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## press release

*HILVERSUM, The Netherlands, February 23, 2006*

### **ENDEMOL FINANCIAL REPORT CONFIRMS COMPANY STRATEGY, STRONG GROWTH IN TURNOVER, EBITDA AND NET INCOME DURING 2005**

Endemol N.V. ('Endemol' or 'the Group'), a global leader in television and other audiovisual entertainment, today announced its results for the 12 months to 31 December 2005. Ahead of market expectations, these underline the strength of the Group's distinctive business model and its ability to generate value. The results follow the successful IPO of the Group in 2005, which has provided Endemol with the platform for future growth.

#### **FULL YEAR 2005 HIGHLIGHTS**

- **Turnover EUR 900.1 million, +5.8% growth compared to 2004. +7.7% growth if normalised. 84% of normalised growth being organic and 16% non-organic**
- **EBITDA EUR 152.8 million (17% of turnover); +15.4% growth compared to 2004**
- **Net Income Attributable to the Shareholders EUR 83.5 million (9.3% of turnover); +29.6% growth compared to 2004**
- **Proposed post-IPO dividend EUR 10.0 million**
- **Growth in all genres: +3.1% in Non-Scripted (+5.5% if normalised), +21.2% in Scripted and +8.3% in Digital Media**
- **Stable geographical turnover mix with remarkable performance in UK, Spain and the Rest of the World (territories outside Endemol's 6 main countries)**
- **Robust structures and processes in place supporting strong creativity output and talent retention initiatives**
- **2006 outlook: turnover expected to grow organically, under existing market circumstances, by around 5-6%; EBITDA percentage on turnover within the 15-17% range**
- **Jan Peter Kerstens, Senior Vice President Finance, selected to become the company's new CFO**

#### **PRO FORMA<sup>1)</sup> KEY FIGURES**

	<b>Pro forma 2005<sup>1)</sup></b>	<b>Pro forma 2004<sup>1)</sup></b>	<b>% change</b>
<b>Turnover (EUR million)</b>	900.1	850.9	<b>+5.8%</b>
<b>EBITDA (EUR million)</b>	152.8	132.4	<b>+15.4%</b>
<b>Net income attributable to the shareholders (EUR million)</b>	83.5	64.5	<b>+29.6%</b>
<b>Earnings Per Share (EUR)</b>	0.67	0.52	<b>+29.6%</b>
<b>Earnings Per Share fully diluted (EUR)</b>	0.66	0.51	<b>+29.6%</b>
<b>Post-IPO Dividend Per Share (EUR)</b>	0.08	n.a.	<b>n.a.</b>

<sup>1)</sup> Endemol N.V. is announcing full year figures. These full year figures are on a pro forma basis as Endemol N.V. was only incorporated as per October 28<sup>th</sup>, 2005. The pro forma figures include the adjustments made at times of the reorganization prior to the IPO



## CEO STATEMENT

**Joaquim Agut, CEO of Endemol:** *"We are very pleased with the strong results presented today. Growth was achieved in all our business lines, and across almost all Endemol's markets. On top of having delivered very strong 2005 financials, Endemol also made significant steps towards the development and implementation of the company's strategic priorities. Additionally, we have put extra emphasis on further enhancing our structures and processes to support creativity and talent retention. The year 2005 was also another milestone in Endemol's history due to the successful IPO. We are convinced this IPO will assist Endemol in continuing its focus on profitable growth and market leadership."*

## FINANCIAL REVIEW

### Turnover

The year on year growth for turnover amounted to +5.8%. In 2004 four series of *Fear Factor* went into second run syndication in the USA; in 2005 just one additional series went into second run syndication. Adjusted for the effect of the three extra series in 2004, total turnover growth in 2005 compared to 2004 amounted to +7.7%.

In terms of genres, the growth was driven by a +3.1% growth in Non-Scripted television (+5.5% if figures are normalised for the *Fear Factor* syndication effect described above), +21.3% in Scripted television and +8.3% in Digital Media.

Out of the +7.7% normalised growth in turnover, +6.5% (84% of the total normalised growth) is organic. Organic growth is mainly due to Endemol's operating companies in the United Kingdom, the USA, Spain and the Rest of the World (territories outside Endemol's 6 main countries). The remaining 1.2% (16% of the 7.7%) is due to non-organic growth. Non-organic growth consisted mainly of the acquisition of an additional 25% in Meta Entertainment in Germany, which increased Endemol's share from 40% to 65%, an additional 30% stake acquisition in TVBV in the Netherlands and a start up in Latin America called Endemol Andino.

### Operating expenses

In 2005, **Costs of outsourced work and other external costs** (mainly production costs) went slightly up compared to 2004 from 59.8% to 60.8% of turnover. The two main reasons for that are the influence of the syndication of four series of *Fear Factor* in 2004 (syndication has low variable costs) and the changed mix of countries in 2005, with a larger share of total turnover coming from the traditionally lower margin countries.

**Personnel expenses** as a percentage of turnover have decreased compared to 2004 from 16.1% to 15.5%, despite the extra costs of the incentive plans granted at the IPO (EUR 4.6 million). The reduction has been possible mainly due to the fact that Endemol's personnel structure became more flexible in 2005. In 2005 only 24.5% of Endemol's total workforce was on a permanent contract (32.5% in 2004). Included in the personnel costs are the costs for the Telefonica share option plans. The fair value adjustments of these plans have resulted in costs amounting to EUR 7.4 million in 2004 and income amounting to EUR 2.0 million in 2005.

In 2005, **Other operating expenses** as a percentage of turnover decreased from 8.5% to 6.8%. One of the reasons for this decline is the additional accrued property rental expenses (EUR 7.0 million) that were included in the 2004 accounts. In 2004 the other operating expenses furthermore included the restructuring in the Netherlands (EUR 5.0 million).

### EBITDA

EBITDA in 2005 reached a level of EUR 152.8 million, a +15.4% increase compared to last year, when it amounted to EUR 132.4 million. In terms of EBITDA margin, Endemol has moved from 15.6% of turnover in 2004 to 17.0% in 2005.

If non recurring items in the turnover and costs of 2005 are excluded, EBITDA would have reached a level of EUR 156.4 million (17.5% of turnover) compared to EUR 143.8 million (17.3% turnover) in 2004.



### **Depreciation and Amortisation**

Depreciation of tangible and intangible assets in 2005 was EUR 1.8 million higher than in 2004, mainly due to the increase of the depreciation of intangible assets. Under IFRS intangible assets have to be separated from goodwill and capitalised. These capitalised intangible assets are subsequently depreciated.

In 2005 an amount of EUR 0.8 million of goodwill was impaired.

### **Net Financial Result**

The increase of Endemol's net financial result relates to the fair value adjustments of its financial instruments (i.e. Call and Put options related to acquisitions and Interest Rate Swaps) resulting in a profit of EUR 4.9 million in 2005. In 2004 Endemol incurred a loss of EUR -/- 2.8 million on the financial instruments.

### **Taxes**

Endemol's effective tax rate in 2005 increased compared to 2004, from 35.9% to 36.9%. Excluding a tax provision made in 2005 of EUR 3.0 million, the effective tax rate for 2005 would have amounted to 34.7%.

### **Net income and earnings per share**

Net Income Attributable to the Shareholders increased by 29.6%, compared to 2004, reaching a level of EUR 83.5 million. Resulting earnings per share was EUR 0.67 (fully diluted EPS amounts to 0.66).

### **Cash flow**

The Cash Flow from Operating activities reached a level of EUR 97.6 million being EUR 3.9 million higher than in 2004.

Endemol's Free Cash Flow (= Cash Flow from Operating Activities excluding Financial Expenses plus Cash Flow from Investing Activities) was EUR 5.2 million lower than in 2004 at a level of EUR 55.4 million. The reasons for this are higher earn out payments due in 2005 and higher investments in tangible assets in comparison with 2004.

### **Balance sheet**

Total Assets amounted to EUR 564.7 million at year-end 2005, EUR 129.6 million lower than at year-end 2004. In 2005, prior to the IPO, Endemol distributed a dividend of EUR 173.9 million. EUR 90.0 million was paid in cash and a loan of EUR 83.9 million was assigned to Endemol Investment BV, the parent company of Endemol NV, being a dividend distribution in kind.

Year-end 2005 total net financial debt amounts to EUR 50.4 million. Endemol's solvency ratio per year-end 2005 was 26.2%, above the solvency covenant of the multi currency revolving credit facility signed with a syndicate of seven banks in November 2005.

Endemol will propose in the Annual General Meeting of Shareholders to pay a post-IPO dividend of EUR 10.0 million (equal to 68.1% pay out of the last two months result), corresponding to EUR 0.08 per share, a dividend yield of 0.9% over two months.

## **OPERATIONAL REVIEW BY GENRE**

Endemol experienced turnover growth in Non-Scripted of +3.1% (5.5% if normalised for the *Fear Factor* effect), exceptionally strong growth in Scripted of +21.2%, and a sound growth as well in Digital Media of +8.3%. Similar to the geographies, the contribution from the different business lines followed a more or less stable trend.



#### Turnover per genre

All figures in EUR million	Pro forma 2005	Pro forma 2004	% change
Non-Scripted <sup>1)</sup>	690.4	669.6	+3.1% / +5.5%
Scripted	126.4	104.3	+21.2%
Digital Media	83.3	77.0	+8.3%
<b>TOTAL<sup>1)</sup></b>	<b>900.1</b>	<b>850.9</b>	<b>+5.8% / +7.7%</b>

1) First percentage refers to turnover growth; second percentage refers to normalised turnover growth

#### Non-Scripted

Non-Scripted turnover reached EUR 690.4 million in 2005, which represents a growth of +3.1%. If the figures are normalised to take into consideration the *Fear Factor* effect in the USA, growth would have been +5.5%. Main contributors to the growth in Non-Scripted have been the UK, The Netherlands and Rest of the World (territories outside Endemol's 6 main countries).

Endemol's main non-scripted formats continued to enjoy a strong performance in Endemol's markets and were further deployed around the globe in other territories during 2005.

*Deal or no Deal* for instance is doing well, being produced in 26 countries in 2005 (16 countries in 2004). This now includes both the USA and the UK market for the first time.

*Big Brother* is performing strongly as well, and remains Endemol's top format. In 2005 it has been produced in 22 countries (12 countries in 2004).

*Fear Factor* has also had a very sound performance in 2005, maintaining its second position in Endemol's top 10 programmes, and being produced in 8 countries in 2005.

Such has been the success that *Extreme Makeover Home Edition* has enjoyed in 2005 in the USA, that despite being produced in only one additional country (Norway), it has positioned itself as the fourth format in the group in terms of turnover contribution.

#### Scripted

Scripted enjoyed strong growth in 2005, with an increase of +21.2% in turnover to a level of EUR 126.4 million. A group head of scripted has been appointed to coordinate and concentrate efforts in this business segment. Additionally new Scripted divisions have been set up in the UK and in the USA. Main contributors to the scripted growth have been Endemol's subsidiaries in Spain, Italy and the Netherlands. **Spain** enjoyed substantial growth in scripted, with productions like *Amar en tiempos revueltos*, *Arrayan*, *Vent del Pla*, *Rias Baixas*, etc. **Italy** has also enjoyed a strong year in scripted, with projects such as *Gente di Mare*, *La Profia*, *Montalbano*, *100 Vetrine* and *Vivere* (the latter two from Endemol's JV with RTI). In the **Netherlands**, *Gooische Vrouwen*, *ONM* and the reruns of *Baantjer*, delivered strong ratings. In the **UK**, a scripted division has been set up via Showrunner, which has already agreed 5 paid development deals with Channel 4 and the BBC. In addition, Initial and Zeppotron, two of Endemol's branches in the UK, are also contributing scripted series such as *Totally Frank* and *Spoons*.

#### Digital Media

In Digital Media, another key strategic area for Endemol, total turnover increased by +8.3% to a level of EUR 83.3 million. Endemol had major developments taking place in each of the three areas within Digital Media.

**1) Regarding Participation TV** (where viewers interact with Endemol's shows to win prizes, bid for products, etc.) Endemol enjoyed growth in all countries, with more than 140 million calls and SMS. New regulation in 2006 will put a limit on Endemol's Participation TV revenues in The Netherlands, although this is being countered by signing an agreement with RTL for 2006 for other interactive call applications. Additionally, Participation TV activities will continue in the remaining countries. On top of this, Endemol is already working on additional Participation TV concepts.

**2) In the area of Brand exploitation** (where viewers interact with Endemol's existing entertainment formats) Endemol had a very good overall performance in 43 formats, with some remarkable examples like *Big Brother*, *Deal or no Deal* and *Operación Triunfo*, attracting more than 300 million calls and SMS.

**3) And finally, regarding Tailor made content** (content for other platforms not related to TV), Endemol has been building up the base for future growth, for example by setting up specific organisations in



Endemol's main territories, to develop live applications for Mobile TV and IPTV. Endemol is involved in negotiations with KPN in the Netherlands and BT in the United Kingdom for the exploitation of IPTV concepts. The intention with KPN is to exploit Endemol's library and with BT to produce new specific content for the BT channels. By applying new business models together with strong partners as KPN and BT, Endemol is exploring new sustainable revenue streams. In Italy, Endemol set up a joint venture start-up called Yam, to strengthen its Digital Media activities in this country. In addition to reinforcing Endemol Italy's current business, Yam is focussing on creating new content for the various digital platforms, especially mobile phones.

## KEY OPERATIONAL DEVELOPMENTS BY TERRITORY

United Kingdom, Spain and the Rest of the World have been the territories where Endemol has enjoyed stronger growth. The Endemol Group continues to enjoy good diversification and a stable contribution mix from the different territories where it has a presence.

### *Turnover per country*

<i>All figures in EUR million</i>	<b>Pro-forma 2005</b>	<b>Pro-forma 2004</b>	<b>% change</b>
United Kingdom	173.0	146.1	+18.4%
The Netherlands	150.2	145.9	+3.0%
USA <sup>1)</sup>	138.4	136.9	+1.1% / +13.8%
Spain	126.3	118.1	+7.0%
Italy	105.9	111.3	-4.9%
Germany	82.9	85.4	-2.9%
Rest of the World	166.2	150.6	+10.4%
Inter Segment	(42.9)	(43.3)	+1.0%
<b>TOTAL<sup>1)</sup></b>	<b>900.1</b>	<b>850.9</b>	<b>+5.8% / +7.7%</b>

*1) First percentage refers to turnover growth; second percentage refers to normalised turnover growth*

### **United Kingdom**

The UK has been the country where Endemol had the strongest growth in the Group. Total turnover in 2005 reached EUR 173.0 million, representing an +18.4% increase compared to 2004.

Endemol UK enjoyed strong performance of *Big Brother* on Channel 4, already in its 6th season. A new 2-year deal has been agreed until end 2007. *Celebrity Big Brother* is performing strongly as well, enjoying excellent ratings this year. *Deal or no Deal* was successfully introduced in November 2005. Additionally, sports reality programming such as *The Games* and *The Match* are doing well. Their 4th and 3rd series respectively have already been commissioned for 2006, as well as *Soccer Aid*, also commissioned for this summer. As mentioned above in the operational review by genre, Endemol UK has additionally made significant steps in the scripted field.

### **The Netherlands**

In the Netherlands, Endemol reached a turnover for 2005 of EUR 150.2 million (+3.0% growth), representing 16.7% of total company turnover. In 2005, the new channel Talpa was launched, for which Endemol became a major contributor of content. This included *Big Brother*, back on air after two years' absence from the Dutch market. In the scripted field, the Netherlands continues to be one of the major contributors in the Group (see details in the operational review by genres). New regulation in 2006 will put a limit on Participation TV turnover in the Netherlands, although Endemol is countering this by signing an agreement with RTL for 2006 for other interactive call applications. On top of this, Endemol is already working on other new Participation TV concepts.





## **USA**

North America is one of the most important strategic priorities for Endemol. USA recorded a strong year in 2005, especially considering the strong effect the second run syndication had on 2004's turnover. *Fear Factor* went into second run syndication in 2004 (the first time ever for a reality show in US TV history), with four series being actually sold. In 2005 one additional series went into syndication. If turnover figures are normalised to exclude this exceptional effect, growth in turnover would have been +13.8%, to a level of EUR 138.4 million.

Regarding the **large networks business**, Endemol USA enjoyed huge success with *Extreme Makeover: Home Edition*. *Fear Factor* is already in its sixth season, being also in syndication. *Big Brother 7* has already been picked up for 2006 by CBS, with options for 2007 and 2008. On top of that, *Deal or no Deal* was successfully sold in late 2005, and is now recommissioned for 2006 by NBC. In addition, a new deal has just been signed with ABC for a US version of *Operación Triunfo* for next summer. The **cable business** also enjoyed a sound year, with substantial growth achieved mostly through a more diversified customer base.

On top of Endemol USA's strong performance in its main business, a number of positive steps have been taken in all the other strategic priorities. In the **Scripted** field a specific division was created and the first pilot has already been sold. In the **Digital Media** field a dedicated organisation was also created, and some initiatives have already been successfully launched (for example *Deal or no Deal SMS Lucky Case* game, the first nationwide SMS game ever in the USA). In the **Hispanic** market segment a new office was set up late 2005 in Miami, and a deal has already been signed with Telemundo for a Hispanic version of *Deal or no Deal* in 2006. Regarding **Canada** several co-production alternatives are under negotiation at this moment, on top of the ready made sales from Endemol USA.

## **Spain**

In Spain, Endemol also enjoyed a good year, with turnover EUR 126.3 million, which represents a +7.0% increase compared to 2004.

The year 2005 was the year of the relaunch of *Operación Triunfo*, now in Tele 5, where it has achieved strong ratings and ancillary exploitation (10.7 million SMS/calls and 1.5 million CDs sold). Reality programmes had a sound performance, with the seventh series of *Big Brother*, the second series of *Big Brother Vip* and the second series of *La Casa de tu Vida*. Several shows were also sold to the new terrestrial channel, Cuatro, launched in November. The year 2005 has also been a strong year in scripted, with successful productions such as *Amar en tiempos revueltos* (see details in the operational review by genre).

## **Italy**

In Italy total turnover was EUR 105.9 million, slightly lower than 2004. The main reason was that *Big Brother* was not on air during 2005, having been scheduled twice in 2004. *Big Brother* is back in Italy since January 2006 and is enjoying strong success. The absence of *Big Brother* in 2005 was almost offset with a sound performance of *Deal or no Deal*, *The Farm* and other shows. Both *Deal or no Deal* and *The Farm* now have new series on air in 2006. Furthermore, Endemol Italia signed a volume agreement with RAI, and started producing for new customers like La 7, Sky and Fox. Italy remains the main contributor of scripted volume to the Group, with productions as successful as *Gente di Mare* (see details in the operational review by genre).

## **Germany**

Total turnover in Germany reached EUR 82.9 million, slightly behind last year. Market circumstances in Germany remain difficult and broadcasters are reluctant to adopt new formats. In 2005 *Big Brother* was on air in Germany for a full year, therefore establishing a worldwide record for the longest running live show ever. *Who wants to be a Millionaire* rated strongly and is already back on air. *All You Need Is Love* was in its second series in 2005, also with good audiences. A second series of *Deal or no Deal* was successfully launched, and a third series for 2006 has already been commissioned.



### **Rest of the World**

Endemol enjoyed a strong year in its other territories in **Europe**, like Belgium, Portugal and Switzerland. In Poland, Endemol acquired the remaining stake of its local partner. The company is now a fully owned, broadcaster independent, subsidiary (Endemol Polska). In the **Latin America** region, Endemol started operations in the Andino region through Endemol Andino (51% owned by Endemol), covering Colombia, Venezuela, Ecuador, Bolivia and Perú. Additionally Endemol enjoyed steady growth in Brazil and Argentina. In **Asia** there was promising licensing and Digital Media income. Endemol is currently in the process of starting its own production company in South East Asia. Endemol has also enjoyed a positive launch of its Indian subsidiary in January 2006. Finally, Endemol's subsidiary in **Australia** also performed well.

## **OTHER ACHIEVEMENTS IN 2005**

### **Creativity**

Endemol's 2005 creative output was very strong. More than 300 new ideas were created. About 200 became registered formats and 20 were scripted titles, a good sign of the strength of Endemol's creative capacity. Endemol aired more than 100 new programmes. 39 of these were created as recently as 2005, and already one third of them (13) have been taken up by a second territory.

The priorities of Endemol's Creative teams for 2006 are the following:

- Refreshment of unexploited formats from Endemol's library
- Development of new game shows
- Celebrity-led family entertainment, which is increasing its popularity
- Creation of new reality shows, for example Sports-based such as *The Match* or *The Games*
- Development of new Scripted programmes, as well as the international exploitation of the existing scripted library. Comedy is one of the genres within scripted where Endemol sees a clear potential and to which Endemol is going to devote further efforts
- The creation of hybrid programming, either the combination of genres (e.g. reality and scripted), or the creation of programmes to be seen by viewers across different platforms, such as TV, mobile and IPTV.

### **Talent retention**

Endemol has also made significant steps in terms of retaining its key talent.

Endemol's CCO<sup>1)</sup> and COO<sup>1)</sup>, as well as senior management of Endemol's operating companies in Italy, the United Kingdom, the United States, the Netherlands and Germany have all extended their contracts until April 2011. Furthermore, senior management in Spain and other senior management in Italy have extended their contracts until December 2008, with a renewal option year on year after that and until April 2011.

Additionally Endemol has introduced a number of incentive schemes to enhance talent retention, foster creativity and deliver financial commitments. For example, there are variable compensation incentives, which are paid based on business performance (mostly for delivering top and bottom line growth). In addition, there is a range of bonuses for Endemol's creative talent, depending on the market success of formats created. And finally, at the time of Endemol's recent IPO, a Long Term Incentive Plan was issued. For the Management Board, Senior Management and the other Top 100 employees, performance shares and/or option plans were granted based on delivering a certain total shareholder's return. For the rest of the employees a cash-based incentive plan was issued as well (of which 45% was paid in 2005).

Furthermore, Jan Peter Kerstens, Senior Vice President of Finance, has been selected to become the company's new Chief Financial Officer (CFO). Endemol's Supervisory Board will propose his appointment at the next Annual Shareholders Meeting to be held next June.

<sup>1)</sup> Details to be disclosed once formal agreements are entered into.



## DIVIDEND PROPOSAL

Endemol will propose in the Annual General Meeting of Shareholders to pay a post-IPO dividend of EUR 10.0 million (equal to 68.1% pay out of the last two months –November and December- result of Endemol NV; Endemol NV was incorporated on the 28th October 2005). This dividend represents EUR 0.08 per share, a dividend yield of 0.9% over the two months.

## 2006 OUTLOOK

For 2006, under existing market conditions, Endemol expects the current trend in terms of strategy, portfolio contribution, and financials to continue:

- Growth in the future will be achieved by hiring and retaining the best talent to maximise Endemol's creative output. This constitutes the foundation of Endemol's growth strategy. It has these six pillars built on it:
  - *Growing existing markets and genres* – Endemol's main priority is to maintain and expand its strong position in entertainment programming for the world's leading broadcasters.
  - *Expand in North America* – To achieve growth, Endemol will focus on television networks (including syndication market), cable networks, scripted programming, the Hispanic market and Canada.
  - *Increase scripted programming* – Endemol already has a strong position in scripted programming in Italy, Spain and the Netherlands, and plans to benefit from the growth potential in other markets like the USA and the United Kingdom
  - *Digital media opportunities* – Endemol expects its growth in this segment to be fuelled by Participation TV (where viewers interact with Endemol's shows to win prizes, bid for products, etc.), Brand Exploitation (where viewers interact with Endemol's existing entertainment formats) and Tailor made content (stand alone content not related to TV)
  - *Explore new territories* – Endemol has a two-tier entry strategy. The first tier covers territories where Endemol already has direct sales, and the second tier includes attractive markets (for example, China) that Endemol plans to enter in the medium term when particular opportunities arise.
  - *M&A* – Growth will be properly supported by acquisitions, as in the past
- From a **portfolio contribution** perspective, Endemol expects to have stable turnover mixes in countries and genres.
- From a **financial perspective** Endemol expects, under existing market conditions, to continue a similar trend and grow its turnover organically by around 5-6%, and in terms of profitability, EBITDA margin levels to be within the 15-17% range





## FINANCIAL AGENDA

June 2006

Annual General Meeting of shareholders

July 2006

Interim Results

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## ABOUT ENDEMOL

**Endemol (Euronext; EML)** is a global leader in television and other audiovisual entertainment. The Company creates premium entertainment ideas and sells them to the world's leading broadcasters. Endemol then produces shows based on such ideas to high standards, creating hits with strong brand value. Subsequently, the company exploits the value of its brands across other media and communications platforms, including, for example, mobile phones and the Internet.

Endemol, with its head office in Hilversum, the Netherlands, now has subsidiaries and joint ventures in 23 countries, including the United Kingdom, the United States, Spain, Italy, Germany and the Netherlands, as well as in Latin America, India, South Africa and Australia. Endemol is a publicly traded company on Eurolist by Euronext Amsterdam. For more information, please visit [www.endemol.com](http://www.endemol.com).

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## NOTE TO EDITORS

### **Full year 2005 Results Presentation Audio webcast**

A live audio webcast of the full year results 2005 analyst teleconference will be available today.

Time: **15:00 CET** - 14:00 GMT (UK time) / 09:00 EST (New York-time)

The audio webcast will be hosted by Joaquim Agut (Chief Executive Officer) and the other Executive Board members: Tom Barnicoat (Chief Operations Officer), Peter Bazalgette (Chief Creative Officer) and Jan Peter Kerstens (nominated CFO).

To listen in please log on via Endemol's website [www.endemol.com](http://www.endemol.com), or directly via [http://www.companywebcast.nl/webcast/player/v1\\_0/player.asp?id=525](http://www.companywebcast.nl/webcast/player/v1_0/player.asp?id=525)

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## Consolidated Pro Forma Income Statement

<i>EUR million</i>	<b>2005</b>		<b>2004</b>		<b>% change</b>
<b>Turnover</b>	<b>900.1</b>	<b>100.0%</b>	<b>850.9</b>	<b>100.0%</b>	<b>5.8%</b>
Costs of outsourced work and other external costs	(546.9)	(60.8%)	(509.0)	(59.8%)	7.5%
Personnel expenses	(139.5)	(15.5%)	(137.1)	(16.1%)	1.8%
Other operating expense	(60.9)	(6.8%)	(72.5)	(8.5%)	(15.9%)
<b>EBITDA</b>	<b>152.8</b>	<b>17.0%</b>	<b>132.4</b>	<b>15.6%</b>	<b>15.4%</b>
Depreciation and amortisation expense	(17.4)	(1.9%)	(15.2)	(1.8%)	14.3%
<b>Operating result</b>	<b>135.4</b>	<b>15.0%</b>	<b>117.2</b>	<b>13.8%</b>	<b>15.5%</b>
Net Financial Result	1.0	0.1%	(6.0)	(0.7%)	116.6%
<b>Income before tax</b>	<b>136.4</b>	<b>15.2%</b>	<b>111.2</b>	<b>13.1%</b>	<b>22.6%</b>
Income tax expense	(48.8)	(5.4%)	(41.5)	(4.9%)	(17.7%)
<b>Net income</b>	<b>87.6</b>	<b>9.7%</b>	<b>69.8</b>	<b>8.2%</b>	<b>25.5%</b>
Net income attributable to minority interest	4.1	0.5%	5.3	0.6%	(23.6%)
Net income attributable to the shareholders	83.5	9.3%	64.5	7.2%	29.6%
<b>Earnings per share</b>					
Basic earnings per share (EUR)	0.67		0.52		29.6%
Fully diluted (EUR)	0.66		0.51		29.6%
Number of outstanding shares (million)	125.0		125.0		
<b>Total number of employees <sup>1)</sup></b>					
of which: Unlimited contracts <sup>1)</sup>	1,178		1,217		(3.2%)

1) FTE; year end figures



## Consolidated Pro Forma Balance Sheet

<i>EUR million</i>	<b>31 Dec. 2005</b>		<b>31 Dec. 2004</b>	
<b><i>Non-current assets</i></b>	<b>233.7</b>	<b>41.4%</b>	<b>315.6</b>	<b>45.5%</b>
Intangible Assets	155.5	27.5%	148.5	21.4%
Property, Plant and Equipment	40.6	7.2%	41.4	6.0%
Financial Assets	37.6	6.7%	125.7	18.1%
<b><i>Current assets</i></b>	<b>331.0</b>	<b>58.6%</b>	<b>378.7</b>	<b>54.5%</b>
Cash and Cash Equivalents	67.4	11.9%	117.8	17.0%
Other Current Assets	263.6	46.7%	260.9	37.6%
<b><i>Total assets</i></b>	<b>564.7</b>	<b>100.0%</b>	<b>694.3</b>	<b>100.0%</b>
<b><i>Total equity</i></b>	<b>148.0</b>	<b>26.2%</b>	<b>235.4</b>	<b>33.9%</b>
Equity attributable to the shareholders	140.7	24.9%	229.5	33.1%
Minority interests	7.3	1.3%	5.8	0.8%
<b><i>Total liabilities</i></b>	<b>416.7</b>	<b>73.8%</b>	<b>458.9</b>	<b>66.1%</b>
Non-current liabilities	11.8	2.1%	46.3	6.7%
Current liabilities	404.9	71.7%	412.6	59.4%
-Financial debt	115.6	20.5%	129.3	18.6%
-Other Current Liabilities	289.3	51.2%	283.4	40.8%
<b><i>Total equity and liabilities</i></b>	<b>564.7</b>	<b>100.0%</b>	<b>694.3</b>	<b>100.0%</b>



## Consolidated Pro Forma Cash Flow Statement

(using the indirect method)

<i>EUR million</i>	<b>2005</b>	<b>2004</b>
<b>Operating result</b>	<b>135.4</b>	<b>117.2</b>
Depreciation and amortisation	17.4	15.2
Movement in working capital and other items	(55.2)	(38.8)
<b><i>Cash Flow from Operating Activities</i></b>	<b>97.6</b>	<b>93.7</b>
Acquisitions	(30.0)	(21.6)
Tangible Fixed Assets	(12.8)	(10.7)
Intangible Fixed Assets	(3.4)	(3.2)
<b><i>Cash Flow from Investing Activities</i></b>	<b>(46.1)</b>	<b>(35.4)</b>
Dividends paid (Pre-IPO dividends)	(90.0)	0.0
Movement in long-term bank loans	1.9	(0.5)
<b><i>Cash Flow from Financing Activities</i></b>	<b>(88.1)</b>	<b>(0.5)</b>
<b><i>Net Cash Flow</i></b>	<b>(36.7)</b>	<b>57.7</b>
Cash and cash equivalents at the beginning of the financial period	(11.4)	(69.2)
<b><i>Cash and cash equivalents at the end of the financial period</i></b>	<b>(48.1)</b>	<b>(11.4)</b>
Movement in cash and cash equivalents (debit)	(50.4)	10.7
Movement in short-term borrowings (cash and cash equivalents credit)	13.7	47.1
<b><i>Net Cash Flow</i></b>	<b>(36.7)</b>	<b>57.7</b>



## Performance per genre and per country

Endemol's primary segmentation is based on genres. Endemol's genres are Non-Scripted, Scripted and Digital Media.

The secondary segmentation is based on geographical areas. Inter segment turnover is realised on an at arm's length basis.

### Primary Segmentation Turnover per genre

<i>EUR million</i>	<b>2005</b>	<b>2004</b>	<b>% change</b>
Non-Scripted <sup>1)</sup>	691.0	669.6	3.1%/5.5%
Scripted	126.4	104.3	21.2%
Digital Media	82.7	77.0	8.3%
<b>Total Endemol NV <sup>1)</sup></b>	<b>900.1</b>	<b>850.9</b>	<b>5.8%/7.7%</b>

*1) First percentage refers to turnover growth; second percentage refers to normalised turnover growth*

### Secondary Segmentation Turnover per country

<i>EUR million</i>	<b>2005</b>	<b>2004</b>	<b>% change</b>
United Kingdom	173.0	146.1	18.4%
Netherlands	150.2	145.9	3.0%
USA <sup>1)</sup>	138.4	136.9	1.1%/13.8%
Spain	126.3	118.1	7.0%
Italy	105.9	111.3	(4.9%)
Germany	82.9	85.4	(2.9%)
Other entities	166.2	150.6	10.4%
Inter segment	(42.9)	(43.3)	1.0%
<b>Total Endemol NV <sup>1)</sup></b>	<b>900.1</b>	<b>850.9</b>	<b>5.8%/7.7%</b>

*1) First percentage refers to turnover growth; second percentage refers to normalised turnover growth*





## Notes to the financials

### Accounting policies

#### Basis of accounting

The financial information for the year ended 31 December 2005 with related comparative information has been prepared in accordance with International Financial Reporting Standards (IFRS). The accounting policies are the same as those followed in the financial information included in the IPO prospectus.

#### Share Based Payments

Under IFRS, Endemol applies IFRS 2 "Share Based Payments" beginning from January 1, 2004. Share options granted to employees are measured at fair value at the end of each reporting period. Compensation expense is recognised in the income statement over the vesting period of the share options. Changes in the fair value of the share options are accounted for in the income statement as personnel expenses. Endemol accounts for the Telefonica stock option schemes as cash-settled share-based payment transactions in accordance with IFRS 2. Endemol accounts for the Endemol performance shares and performance options plans as equity-settled share-based transactions.

#### Use of estimates

The preparation of the financial information in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

*This document contains certain forward-looking statements. These are based on our current plans, expectations and projections about future events. These forward-looking statements are subject to risks, uncertainties and assumptions and speak only as of the date they are made. Statements that are not historical facts, including statements about our beliefs and expectations are forward-looking statements.*

*Words like "believe", "anticipate", "expect", "intend", "seek", "will", "plan", "could", "may", "might", "project", "goal", "target" and similar expressions often identify forward-looking statements but are not the only way these are identified. Our results could differ materially from those anticipated in these forward-looking statements. For further information on some of the risk factors inherent in forward-looking statements please refer to pages ii and 9 of our Offering Circular dated 10 November 2005. No offer of securities is being made by this document.*