	2,461	367.5%
Classified	(903)	(2,090)	1,187	56.8%
Other	943	1,132	(189)	(16.7%)
Corporate and adjustments	(6,064)	(8,082)	2,019	25.0%
Total comparable EBIT	**9,187**	**1,267**	**7,920**	**625.3%**

[1] *Excluding personnel adjustment measures 1H14 -4,842 thousand euros and -578 1H13 thousand euros.*
[2] *Excluding result from sale of fixed assets 1H14 24 thousand euros and 1H13 101 thousand euros.*

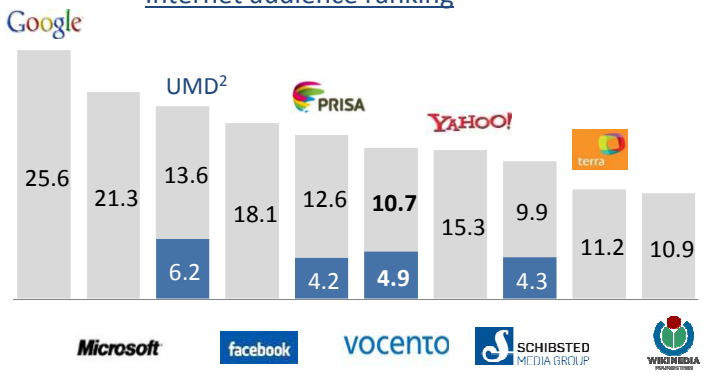
Newspapers (online and offline)

VOCENTO has consolidated its undisputed leadership of the general press sector with a market share of circulation of 25.1% (35.7% including the circulation of newspapers which form part of *Tarifa Única 3.0),* almost 10 p.p. more than the number two media group (with almost 2.6 million readers, according to the 2nd EGM survey of 2014). It is also the leader on the Internet with more than 15 million unique monthly users according to comScore (May 2014).

Market share of ordinary circulation[10]



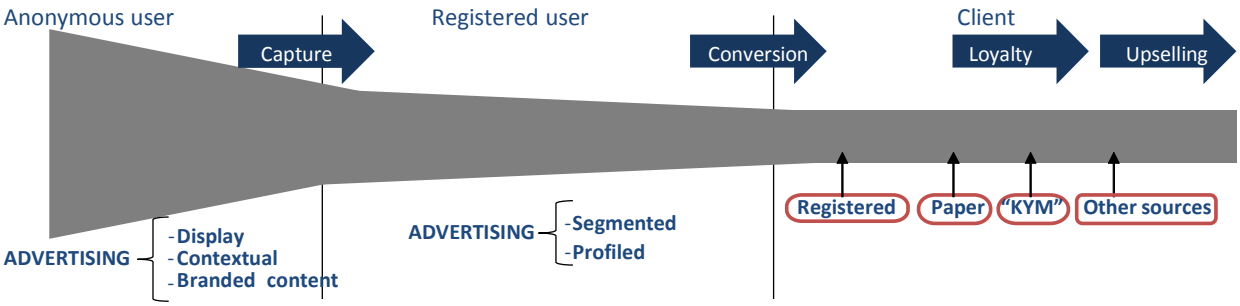
Internet audience ranking[11]



The transformation of the ways in which people consume news and the continuous development of new technological devices are leading to increased consumption of news from mobile devices. This trend represents a double opportunity for VOCENTO, to access new readers and to develop new, complementary business models.

VOCENTO is working on a number of strategic initiatives that aim, firstly, to deepen the understanding of users and their behaviour, based on Big Data, the capture, storage, mining, sharing and analysis of large volumes of data. The company has implemented the MDM (Master Data Management) platform, which delivers a single view of the user regardless of the access platform (with users recorded via print, digital or e-commerce transactions). Secondly, it aims to enable multi-platform publishing, with 'mobile first' as the main driver, as Internet access is increasingly being made from mobile telephones and tablets.

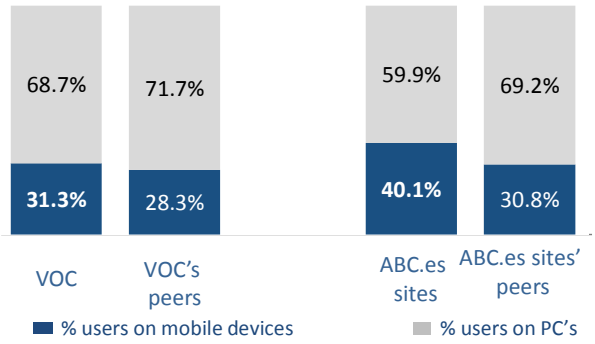
Leveraging user behaviour and digital transformation



VOCENTO has made more progress in this area than its competitors, both at group level and in particular at the ABC websites. This has been reflected in the changing profile of unique users in the media sector, with an increasing proportion coming from mobile devices such as tablets and mobile phones. VOCENTO is ahead of its peers in this trend, both at group level and in particular for the ABC sites.

[10] *Source OJD. Data not audited. Ordinary circulation includes kiosk sales and individual subscriptions.*
[11] *Source comScore May 2014.*

Increased proportion of mobile users at VOC than at peers[12]



Advertisers are responding to this trend in readership. According to i2p, in the first half of 2014, Internet advertising represented 11% of the total, or 208.4 million euros.

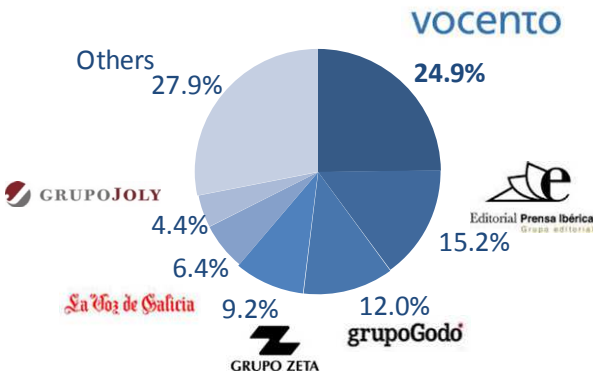
Regional Newspapers

This segment consists of 11 regional titles and their 11 local portals, the regional Printing business, the Distribution activity, and other businesses such as local advertising sales and other subsidiaries.

VOCENTO is the undisputed leader of the regional press markets of Spain due to the deep roots and excellent positioning of its 11 regional newspapers: El Correo, El Diario Vasco, El Diario Montañés, El Norte de Castilla, La Verdad, Ideal, Las Provincias, Sur, El Comercio, Hoy and La Rioja. The strength of these titles, some of which are over 100 hundred years old, their high level of local recognition and their strong links to their regions have turned them into clear references in their markets.

VOCENTO's regional newspapers maintained their leadership in terms of circulation in the first half of 2014, with market share in the regional press of 24.9%[13], ahead of the second largest regional press group on 15.2%.

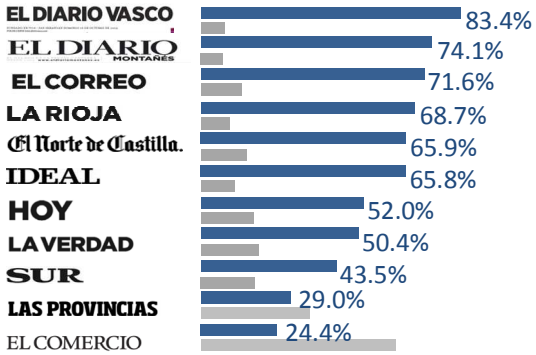
Share of regional press circulation 1H14



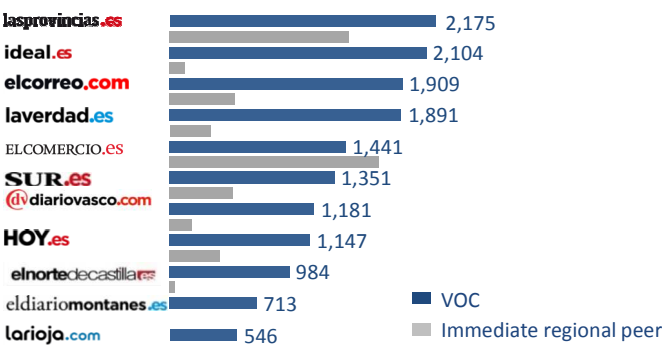
In terms of the readership for regional newspapers, VOCENTO remains the leader both in the offline market (with over 2[14]million readers, 0.7 million readers more than the number two regional press group), and also online, with a readership of 15[15] million unique monthly users. Every one of the eleven portals is the audience leader in their markets, except for El Comercio Digital.

[12] *Source comScore MMX Multiplatform May14. Vocento peers include Prisa and UMD (Unidad Editorial, Zeta y Prensa Ibérica). Peers of ABC.es websites include El País sites and El Mundo.es sites.*
[13] *Source OJD January-June 2014. Data not audited.*
[14] *Source EGM 2nd accumulated survey 2014.*
[15] *Source comScore MMX Multiplatform May14. Total readership is aggregated from the eleven Local Portals.*

Share of circulation in title's area of influence[16] (%)



Audience of local portals (million u.m.u.)[17]



In the first half of 2014, the main focus has been on reinforcing the leadership of the newspapers, regardless of the device used to read them, to continue to invest in high quality content to differentiate from third parties, and to win new readers and revenues. To generate these revenues, VOC is working in three main areas:

- Strengthening e-commerce initiatives such as Oferplan, Ticketing and Guapabox: all three have had a positive performance, meeting their targets and growing their businesses, with Guapabox now profitable, and winning new customers
- Advertising strategies to improve revenues from digital advertising inventories (helping to control online advertising rates)
- Digital transformation, to improve the positioning and perception of our titles: in the first half, the digital editions have undergone a major redesign which will enable new sales opportunities while also continuing to develop hyper-local sections and content and analysing the options for the selective sale of digital content.

In terms of profitability, VOCENTO is continuing to optimize its processes and resources, without affecting the quality of its editorial output.

National Newspaper - ABC

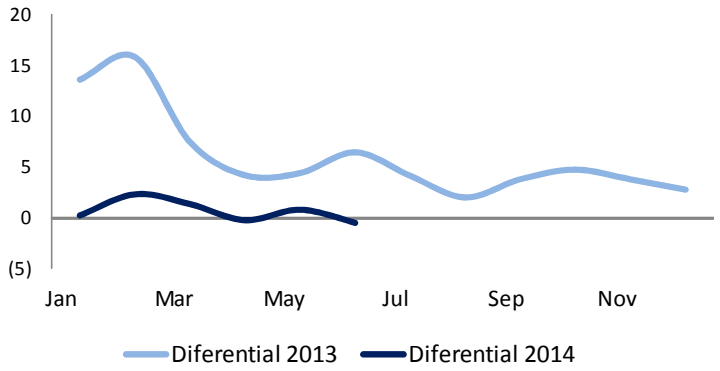
ABC is VOCENTO's national daily newspaper and is now more than 110 years old. ABC is focusing its efforts on maintaining its position as a leading national newspaper and on strengthening its position in different media vehicles: ABC print+ ABC on Kiosko y Más (with an improvement of its editorial content) + ABC.es, with all the support that has come from the agreement with COPE (see the Radio section). This combination has enabled the development of editorial synergies and the attraction of new digital audiences, in order to achieve profitability and enable improvements in EBITDA.

(i) Ordinary circulation in Spain, including kiosk sales and individual subscriptions, ABC continues to close the gap to the number two general newspaper in Spain, El Mundo, to 10,000 copies from 34,000 in January-June 2013 (see chart on page 6).

(ii) Kiosk sales in the Madrid region, the main market for the national press, where ABC is already in the number two position.

[16] *Source OJD January-June 2014. Data not audited. Competitor share in grey.*
[17] *Source: comScore MMX Multiplatform May 2014. Competitor share in grey.*

ABC vs. El Mundo in kiosk circulations in the Madrid region.
Performance of kiosk sales (data in thousands)



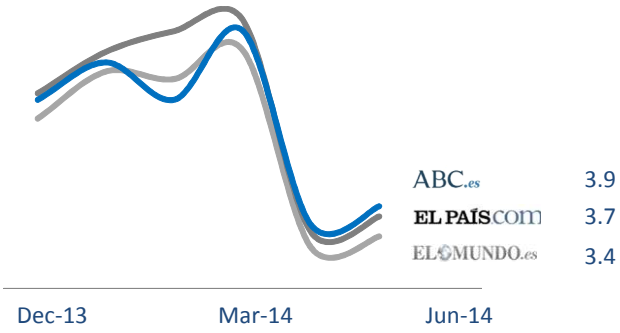
Note 1: Source: Internal data

(iii) Ordinary circulation on Sundays, the day of the week with the highest sales. ABC already sells 9,979 copies than El Mundo (183,902 for ABC vs. 173,923 copies for El Mundo), compared to being behind by 24,767 copies in 1H13.

ABC continues to focus part of its efforts on high quality, profitable circulation, reducing in a controlled manner non-ordinary circulation. Following the decreases achieved in previous years, and according to 1H14 figures, non-ordinary circulation is now 89.5% of total circulation, compared to an average of our peers of 79.5%, particularly 84,8% at El Mundo and 74.2% at La Razón.

Likewise, in the digital business, abc.es is continuing to increase its market share and strengthen its position, with close to 1 million unique monthly users. Of these, c.4 million come from mobile access, illustrating the potential value of ABC's readership.

Performance of unique monthly users on mobile devices (million u.m.u.[18])



In the first half of 2014, in order to improve profitability, a number of actions were implemented: i) compensating for the fall in circulation by increasing cover prices (as carried out in January 2014, with a cover price increase on Monday-Friday from €1.3 to €1.4, and on Sundays from €2.5 to €2.8), ii) maintaining the focus on high quality circulation and closing the gap even further to the most immediate competitor, while optimizing promotions, iii) continuing to develop new lines of revenues, such as ABC on Kiosko y Más, targeting the profitable growth of user numbers on the platform, iv) improving the offering for mobile devices, including both editorial content and products such as Oferplan, and finally v) continuing with savings measures, enabling current levels of positive EBITDA to be maintained.

[18] *Source: ComScore Multiplatform.*

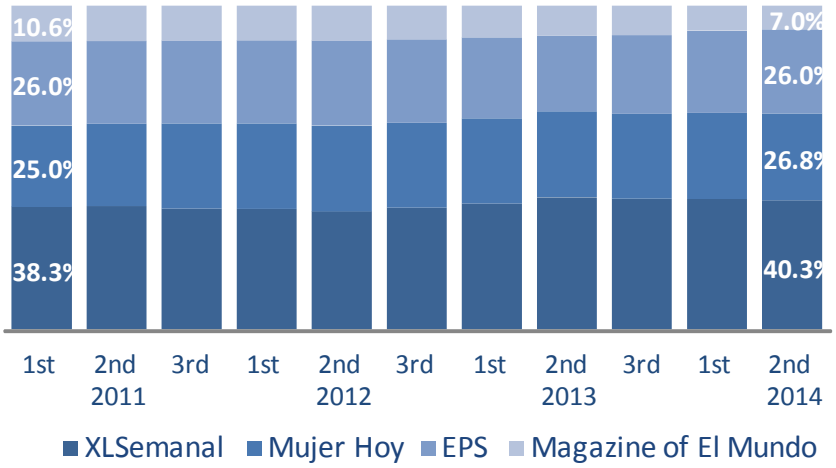
Supplements and Magazines

VOCENTO publishes the two most read supplements in the ranking of supplements in Spain: XL Semanal and Mujer Hoy. XL Semanal is the most read Sunday supplement in Spain, with leading women's supplement Mujer Hoy in second place. The quality of the journalists at XL Semanal and its rigorous commitment to information are a major part of its success and are responsible for its differentiation from its main competitors. The supplements are distributed with all Vocento's newspapers at the weekend and with other high profile regional newspapers.

The Magazines and Supplements of VOCENTO have a combined readership of 4.1 million readers, with XL Semanal the clear leader in its sector (2.3 million readers, around 1 million readers more than its most immediate competitor according to the second EGM survey of 2014), while Mujer Hoy has 1.5 million readers.

VOC has continued to improve its positioning over the last four years, with a combined market share (XL Semanal + Mujer Hoy) of readership in the top four of Spanish supplements, as shown in the following graph:

Readership share of the main supplements in Spain[19]



In the digital business, the online audience is 1,2[20]m of unique users reaching #4 in its category.

In terms of advertising, according to internal data both supplements have continued to increase their market share. In the Sunday supplement market, where advertising revenues have weakened, XL Semanal has increased its share by 3.2 p.p; in the women's supplement market, where advertising has stabilised, the share was higher by 26.0 p.p. in the first five months of 2014.

Mujer Hoy is the second most widely read supplement and is the leading women's supplement in its category in an increasingly competitive market. To celebrate its fifteenth anniversary, the supplement has undergone a major redesign and its editorial offering has been strengthened, with more pages and more content.

Hoy Corazón, a magazine which covers celebrity news and which has been well received by the market, has no competition in the weekend supplements market, and completed seven years of life in 2012. At the start of the year, La Voz de Galicia began to distribute the supplement, increasing its coverage and raising its nationwide profile.

[19] *Source: EGM surveys. Share based on readership, with overlaps. Total readership is sum of VOC supplements.*
[20] *Source: comScore MMX Multiplatform May 2014.*

In the financial information segment, Inversión y Finanzas is the leading weekly finance magazine by kiosk sales (with 51,000 readers according to the 2nd EGM survey of 2014), and covers stock market and financial news with accuracy and professionalism. In the first half of 2014, new e-commerce initiatives have been rolled out, including Guapabox, with activities in various sectors that are designed to find new sources of revenues, providing high quality content from a low cost structure.

Printing and Distribution

The Print Media activity is supported by Printing and Distribution businesses.

In the Printing area, the company remains focused on improving profitability by making the most of its technical resources, enabling it to improve print quality while reducing unit costs.

In the Distribution business, again to improve processes and margins, VOCENTO is looking to achieve savings by automating manual tasks, implementing point-to-point control of the distribution of newspapers and optimizing the structure and points of sale based on financial criteria.

This section provides an analysis of the revenues, EBITDA and operating result of the Newspapers business area.

Newspapers (offline and online)

	IFRS			
Thousand Euro	**1H14**	**1H13**	**Var Abs**	**Var %**
Total Revenues				
Regionals	147,138	152,210	(5,072)	(3.3%)
ABC	57,073	61,655	(4,581)	(7.4%)
Supplements& Magazines	15,419	16,274	(855)	(5.3%)
Adjustments intersegment	(11,304)	(12,165)	861	7.1%
Total Revenues	**208,326**	**217,974**	**(9,648)**	**(4.4%)**
EBITDA				
Regionals	16,622	18,705	(2,082)	(11.1%)
ABC	1,032	(301)	1,333	443.2%
Supplements& Magazines	757	567	190	33.5%
Total EBITDA	**18,411**	**18,971**	**(560)**	**(2.9%)**
Comparable EBITDA[1]				
Regionals	19,493	19,445	47	0.2%
ABC	1,082	(298)	1,380	463.4%
Supplements& Magazines	874	781	93	11.9%
Total comparable EBITDA	**21,449**	**19,929**	**1,520**	**7.6%**
EBIT				
Regionals	11,853	13,584	(1,731)	(12.7%)
ABC	(2,044)	(3,943)	1,899	48.2%
Supplements & Magazines	562	386	176	45.5%
Total EBIT	**10,371**	**10,027**	**344**	**3.4%**
Comparable EBIT[1 2]				
Regionals	14,734	14,317	417	2.9%
ABC	(1,994)	(3,940)	1,946	49.4%
Supplements& Magazines	679	600	79	13.2%
Total comparable EBIT	**13,419**	**10,977**	**2,442**	**22.2%**

Note: The main principal eliminations are due to: a) the supplement revenues (XL Semanal, Mujer Hoy and Hoy Corazón) that TESA makes to the Regional Press and ABC and, b) revenues from the distribution of ABC by Beralán y c) printing activity of ABC by the regional printing plants.

[1] Excluding adjustment measures 1H14 -3,038 thousand euros and 1H13 -958 thousand euros.
[2] Excluding Result from sale of fixed assets 1H14 -10 thousand euros and 1H13 8 thousand euros.

Operating Revenues: 208,326 thousand euros in the first half of 2014, decreasing by -4.4% mainly as a consequence of lower circulation sales at the Regional newspapers and a lower level of promotions at ABC.

Circulation sales: 103,725 thousand euros (-4.2%).

Revenues from the circulation sales of the Regional Press fell by -5.4% in 1H14, because of a fall in circulation of -7.1% in the period. The slower decline in revenues was due to a generalised increase in the cover prices of most of the regional newspapers on Saturdays and Sundays.

At ABC, revenues from circulation sales decreased by -0.7%, as a result of the increase to cover prices in January, from €1.3 to €1.4 from Mondays to Fridays and from €2.5 to €2.8 on Sundays. In 1H14, ABC's

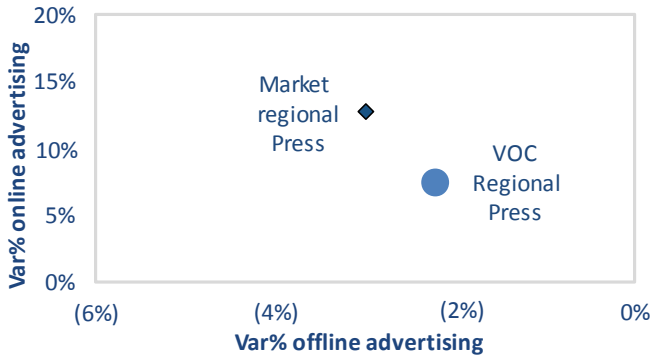
average circulation was 133,038 copies per day, a decrease of -7.7% vs. -10.6% for the national press market (see analysis of circulation on pages 18-19).

Finally, the performance of revenues from circulation sales of Supplements and Magazines (-7.5%) was a result of the lower level of circulation for the newspapers with which the supplements are distributed.

Advertising Sales: 71,375 thousand euros, -2.1% compared to 1H13. Regional newspapers and ABC recorded a decrease of -1.7% and again outperformed the advertising market in press and on the Internet. Offline brands reported a decline of -3.5% and online brands grew by +8.6%, compared to -5.5% and +3.8% for the market, respectively, according to i2p (see chart on page 6).

Regional Newspapers recorded advertising sales of 45,956 thousand euros, -1.1% vs. 1H13, with regional advertising on local newspapers outperforming national advertising.

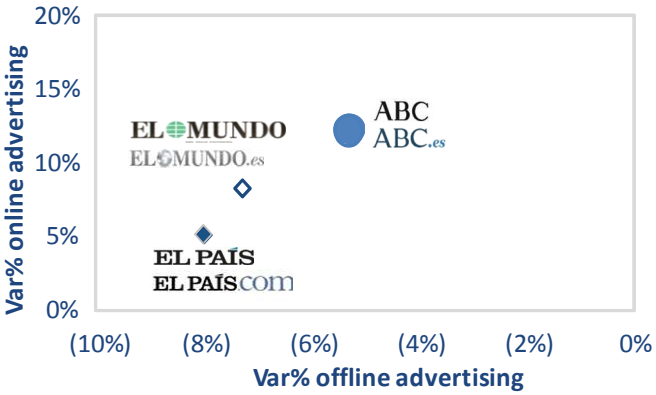
Gross advertising revenues, VOC Regional newspapers and peers, Jan-May14[1] (%))



Note 1: internal data. Gross print advertising.

At ABC, advertising revenues decreased by -3.9% in 1H14, with the fall in offline advertising sales of -7.4% partly compensated by advertising growth at ABC.es of +13.8%.

Gross advertising revenues, ABC and peers, Jan-May14[1] (%)



Note 1: internal data. Gross print advertising.

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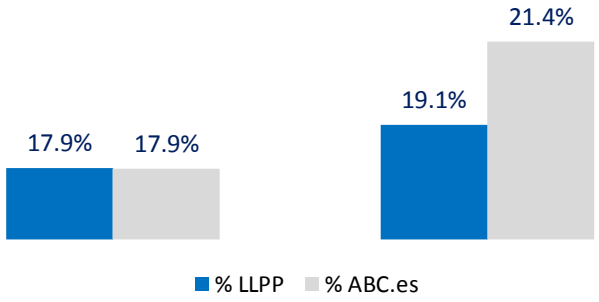
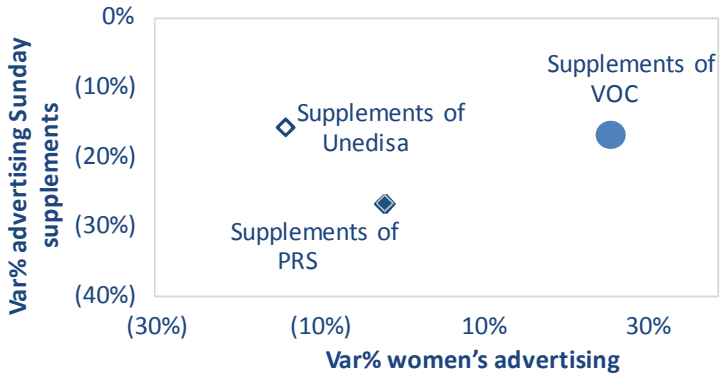
The steady roll-out of the complementary digital business continues to be reflected in the increased contribution of digital revenues, both at Regional (19.1% +1.2 p.p.), and at ABC (21.4%, +3.5 p.p.).

Contribution of digital business (advertising + other revenues/e-commerce to total advertising + other revenues/e-commerce) at VOC brands *(%)*



Advertising revenues from Supplements and Magazines decreased by -3.8% compared to a -9.2% decline for the market. Highlights included the performance of the women's supplement Mujer Hoy, distributed on Saturdays, which reported increased advertising spend especially in high end segments (beauty and fashion), and with an increased market share following the redesign and improvement of the product.

Gross advertising revenues, Sunday supplements and women's supplements, Jan-May2014[1] (%)



Note 1: internal data. Gross advertising data.

Other Revenues: 33,227 thousand euros, -9.8%, mainly a consequence of the reduced level of promotions at ABC.

Comparable EBITDA[21]: 21,449 thousand euros, an improvement of +1,520 thousand euros.

Performance of Comparable EBITDA and advertising at Newspapers 1H14 (€m)

	Comparable EBITDA			Advertising
IFRS Thousand Euro	**1H14**	**1H13**	**Var Abs**	**Var Abs[1]**
Regional brands	19,493	19,445	47	(493)
ABC	1,082	(298)	1,380	(768)
Supplements & Magazines	874	781	93	(262)
Total	**21,449**	**19,929**	**1,520**	**(1,509)**

Nota 1: the total figure for advertising includes eliminations in the area.

The variable net margin on the circulation sales of ABC and the regional newspapers (revenues from circulation sales less the direct associated costs of printing, distribution, marketing and supplies) improved by +100 thousand euros vs. 1H13.

[21] *Excluding adjustment measures 1H14 -3,038 thousand euros and 1H13 -958 thousand euros*

The combined impact of the reduction in variable costs associated with operations and the implementation of efficiency measures has resulted in a decline of comparable costs by -5.6%[22], as shown in the following table:

Performance of comparable costs at Newspapers 1H14 (€m)

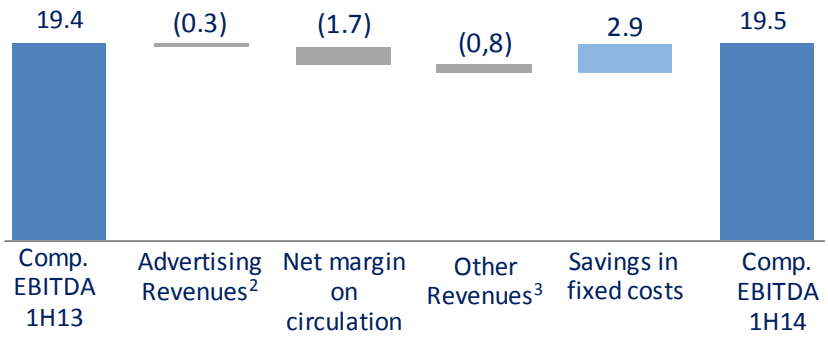
Like for like opex (thousand euros)	1H14	1H13	Var Abs	Var %
Regionals	(127,645)	(132,765)	(5,120)	(3.9%)
ABC	(55,992)	(61,952)	(5,961)	(9.6%)
Supplements & Magazines	(14,544)	(15,493)	(948)	(6.1%)
Adjustments	11,304	12,165	861	7.1%
Total	**(186,877)**	**(198,045)**	**(11,168)**	**(5.6%)**

(i) Regional: comparable EBITDA of 19,493 thousand euros, a similar level to in 1H13 (variation +47 thousand euros), with costs reduced by -5,120 thousand euros. The comparable EBITDA margin in 1H14/13 increased by +0.5 p.p. to 13.2%.

The main savings made were the result of the improvement in the margin on promotions, because of the reduction and optimization in the number of promotions, as well as reductions in fixed costs, mainly in personnel expenses. The net margin on circulation sales decreased in the quarter because of lower circulation, but continues to make an important contribution. The fall in other revenues was mainly a result of lower revenues from distribution and printing for third parties.

Regional Newspapers: performance of comparable EBITDA[1]

Absolute variation in Revenues and comparable EBITDA, in million euros



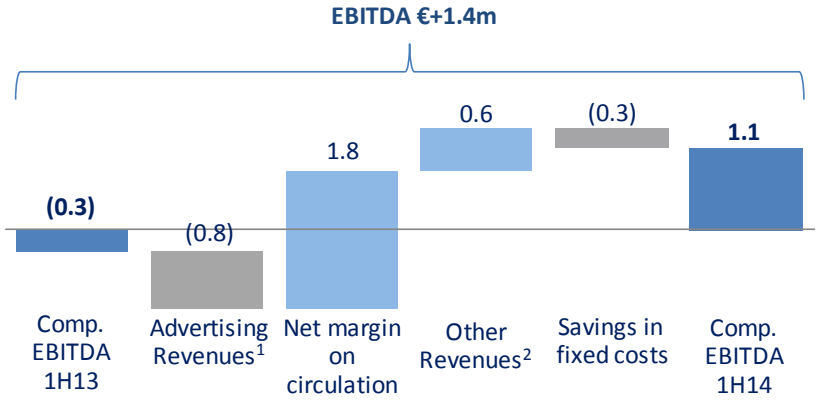
Note 1: excluding restructuring 1H13 €-0.7m and personnel adjustment measures 1H14 €-2.9m. Note 2: print and digital. Note 3: including among others advertising in subsidiaries, circulation sales from the distribution company and the margin on promotions.

(ii) ABC: EBITDA improved by +1,380 thousand euros in 1H14 to 1,082 thousand euros, as a result of an improvement in the net margin on circulation sales by +1,847 thousand euros and the improvement in the margin on promotions, as the following page shows:

[22] *Excluding adjustment measures 1H14 -3,038 thousand euros and 1H13 -958 thousand euros.*

ABC brand: performance of comparable EBITDA

Absolute variation of revenues and comparable EBITDA in millions of euros



Note 1: print and digital activity. Note 2: including among others the margin on promotions.

(iii) Supplements and Magazines: Comparable EBITDA of 874 thousand euros vs. 781 thousand euros in 1H13, with cost reductions more than offsetting the impact of the fall in revenues. The comparable EBITDA margin of the area increased by 0.9 p.p. to 5.7%.

Audiovisual

VOCENTO has a presence in the audiovisual market, with a national television license, regional television licenses, a network of radio licenses, shareholdings in content producers and the management of a catalogue of film rights.

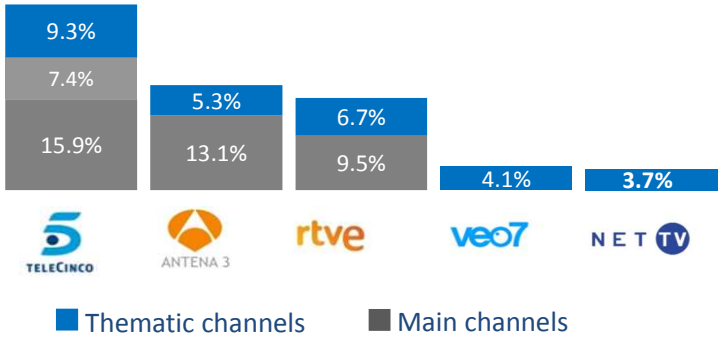
Television

VOCENTO via its 55% stake in the share capital of Sociedad Gestora de Televisión Net TV S.A. ("NET TV"), in which Grupo Intereconomía has a 25% stake and The Walt Disney Company Iberia, S.L. has a 20% stake, is one of four private companies to have a national free-to-air DTT license. Following the Government's decision to close nine DTT channels, broadcasting of Intereconomía and MTV has ceased, with Disney Channel and Paramount Channel still on air. This means that VOCENTO remains present in the niche television market with international partners who are global leaders in entertainment, guaranteeing the medium and long term future of NET TV.

The broadcast channels had combined market share of 3.7% in June 2014[23]. This positioning in the television sector enables VOCENTO to reduce its exposure to the economic cycle, while contributing to its overall goal of profitability.

[23] *Source: Kantar Media June 2014. Not including pay-DTT channels*

Audience share by family of channels, June 2014 (%)



Source: Kantar media

Radio

In response to the challenging economic and advertising environment, and as part of VOCENTO's Efficiency Plan at VOCENTO (see Relevant Fact of 19 December 2012), an alliance was agreed with Cadena COPE which was authorized by the Comisión Nacional de Competencia (CNC) on 15 March 2013.

The integration process and the implementation of the project have been successfully completed, with the positive impacts of the agreement reflected in results from the second quarter of 2013. 2014 will be the first full year in which earnings will fully incorporate the effects of this agreement.

The alliance between the two media groups has taken the form of a strategic agreement between Cadena COPE and ABC that aims to strengthen their shared editorial approach and defend the same values. Both parties are very pleased with the results of the agreement, which has been a clear success that has been consolidated over the course of 2014.

The agreement represents the merger of the broadcasters owned by Vocento, as part of ABC Punto Radio, with the broadcasters of the Cadena COPE network. In addition, the news broadcasts of Cadena COPE are being introduced with the slogan "with the force of ABC," associating the COPE and ABC brands. Vocento appoints the News Coordinator and the presenter of the morning and midday broadcasts. The programming, presenters and content of Cadena COPE receive a special emphasis in the pages of ABC.

The strategic alliance also includes the presence of ABC journalists and presenters on the main news and opinion programmes of Cadena COPE and joint work by both editorial teams on issues of common interest. An Editorial Committee has been established that comprises of representatives of both media.

Likewise, the two groups have integrated the radio portals COPE, Cadena 100 and Rock FM on the ABC website to strengthen both media in the competitive online market for information and news.

Audiovisual Production and Distribution -Veralia

The presence of VOCENTO in the audiovisual production sector (the production of entertainment and drama programmes and the distribution of films) is based on: a) Veralia Contenidos, a holding company for audiovisual production companies, which includes BocaBoca Producciones, Europroducciones (with a presence in Italy through its subsidiary Europroduzione Italia), Hill Valley and b) Veralia Cine, which has a catalogue of rights for 244 films.

- The Veralia production companies currently have various formats in development, preproduction, production, and broadcasting, including "21 días", "Guinness," and "Conexión Samanta" (Cuatro), “Contigo Aprendí” (various regional broadcasters), “A Tu Vera” (Castilla la Mancha TV) and “Guinness World Records” (Canale5, Italy). Recent broadcasts include the end-of-year gala on TVE and the mini-series “Rescatando a Sara” for Atresmedia.

  The current television market is being impacted not only by the advertising crisis but also by the high level of volatility in audiences and the reduction in the number of players, which has increased the pressure on both demand and on the price of the productions, affecting both revenues and production margins of the entire audiovisual production sector, including Vocento's business in this area.

  Veralia has responded by, among other measures, internationalising its productions. The "21 días" format has been successfully adapted in the Netherlands, Italy and France, and more recently in Canada and Chile. In addition, agreements have been reached with various international companies to produce new formats into the Spanish and Italian markets.

- In the film distribution area, Veralia Cine, in 2013 an agreement was made with the minority shareholders of Veralia, as a result of which Vocento has been released from its obligations to acquire new films in return for managing the film catalogue. This has significantly reduced the volatility of results, eliminated capex and improved profitability.

This section provides an analysis of the revenues, EBITDA and operating result of the Audiovisual business area.

	IFRS			
Thousand Euro	**1H14**	**1H13**	**Var Abs**	**Var %**
Total Revenues				
DTT	18,437	24,896	(6,459)	(25.9%)
Radio	2,011	1,666	344	20.7%
Content	8,734	10,609	(1,875)	(17.7%)
Adjustments intersegment	(218)	(227)	9	3.9%
Total Revenues	**28,964**	**36,945**	**(7,980)**	**(21.6%)**
EBITDA				
DTT	1,371	3,993	(2,622)	(65.7%)
Radio	1,042	(1,336)	2,379	178.0%
Content	1,815	702	1,112	158.4%
Total EBITDA	**4,228**	**3,359**	**869**	**25.9%**
Comparable EBITDA[1]				
DTT	1,372	4,012	(2,640)	(65.8%)
Radio	1,155	(1,216)	2,371	195.0%
Content	2,120	734	1,386	189.0%
Total comparable EBITDA	**4,647**	**3,529**	**1,118**	**31.7%**
EBIT				
DTT	1,222	3,809	(2,587)	(67.9%)
Radio	1,068	(1,498)	2,566	171.3%
Content	(884)	(3,105)	2,222	71.5%
Total EBIT	**1,407**	**(794)**	**2,201**	**277.2%**
Comparable EBIT[1 2]				
DTT	1,223	3,828	(2,605)	(68.1%)
Radio	1,147	(1,448)	2,595	179.2%
Content	(578)	(3,050)	2,471	81.0%
Total comparable EBIT	**1,791**	**(670)**	**2,461**	**367.5%**

Note: Eliminations are the result of the sale of programmes from the production companies to National DTT and Radio.
Note: EBIT and comparable EBIT at Content include the amortization of goodwill in the Tripictures film catalogue of 1,004 thousand euros in 1H14 and 1,202 thousand euros in 1H13.

[1] Excluding adjustment measures 1H14 -419 thousand euros and 1H13 -170 thousand euros
[2] Excluding Result from sale of fixed assets 1H14 of 34 thousand euros and 1H13 of 46 thousand euros.

Operating Revenues: 28,964 thousand euros, -21.6% due to changes in the perimeter: i) a decline in DTT revenues of -25.9% because of the termination of nationwide DTT broadcasting of MTV and Intereconomía, and ii) lower revenues from film distribution (in the Content area) as a result of the transfer of part of this business to a third party at the end of 2013.

Comparable EBITDA[24]: 4,647 thousand euros, an improvement of 1,118 thousand euros from 1H13, with all divisions reporting positive EBITDA despite the changes to the perimeter that have been mentioned above:

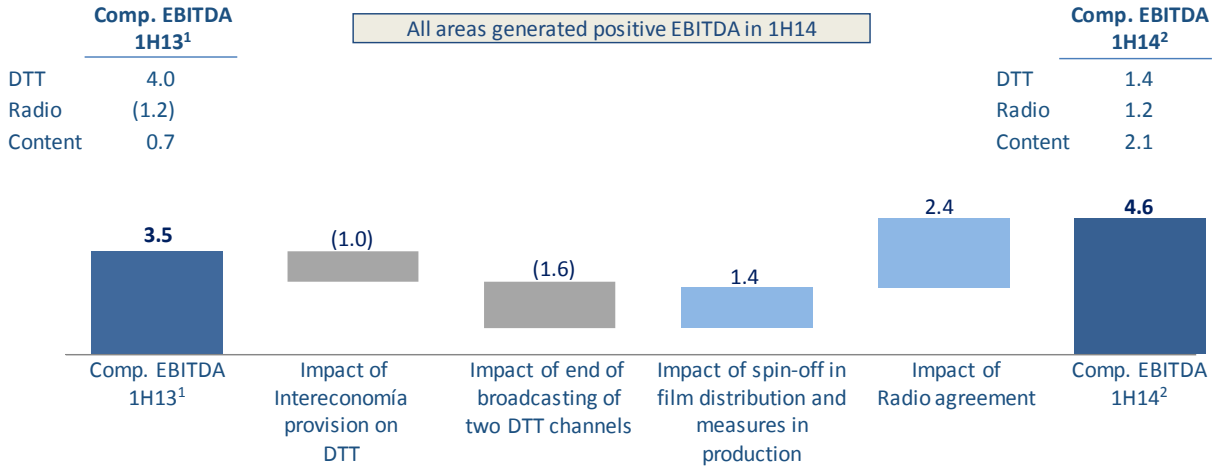
[24] Excluding adjustment measures 1H14 -419 thousand euros and 1H13 -170 thousand euros.

(i) DTT: positive comparable EBITDA of 1,372 thousand euros in 1H14, a decrease of -2,640 thousand euros from 1H13. This was a result of the lower level of activity following the end of broadcasting at two of the channels of the multiplex, and the effect of the provision made in 1Q14 for unrecoverable loans to Intereconomía, of 1,041 thousand euros.

(ii) Radio: positive comparable EBITDA of 1,155 thousand euros compared to -1,216 thousand euros in 1H13. The positive commercial and strategic agreement with COPE had an impact on results starting in 2Q13, when the agreement was approved by the competition authorities.

(iii) Content: comparable EBITDA of 2,120 thousand euros vs. 734 thousand euros in 1H13. In 1Q14, costs were incurred because of the final launches in the DVD window of new film releases from 2013, with an impact on costs that was not repeated in 2Q14. In 2Q14, the Content area recorded positive EBITDA of 1,754 thousand euros.

Comparable EBITDA of the Audiovisual area (€m)



Note 1: adjusted for investment in restructuring 1H13 €-0.1m in Radio (total area €-0.2m due to rounding).
Note 2: adjusted for investment in restructuring 1H14 €-0.1m at Radio and €-0.3m at Content.

Comparable Operating Result *(because of the level of amortization in this area, commentary is provided on the operating result)* rose to 1,791 thousand euros vs. -670 thousand euros in 1H13, as a result of the improvement in the business and the lower level of amortization in the Content area, which decreased by -1,085 thousand euros in 1H14.

Classifieds

The nationwide Classifieds network of VOCENTO is unique in the Spanish media sector, thanks to its specialist team and its customer-focused service culture. These characteristics are supported by ABC.es and the network of regional brands, providing a nationwide service that is characterised by its content as well as by its understanding of the segment.

The portals are present in the three main markets for Internet classified advertising: in real estate with pisos.com (top#3 in its category), employment with Infoempleo.com (top#2) and automotive with autocasion.com (top#7). In addition, the directories portal 11870.com has an audience of 1 million unique users and is one of the leading portals for recommendations of websites and businesses in Spain.

In the first half of 2014, the company continued to focus on optimizing revenue generation from advertising and on implementing its sales strategy, while maintaining its cost structure to help the division progress on its path to profitability.

This section provides an analysis of the revenues, EBITDA and operating result of the Classifieds business area.

	IFRS			
Thousand Euro	**1H14**	**1H13**	**Var Abs**	**Var %**
Total Revenues				
Classified	6,103	6,501	(398)	(6.1%)
Total Revenues	**6,103**	**6,501**	**(398)**	**(6.1%)**
EBITDA				
Classified	(456)	(1,326)	870	65.6%
Total EBITDA	**(456)**	**(1,326)**	**870**	**65.6%**
Comparable EBITDA[1]				
Classified	(378)	(1,382)	1,004	72.6%
Total comparable EBITDA	**(378)**	**(1,382)**	**1,004**	**72.6%**
EBIT				
Classified	(981)	(2,035)	1,054	51.8%
Total EBIT	**(981)**	**(2,035)**	**1,054**	**51.8%**
Comparable EBIT[1]				
Classified	(903)	(2,090)	1,187	56.8%
Total comparable EBIT	**(903)**	**(2,090)**	**1,187**	**56.8%**

[1] *Excluding adjustment measures 1H14 -78 thousand euros and 1H13 55 thousand euros*

Operating Revenues: 6,103 thousand euros, down 6.1% as a result of the sale of Infoempleo's solutions division in 4Q13 (pro forma revenues +7.0%), with the automotive and employment sectors making the largest contribution. Advertising revenues in the area rose by 8.6%.

Comparable EBITDA: -378 thousand euros, with losses narrowing by 72.6% from 1H13 as a result of cost reduction measures, in particular the optimization of sales teams (reinforcing telesales) and savings in personnel expenses, especially in the central structure.

Others

This segment includes B2B business Sarenet, which provides Internet services and voice and data services to companies. It also includes the results from the digital operations of que.es, before its divestment in July 2013.

This section provides an analysis of the revenues, EBITDA and operating result of the Others business area.

	IFRS			
Thousand Euro	**1H14**	**1H13**	**Var Abs**	**Var %**
Total Revenues				
B2B	6,892	7,502	(611)	(8.1%)
Qué!	(17)	187	(204)	(109.0%)
Adjustments intersegment	0	(15)	15	100.0%
Total Revenues	**6,875**	**7,674**	**(799)**	**(10.4%)**
EBITDA				
B2B	1,476	1,832	(355)	(19.4%)
Qué!	(25)	(92)	66	72.2%
Total EBITDA	**1,451**	**1,740**	**(289)**	**(16.6%)**
Comparable EBITDA[1]				
B2B	1,476	1,832	(355)	(19.4%)
Qué!	(25)	(72)	47	64.7%
Total comparable EBITDA	**1,451**	**1,759**	**(309)**	**(17.5%)**
EBIT				
B2B	968	1,282	(313)	(24.5%)
Qué!	(25)	(122)	97	79.2%
Total EBIT	**943**	**1,159**	**(217)**	**(18.7%)**
Comparable EBIT[1]				
B2B	968	1,234	(266)	(21.6%)
Qué!	(25)	(103)	77	75.3%
Total comparable EBIT	**943**	**1,132**	**(189)**	**(16.7%)**

[1] *Excluding investment in restructuring of -19 thousand euros in 1H13.*

Operating Revenues: 6,875 thousand euros, down -10.4% as a result of the performance in B2B.

Comparable EBITDA: 1,451 thousand euros.

Operating data

Newspapers

Average Circulation Data	1H14	1H13	Var Abs
National Press - ABC	133,038	144,104	(11,066)
Regional Press			
El Correo	78,041	83,641	(5,600)
El Diario Vasco	56,390	59,499	(3,109)
El Diario Montañés	26,471	27,762	(1,291)
Ideal	21,435	23,123	(1,688)
La Verdad	18,900	21,073	(2,173)
Hoy	12,365	13,443	(1,078)
Sur	19,290	20,835	(1,545)
La Rioja	10,820	11,637	(817)
El Norte de Castilla	22,291	25,129	(2,838)
El Comercio	18,260	19,711	(1,451)
Las Provincias	19,873	21,392	(1,519)
TOTAL Regional Press	**304,136**	**327,245**	**(23,109)**

Sources:OJD. 1H14 non audited data.

Audience	2nd Survey 14	2nd Survey 13	Var Abs
National Press - ABC	**517,000**	**577,000**	**(60,000)**
Regional Press	**2,038,000**	**2,241,000**	**(203,000)**
El Correo	419,000	453,000	(34,000)
El Diario Vasco	248,000	254,000	(6,000)
El Diario Montañés	164,000	185,000	(21,000)
Ideal	185,000	209,000	(24,000)
La Verdad	209,000	228,000	(19,000)
Hoy	134,000	138,000	(4,000)
Sur	129,000	166,000	(37,000)
La Rioja	88,000	97,000	(9,000)
El Norte de Castilla	177,000	204,000	(27,000)
El Comercio	158,000	160,000	(2,000)
Las Provincias	127,000	147,000	(20,000)
Supplements			
XL Semanal	2,271,000	2,535,000	(264,000)
Mujer Hoy	1,509,000	1,618,000	(109,000)
Mujer Hoy Corazón	314,000	335,000	(21,000)
Inversión y Finanzas	51,000	53,000	(2,000)

Monthly Unique uses (Th)	may-14	jun-13	Var Abs
Vocento	15,545	n/a	n/a

Source: comScore

Audiovisual

National TV Market	jun-14	jun-13	Var Abs
Audinece share Net TV	3.7%	4.5%	(0.8) p.p.

Source: Kantar Media last month.

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