



Annual Report

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April, 2003

This Annual Report is available both English and Spanish.

Abril, 2003

Este Informe Anual está disponible tanto en español como en inglés.

# financial highlights<sup>(1)</sup>

Years ended December 31,	2000		2001		2002		
<b>Income Statement Data:</b>							
Net sales	Ps.	21,582	Ps.	20,786	Ps.	21,559	
Gross profit		9,529		8,691		9,141	
Operating expenses		3,007		2,997		3,041	
Operating cash flow	(2)	6,522		5,694		6,100	
Operating cash flow margin (percentage)		30.2		27.4		28.3	
Operating income		5,211		4,340		4,650	
Integral cost of financing – net	(3)	1,055		437		613	
Other expense – net	(4)	527		694		2,134	
Income from discontinued operations	(5)	25		14		1,063	
Net (loss) income		(872)		1,422		738	
(Loss) earnings per CPO	(6)	(0.30)		0.48		0.24	
<b>Balance Sheet Data (at end of year):</b>							
Cash and temporary investments	Ps.	8,328	Ps.	5,946	Ps.	8,787	
Property, plant and equipment		13,886		14,736		15,343	
Total assets		51,523		52,005		56,473	
Short-term debt		382		354		1,240	
Long-term debt		11,999		13,551		13,345	
Customer deposits and advances		10,941		11,417		11,753	
Stockholders' equity		19,408		19,796		21,324	
<b>Other Data:</b>							
Capital expenditures	(7)	Ps.	1,655	Ps.	1,406	Ps.	1,415
Number of employees (at end of year)		14,600		13,700		12,600	
Shares outstanding (in millions, at end of year)	(6)	8,899		8,856		8,848	
CPOs outstanding (in millions, at end of year)	(6)	2,201		2,187		2,184	
<b>Net sales by business segment:</b>							
Television broadcasting		63.9%		63.0%		64.0%	
Programming for pay television		2.4%		2.5%		2.8%	
Programming licensing		7.3%		7.0%		6.4%	
Publishing		8.3%		7.9%		7.7%	
Publishing distribution		4.4%		4.4%		6.1%	
Cable television		4.5%		5.4%		5.1%	
Radio		1.7%		1.2%		0.8%	
Other businesses		7.5%		8.6%		7.1%	
Total segment sales		100%		100%		100%	
Intersegment revenues		(1.9%)		(2.6%)		(1.7%)	
Consolidated net sales		98.1%		97.4%		98.3%	
	Ps.	21,582	Ps.	20,786	Ps.	21,559	

(1) These financial highlights are derived from the Company's Mexican GAAP audited consolidated financial statements as of December 31, 2000, 2001 and 2002, and for the years ended on those dates, and the amounts are presented in millions of Mexican Pesos in purchasing power as of December 31, 2002, except per CPO data.

(2) Operating cash flow is defined as operating income before depreciation and amortization.

(3) Consists of interest expense, interest income, foreign exchange gain or loss - net, and gain or loss from monetary position. See Note 19 to the financial statements.

(4) See Note 21 to the financial statements.

(5) See Note 23 to the financial statements.

(6) See Notes 14 and 24 to the financial statements.

(7) Capital expenditures consist of investments in property, plant and equipment and certain deferred charges, for an equivalent amount of approximately U.S.\$156.0 million, U.S.\$144.9 million and U.S.\$135.2 million for the years ended December 31, 2000, 2001 and 2002, respectively, and are translated into Mexican pesos at the related exchange rate at end of year.

# Grupo Televisa



... is the largest media company  
in the Spanish-speaking world,  
and a major player in the  
international entertainment business.

- Holds 74% of the television audience share in Mexico through its four television networks.
- Reaches the U.S. Hispanic market through Univision, the leading Spanish-language media company in the United States.
- Distributes its programming throughout Latin America, Europe, Asia and Africa.
- Produces and licenses pay TV channels throughout Latin America and Europe.
  - Owns the largest Spanish-language magazine publisher and distributor, covering 18 countries and more than 50 titles.
  - Is a major player in the Mexican pay TV business, owning the largest cable and DTH systems in Mexico, Cablevisión and SKY.
  - Has interests in radio, live entertainment, professional sports and show business promotions, feature film production and distribution, paging and dubbing services, and operates its own Internet portal.





# to our shareholders

Grupo Televisa made significant strides in 2002, despite another challenging year for the economy. We successfully launched new programming initiatives and forged new strategic partnerships to position the Company for future growth and increase value for our shareholders.

In the beginning of the year, our television division set out to attract previously underserved demographics. Propelled by new reality hits and our exceedingly popular telenovelas, we were successful on this front and improved upon our already dominant ratings. In addition to airing 93 of the 100 most popular shows of the year and 19 of the 20 most popular telenovelas, we raised our prime time audience share from 70% to 72.8%, and we elevated our sign-on to sign-off share from 73% to 74.4%.

I am especially pleased with the results of Big Brother, the 2002 Soccer World Cup, and our local channel, 4TV. With the premiere of Big Brother in March, we became the first Mexican network to air a reality television program; Televisa's coverage of the World Cup, watched by 70% of the audience, positioned Televisa as the preferred network for sports viewers; and 4TV added over 200 new clients to triple its sales in Mexico City, producing a 19.5% increase in total local sales, contributing to the 4.4% increase of total television sales.

We also pledged at the outset of 2001 to maintain our focus on optimizing operations. As a result, we increased EBITDA margins from 38.0% in 2001 to 39.1% in 2002 in the Television Broadcasting segment, as well as increased the Company's consolidated EBITDA by 90 basis points in 2002.

Our pay television services continue to lead the market with a total of over 1.1 million subscribers. SKY, our direct to home television service in Mexico, had an outstanding year. The company maintained an approximate 75% market share with a total of 706,000 subscribers, generated revenues in excess of \$3.4 billion pesos and grew its EBITDA by 37%. Importantly, Innova did not require additional funding during the last three quarters of 2002. For 2003, Innova is implementing several new initiatives, including exclusive broadcasts of sporting and other events, further strengthening the bright future of this business.

In April, Cablevisión completed an initial public offering in Mexico, with Televisa still maintaining a 51% interest stake in the cable television segment. While a new 10% tax on telecommunications services and an increase in piracy led to subscriber losses during the year, we recently appointed a new management team to respond to the company's challenges and examine its opportunities. We are confident that this business will rebound strongly.

In our publishing division we launched several new magazines in 2002, such as *Maxim*, *Caras*, and *Travel+Leisure*, among others, to target new demographic groups. In addition, we are closely monitoring the performance of each magazine to ensure that we maintain a profitable portfolio. These and other initiatives aimed at increasing circulation and advertising revenues generated positive results in the fourth quarter of 2002, and we continue to work hard to maintain this momentum.

The strategic Radio partnership we formed with Grupo Prisa, the world leader in Spanish language radio, generated promising results in the last quarter of the year. The new management team took over in February of 2002 and has completed the first phase of its business plan, including the launch of revamped news, sports and entertainment programming, the creation of a new sales team, and a reduction in headcount. We believe this business is now well-positioned to generate positive results in 2003.

In October, we announced a joint venture with Corporación Interamericana de Entretenimiento (CIE), the leading live entertainment company in Latin America, Spain and the U.S. Hispanic market. Together, we will offer live entertainment events in Mexico through Ocesa Entretenimiento, a newly formed company in which Televisa owns a 40% equity stake. We are confident that our partnership with CIE will generate significant value for Televisa in the future, as we take advantage of the multiple synergies between our two companies.

Our partnership with Univision, the dominant Spanish language media company in the United States, continues to place Televisa in a privileged position to participate in the growth of the U.S. Hispanic market. Our renegotiated Programming Licensing Agreement with Univision generated royalties from the Univision and Galavision networks amounting to almost U.S.\$78 million in 2002, and starting in 2003, we will receive a royalty from the TeleFutura network as well. In addition, we finalized plans for an exciting new 50/50 joint venture with Univision to offer Televisa's Pay Television programming on Cable and DTH systems throughout the United States.

Televisa is steadfastly committed to its shareholders, and I am very pleased to report that Televisa's Board of Directors will propose the payment of a dividend in 2003 at our next shareholders meeting. We also announced in September a share repurchase program to be executed over the next three years, another mark of our unwavering shareholder support.

I would like to note that Televisa received 3 prestigious awards in 2002 for being the first Mexican corporation to successfully issue 30-year Senior Notes at a record price. Our strong credit profile and the market's confidence in Televisa's long term success enabled us to complete this transaction.

Going into 2003 and beyond, Televisa is in excellent shape. Our balance sheet is strong, our operations consistently outperform our competitors, and our strategic partnerships continue to position us for growth in Mexico and abroad, all of which are reinforcing Televisa's standing as the most dynamic media and entertainment company in the Spanish-speaking world today.

Sincerely,

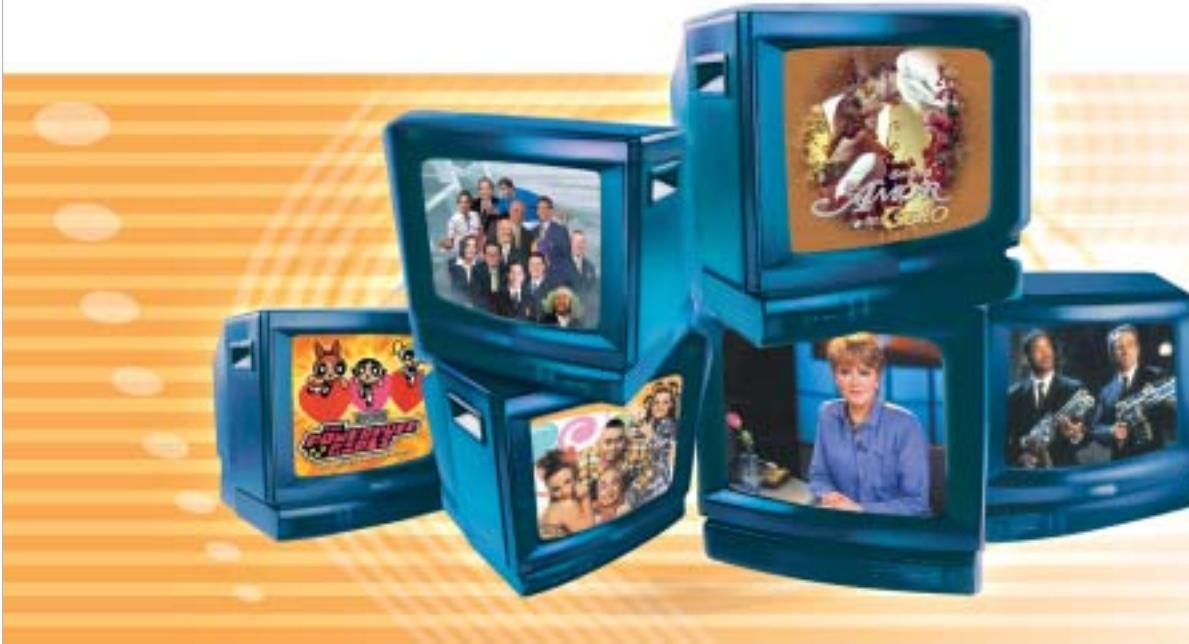


Emilio Azcárraga Jean  
Chairman of the Board and President

April, 2003

# television

The largest media company in the Spanish-speaking world.



Grupo Televisa offers the television viewing audience in Mexico the best and most popular programming in the country. The Company's high quality television programming consistently garners strong and sustained ratings and audience shares in Mexico. According to the *Instituto Brasileño de Opinión Pública y Estadística (IBOPE)*, a privately owned market research firm based in Mexico City, Televisa increased its ratings and audience shares during 2002 as follows: the Company's four television networks achieved an average national sign-on to sign-off audience share of 74.4% (6:00 to 24:00 hrs.); an average national prime time audience share of 72.4% (16:00 to 23:00 hrs.); and a national weekday prime time of 72.5% (19:00 to 23:00 hrs.). During 2002, Televisa aired 93 of the top 100 programs in Mexico.

## Programming

Grupo Televisa is the world leader in Spanish-language television production. In 2002, the Company produced over 52,000 hours of programming for broadcast on its four network stations, local stations and cable system in Mexico, as well as through its DTH satellite joint ventures in Mexico, Latin America and Spain, including over 37,000 hours of programming produced by the Company's local stations.

Programming produced by Televisa includes telenovelas, sports, newscasts, sitcoms, game shows, reality shows, children's programming, musical and cultural events, educational programming, movies and special events. Grupo Televisa's highly popular telenovelas, which are romantic dramas that unfold over the course of 60 to 100 one-hour episodes, are broadcast in a variety of languages throughout the world. On average, each telenovela airs during a 4 to 6 month period.

In 2002, the Company aired the highest rated telenovelas on Mexican television, including all of the top 10 telenovelas in prime time, which were "El Manantial," "Salomé," "Entre el Amor y el Odio," "Las Vías del Amor," "El Juego de la Vida," "La Otra," "Vivan los Niños," "Cómplices al Rescate," "Clase 406," and "Así son Ellas." "El Manantial," "Salomé," and "Entre el Amor y el Odio" achieved a national audience share of 41.3%, 38.6% and 37.6%, respectively, and all of these 10 telenovelas were produced by Televisa.

Additionally, the Company broadcast the most watched comedy programs in Mexico during prime time, including "La Parodia," "La Hora Pico," and "Cero en Conducta," achieving 37.6%, 36.8% and 33.8% national audience shares, respectively.

As part of the Company's joint venture with Endemol Holding, during 2002 Televisa offered its viewers new reality formats with proven success throughout the world. In March, we aired "Big Brother," the first reality show produced in Mexico. Significantly, 58% of the national television audience watched the final episode. The Company also produced other reality hits, including "Big Brother VIP" and "Operación Triunfo."

Televisa broadcasts special events and sporting competitions, including soccer games and professional wrestling matches, which continue to be highly popular programming in Mexico. In addition, Televisa broadcasts a wide variety of cultural events, musical concerts and other live entertainment productions. During the 2002 Korea-Japan World Cup, Televisa achieved a 70% audience share, reflecting the Company's dominant position in broadcasting major sports events. Televisa's prime time program "La Jugada del Mundial" was the most watched sports program in Mexico throughout the entire World Cup. During the transmission of the games played by the Mexican National Soccer team, Mexican viewers preferred Televisa largely due to the popularity of the Company's experienced commentators.

As part of the Company's 2002 programming strategy, Televisa achieved significant growth in key demographics for the Company's existing and potential clients. Televisa remains committed to expanding its advertising market through a disciplined strategy of maintaining the optimal balance among revenues, ratings and costs throughout the Company.

#### **Foreign-Produced Programming**

Foreign-produced programming represented over 37.1% of the programming broadcast on the Company's four networks in 2002. Most of this foreign programming is from the United States and includes television series, movies and sporting events, including coverage of Major League Baseball and National Football League games. A substantial majority of this programming aired on Televisa's Channel 4 and Channel 5, and the remainder was aired on Channel 9. The Company dubs most of its foreign-produced programming into Spanish prior to its broadcast.

#### **Talent Promotion**

Discovering and promoting talent is a priority for Televisa. Grupo Televisa operates a school in Mexico City to train actors and technicians. The *Centro de Educación Artística (CEA)* provides free instruction to its artists, and most of the actors appearing on Televisa's programs have attended the school. The Company also promotes writers and directors through various contests and scholarships.

## Television Broadcasting

Grupo Televisa's four television networks, Channels 2, 4, 5 and 9, are comprised of 228 stations nationwide, as well as 86 complementary stations, and reach 99% of Mexico's television households. The programs shown on Televisa's networks are among the most-watched television programs in Mexico.

### Channel 2 Network

Grupo Televisa's flagship channel, "The Channel of the Stars," together with its affiliated stations, is the leading television network in Mexico. It is also the leading Spanish-language network in the world in terms of the potential audience that can receive its signal. Channel 2 is the key driver of Televisa's sales performance and the best reflection of the Company's production skills and competitive advantage. According to IBOPE, Channel 2 reaches over 19 million households, representing 99% of the households with television sets in Mexico, throughout its 128 affiliated stations. The channel averaged a strong 31.5% sign-on to sign-off audience share of the national television viewing audience in 2002.

The Channel 2 Network's target audience is the Mexican family. Its programs include telenovelas as well as news, entertainment, game shows, comedy and variety programs, movies and sports. Channel 2 airs predominantly first-run programming, almost all of which is produced by Grupo Televisa. Its programming schedule is based on demographic viewer habits throughout the day. The Company's flagship channel continues to broadcast the most watched telenovelas in the country. Channel 2's evening newscast is the most watched program of its genre in Mexico largely due to its professionalism and in-depth reports.

### Channel 4 Network

Channel 4TV reaches approximately 4.5 million households in the Mexico City metropolitan area or over 23% of the television households in Mexico. Its programs target housewives and young adults and consist primarily of news, comedy, sports and entertainment shows, as well as foreign-produced series, mini-series and movies, which are dubbed or subtitled in Spanish. Channel 4TV added over 200 new local clients in 2002.

### Channel 5 Network

Channel 5 is broadcast on 66 repeater stations located throughout Mexico. The Company estimates that the Channel 5 Network reaches over 17 million households, representing approximately 91% of households with television sets in Mexico. We believe that Channel 5 offers the best option to reach the previously underserved 18-34 year-old demographic, and Televisa has extended its reach into this key group by successfully offering exciting new content.

Channel 5 has positioned itself as the most innovative television channel in Mexico with a combination of reality shows, sitcoms, dramas, movies, cartoons and other children's programming. Channel 5's programming is predominantly foreign-produced and comes mostly from the United States. Most of these programs are either dubbed or subtitled into Spanish at the Company's dubbing facilities. In 2002, Channel 5 once again was the preferred place to view blockbuster movies. During the year it aired 19 of the top 20 rated movies, including the hits "The Mummy," "Men In Black" and "Titanic."

### Channel 9 Network

Channel 9 also targets families as its primary audience. Its programming principally consists of movies, sports, sitcoms, game shows, news and reruns of popular programs. Channel 9 is broadcast on 31 repeater stations and the Company estimates that it reaches over 14 million households, representing approximately 74% of television households in Mexico.

### Local Affiliates

The affiliated television stations of the Channel 2, 5 and 9 Networks are repeater stations. As a result, these stations receive programming broadcast from the Company's corresponding Mexico City stations. In addition, some affiliate stations produce programs for local broadcast. These programs include news, morning and game shows, musicals and other cultural programs. In 2002, the affiliate television stations owned by the Company produced over 37,000 hours of programming for viewing on their stations. In general, the Company pays a fixed percentage of advertising sales to the affiliated stations that are not wholly owned.

### Border Stations

Grupo Televisa owns a television station on the Mexico/U.S. border that broadcasts English-language programs as an affiliate of the FOX Television network under an affiliation agreement with FOX, and under renewable permits issued by the FCC to the station and to FOX Television. The station, XETV, which is licensed to Tijuana and serves the San Diego television market, is operated on Televisa's behalf by Entravision Communications Corporation, a U.S. broadcaster, pursuant to a joint marketing and programming agreement between Televisa and Entravision. In March 2002, we converted two of the additional border stations that we own and operate from English-language FOX Television network affiliates to stations broadcasting entirely in Spanish.

	Wholly owned Mexico City anchor stations	Wholly owned affiliates	Majority owned affiliates	Independent affiliates	Total stations
Channel 2	1	121	5	1	128
Channel 4	1	2	-	-	3
Channel 5	1	58	1	6	66
Channel 9	1	17	-	13	31
<b>Total</b>	<b>4</b>	<b>198</b>	<b>6</b>	<b>20</b>	<b>228*</b>

\* Televisa also operates 86 complementary stations.

### Sales Plan

Grupo Televisa's sales force is separated into teams, each of which focuses on a particular business division. The Television Broadcasting segment sells advertising on an up-front basis, which is open to the Company's major clients before the start of a given year; on a scatter basis throughout a given year; and through product placement in Televisa's programs and special events.

The Programming for Pay Television, Publishing, Cable Television and Radio segments currently sell advertising through their own respective sales forces, primarily on a scatter basis.

### Programming for Pay TV

Grupo Televisa provides programming for direct-to-home (DTH) satellite services, cable and pay-per-view television in Mexico, Spain and other countries in Latin America. This programming includes telenovelas, movies, music videos, sports, newscasts produced by Televisa, information and entertainment services, and programs produced by third parties. In 2002, the Company produced over 4,000 hours of programming for broadcast on pay television services.

In 2002, the Company agreed to establish a joint venture with Univision to operate and distribute a suite of Spanish-language television networks for digital cable and satellite delivery in the United States. The joint venture will initially distribute five cable networks, including two movie channels and three channels featuring music videos, celebrity lifestyle, interviews and entertainment news programming.

## Programming Licensing

Grupo Televisa is continually expanding the audiences who receive its programming. The Company licenses its programs and its third party programming rights to its affiliate television stations in Mexico and other television broadcasters and pay television systems in the United States, Latin America, Asia, Europe and Africa. Televisa collects licensing fees based either on the size of the market for which the license is granted or the amount of the advertising sales generated by the licensed programming. A substantial portion of the programming licensed by the Company is licensed to Univision, the leading Spanish-language media company in the United States, whose prime time line up is mainly comprised of Televisa's original programming. In addition to the programming provided to Univision, the Company licensed approximately 60,000 hours of programming to other countries in 2002.

National urban ratings and audience share for the 1<sup>st</sup>, 2<sup>nd</sup>, 3<sup>rd</sup>, and 4<sup>th</sup> quarters 2002<sup>(1)</sup>:

Sign-on to sign-off — 6:00 to 24:00, Monday to Sunday							
	1 <sup>st</sup> Q	2 <sup>nd</sup> Q	1 <sup>st</sup> Half	3 <sup>rd</sup> Q	4 <sup>th</sup> Q	2 <sup>nd</sup> Half	Full Year
<b>Channel 2</b>							
Rating	12.2	12.2	12.2	11.9	11.1	11.5	11.8
Share (%)	32.1	32.6	32.4	31.4	30.0	30.7	31.5
<b>Total Televisa<sup>(2)</sup></b>							
Rating	28.2	28.7	28.4	28.2	26.6	27.4	27.9
Share (%)	74.1	76.9	75.5	74.6	71.9	73.3	74.4
Prime time — 16:00 to 23:00, Monday to Sunday <sup>(3)</sup>							
	1 <sup>st</sup> Q	2 <sup>nd</sup> Q	1 <sup>st</sup> Half	3 <sup>rd</sup> Q	4 <sup>th</sup> Q	2 <sup>nd</sup> Half	Full Year
<b>Channel 2</b>							
Rating	18.7	18.0	18.4	18.0	16.9	17.4	17.9
Share (%)	33.6	33.5	33.5	32.9	30.9	31.9	32.7
<b>Total Televisa<sup>(2)</sup></b>							
Rating	39.9	40.7	40.3	39.8	38.1	38.9	39.6
Share (%)	71.6	75.6	73.6	72.9	69.7	71.3	72.4
Weekday prime time — 19:00 to 23:00, Monday to Friday <sup>(3)</sup>							
	1 <sup>st</sup> Q	2 <sup>nd</sup> Q	1 <sup>st</sup> Half	3 <sup>rd</sup> Q	4 <sup>th</sup> Q	2 <sup>nd</sup> Half	Full Year
<b>Channel 2</b>							
Rating	23.1	21.7	22.4	22.0	20.6	21.3	21.8
Share (%)	35.8	35.4	35.6	36.0	33.5	34.7	35.2
<b>Total Televisa<sup>(2)</sup></b>							
Rating	44.9	46.6	45.8	45.1	43.3	44.2	45.0
Share (%)	69.8	76.1	72.9	73.7	70.5	72.1	72.5

1) National urban ratings and audience share are certified by IBOPE and are based upon IBOPE's national surveys, which are calculated seven days a week, in Mexico City, Guadalajara, Monterrey and 24 other cities each with a population of over 400,000 people. "Ratings" for a period refers to the number of television sets tuned into the Company's programs as a percentage of the total number of all television households. "Audience share" is the number of television sets tuned into the Company's programs as a percentage of the number of households watching conventional over-the-air television during that period, without regard to the number of viewers.

2) "Total Televisa" includes the Company's four networks as well as all local affiliates (including affiliates of Channel 4, most of which receive only a portion of their daily programming from Channel 4). Programming on affiliates of Channel 4 is generally broadcast in 12 of the 27 cities that are covered by national surveys. Programming on Channel 9 affiliates is broadcast in 27 of the 27 cities that are covered by national surveys.

3) "Televisa prime time" is the time during which the Company generally charges its highest rates for its networks.

## The world's largest publisher and distributor of magazines in Spanish.

Editorial Televisa is the largest publisher and distributor of magazines in Mexico, and of Spanish-language magazines in the world, as measured by circulation. Through this division, the Company cross-promotes many of its other businesses, including Television Broadcasting, Cable Television, Radio, Feature Film Distribution and the Company's professional sports teams.

### Editorial

With over 137 million copies in circulation, more than 50 titles distributed in 18 countries, and leading titles in every major category throughout the region, Editorial Televisa is the largest magazine publishing house in the Spanish-speaking world.

The company's publications include at least two of the top five magazines in every profitable segment in the industry. In entertainment, *TV y Novelas* has a combined continental circulation of almost 2 million copies per month. *TV y Novelas*, and *Tele-Guía*, the company's weekly television guide, are the top two magazines in terms of circulation in Mexico. In the women/lifestyle category, *Vanidades* and *Cosmopolitan* (Hearst Magazines) combined enjoy over 70% of the market share of Mexican readers and sell over 7,000 advertising pages annually.

Editorial Televisa launched several new titles in 2002, some of which are Spanish-language versions of popular magazines. Complementing an already strong group of brands, the new magazines include *Travel+Leisure* (American Express Publishing), *Maxim* (Dennis Publishing), *Electronic Gaming* (Ziff Davis), and *Disney Witch*. The company also launched a monthly cable guide for Cablevisión, *Contacto Digital*, the largest magazine of its kind, and a new lifestyle/socialite magazine, *Caras*.

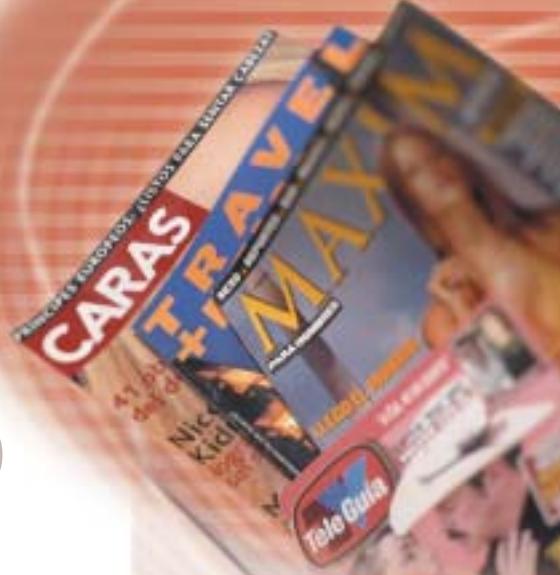
Editorial Televisa will continue to strengthen its geographic diversity and leadership, particularly in the U.S. Hispanic Market and throughout Latin America.

### Publishing Distribution

Grupo Televisa's distribution network, Distribuidora Intermex S.A. de C.V., a wholly owned subsidiary, distributes approximately 60% of the magazines circulated in Mexico. Through over 20,000 points of sale in Mexico and over 80,000 points of sale abroad, the Company reaches more than 300 million Spanish-speaking people in 18 countries, including Mexico, Colombia, Chile, Argentina, Ecuador, Peru and Panama. The Company also owns publishing and distribution operations in six countries worldwide and distributes its own publications in the United States, the Caribbean and elsewhere through independent distributors.

During 2002, over 64% of the publications distributed by this network were published by the Company's Publishing segment. This distribution network also circulates publications published by joint ventures and independent publishers, as well as compact discs, videos, lottery tickets, telephone cards and other consumer products.

# publishing



# cable television

The leading cable operator in the country.



Grupo Televisa owns a 51% interest in Cablevisión, the largest cable system in Mexico. Cablevisión provides cable television services to subscribers in Mexico City and the surrounding areas. Cablevisión's various service packages offer multiple channels of entertainment, news and informational programming, including Channels 2, 4, 5 and 9, as well as other popular programming produced by Televisa.

Cablevisión's cable network consists of more than 9,800 kilometers with over 1.4 million homes passed. In 2002, Cablevisión expanded its network by over 320 kilometers. Over 50% of Cablevisión's network runs at least at 750 MHz and approximately 36% of Cablevisión's network has a bi-directional capability. With this advanced network, Cablevisión will push forward with its plans to deliver value added services to its customers.

At the end of 2002, the total number of basic subscribers amounted to over 412,000, of which approximately 65,000 were digital subscribers. Additionally, subscribers to cable modem services, which enable Internet connections up to 100 times faster than traditional telephone modems, numbered approximately 5,000.

Cablevisión's basic service package offers 49 channels, including Mexico City's nine over-the-air television channels. Other channels in the basic service package include FOX, E! Entertainment, the Latin American MTV channel, Nickelodeon, the Latin American Discovery channel, the Sony channel, the Warner channel, *Ponchivisión*, ESPN International and various international film channels.

Cablevisión also offers five digital service packages, offering up to 100 video channels and 50 audio channels, which provide access to channels such as CNN International, HBO Plus, Cinemax, Cinecanal and Movie City. Cablevisión currently offers 28 pay-per-view cable television channels, which show films and special events programs, including sports and musical events. Cablevisión sells advertising time on its pay-per-view channels during the broadcast of certain events.

In an effort to expand its subscriber base and increase its revenues, Cablevisión plans to offer, subject to regulatory approvals, enhanced programming, channel hyperlinking, video on demand, smart card shopping, e-commerce applications and IP telephony services.

# radio

Where it all began...

In 1930 Emilio Azcárraga Vidaurreta, Emilio Azcárraga Jean's grandfather, launched XEW, the Company's first radio station. XEW not only broadcast music, but was the first Mexican radio station to produce non-music programs and promote new artists. Over time, the most popular dramas, programs and musicians all aired on XEW. It was nicknamed "*la voz de la América Latina desde México*" due to its reach and influence in Latin America.

Today, Grupo Televisa continues its long-standing tradition of radio, owning a 50% interest with full voting rights in Sistema Radiópolis. Grupo Prisa, the leading media group in Spain, owns the remaining 50% interest with limited voting rights. Radiópolis operates 17 radio stations, 6 FM and 11 AM, in Mexico's key markets—Mexico City, Guadalajara, and Monterrey—as well as stations in Veracruz, San Luis Potosí, and Mexicali. The Company estimates that these radio stations reach approximately half of the population of Mexico.

Some of the stations transmit signals which reach beyond the market areas they serve. For example, the signals of XEW-AM in Mexico City and XEWA-AM in San Luis Potosí are powerful enough to reach listeners in the southern United States and XEW-AM also serves most of the southern part of Mexico.

Radiópolis' radio stations use various programming formats to target specific audiences and meet the needs of the stations' advertisers, while cross-promoting the talent, content and programming of many of Grupo Televisa's businesses, including television, sports and news. Radiópolis' advertising sales force sells advertising time both nationally and locally on its radio stations primarily on a scatter basis.



# other businesses

Complementing the core business.



Grupo Televisa's Other Businesses division consists of a diverse group of businesses that complements the Company's core operations. These businesses include EsMas.com, Televisa's Internet portal; the professional soccer teams América, Necaxa and Real San Luis; a feature film production and distribution division; dubbing facilities; and paging services.

## Internet

EsMas.com is Grupo Televisa's Internet portal and online service provider, featuring the following vertical channels: news, sports, business, music and entertainment, editorials, life and style, technology, culture, shopping, health, kids and an opinion survey channel. The range of services offered by EsMas.com includes: e-mail, search capabilities, chat forums, e-cards, on-line radio stations, recruitment services, news bulletins and a downloadable service for customer assistance. EsMas.com also houses Televisa's e-shopping website, EsMasCompras.com, which is one of Mexico's most successful sites in terms of number of customers, repeat business rates and catalogue size. Its catalogue features a wide selection of CDs, DVDs, books, toys, television related products, gadgets and other electronic goods.

## Sports Promotions

The Company owns three of Mexico's professional soccer teams, two of which, América and Necaxa, are among the most popular and most successful in Mexico. Each team plays two 19-game regular seasons during the year. The best teams from each season engage in post-season championship play. In 2002, Team América won the Premiere League championship, and Real San Luis won the minor league championship, allowing Real San Luis to compete in the Premiere League next season. The Company broadcast approximately 111 hours of the home games of Televisa's teams.

Grupo Televisa owns the Azteca Stadium which seats approximately 105,000 people and has hosted two World Cup Soccer Championships. Team América and the Mexican National Soccer team generally play their home games at this stadium. Grupo Televisa has exclusive rights to broadcast the home games of Team América, Necaxa, and Real San Luis, as well as seven other Premiere League soccer teams.

#### **Feature Film Production and Distribution**

Grupo Televisa produces and distributes first-run Spanish-language feature films, some of which are among Mexico's top films based on box office receipts. In 2002, the Company co-produced four feature films with several studios.

Grupo Televisa distributes its films to Mexican movie theaters and later releases them on video for broadcast on cable and network television. Televisa also distributes its feature films outside of Mexico.

Grupo Televisa has an agreement with Corporación Interamericana de Entretenimiento (CIE) under which the Company has a first option to purchase rights in Mexico to distribute their feature films in movie theatres and broadcast these films on Televisa's cable and television networks.

Grupo Televisa also distributes feature films in Mexico produced by non-Mexican producers. In Mexico, the Company is the exclusive distributor of feature films produced by Warner Brothers, and since 1997, it has also been the exclusive distributor of feature films produced by New Line Cinema and by Polygram. In 2002, Televisa distributed several U.S. box office hits such as "Lord of the Rings," "Harry Potter II: The Chamber of Secrets," "Scooby Doo" and "Ocean's Eleven."

As of year-end 2002, Grupo Televisa owned rights to more than 560 Spanish-language films and 25 video movies. Many of these films and videos have been shown on the Company's television networks, cable system and DTH satellite systems. Televisa also licensed the rights to 19 films produced by third parties.

#### **Dubbing**

Grupo Televisa provides dubbing for television programs and films that the Company purchases or are purchased by other companies, including several major U.S. production companies. Dubbing services include script and dialogue translation, voice-over dubbing of narrations and songs, preparation of sound tracks for international distribution, sound effects and transfers between different recording formats. Televisa's dubbing facilities consist of thirteen studios for recording dialogue, six post-production studios and four quality control rooms that are capable of producing approximately 230 hours of dubbing per month. The Company dubbed over 1,750 hours of programming in 2002.

#### **Nationwide Paging**

Grupo Televisa owns a 51% interest in Skytel, which has a license to provide nationwide paging services in Mexico. A subsidiary of Mobile Telecommunications Technologies Corp., a U.S. paging company, owns the remaining 49% interest in Skytel. As of year-end 2002, Skytel had over 94,000 subscribers.



# live entertainment

Leaders in the Mexican Live Entertainment Industry.

In 2002, Televisa produced, among others, the following world class events and concerts in Mexico: Cirque du Soleil, Luis Miguel, Maná, Lenny Kravitz and Lord of the Dance Ballet. The Company benefits from the synergies created by the cross-endorsement opportunities provided to our clients in this division.

In October 2002, Grupo Televisa acquired 40% of OCESA Entretenimiento, a newly integrated strategic business unit of Corporación Interamericana de Entretenimiento (CIE), which owns all the assets related to CIE's live entertainment business unit in Mexico. Televisa and CIE will benefit from the advantages of the live entertainment vertical integration model, including the production and promotion of the best quality concerts, theatrical, family, sporting and cultural events, as well as the operation of entertainment venues, the sale of tickets, food, beverage and souvenirs, and the organization of special and corporate events.

Important synergies have been created from this strategic alliance, as both companies contribute significant industry and management expertise. The newly integrated OCESA Entretenimiento will have access to Televisa's unique media assets to promote its events throughout Mexico. In addition, Televisa has the right of first refusal to broadcast on its over-the-air and pay television networks the movies and events produced and distributed by CIE.

## The No.1 DTH system in the country.

Grupo Televisa participates in direct-to-home (DTH) satellite broadcasting through a strategic partnership with The News Corporation Limited, Organizações Globo and Liberty Media. In addition, the Company participates in a DTH platform in Spain through a joint venture with Telefónica de España and several Spanish broadcasters and newspapers.

The Americas venture operates under the brand name of SKY and has plans to serve most of the Latin American region and the Caribbean. The partnership for the Americas combines four premier global production and distribution companies, and each partner's unique strengths provide the venture with the experience, programming and technical expertise necessary to thrive in the competitive Latin American marketplace.

Grupo Televisa and News Corp. are the major sources of programming content for the Company's DTH joint ventures, and both companies have granted their DTH joint ventures in Latin America and Mexico exclusive DTH satellite service broadcast rights to all of Televisa's and News Corp.'s existing and future program services, including pay-per-view services, subject to some pre-existing third-party agreements.

Grupo Televisa has also been developing channels exclusively for pay television broadcast. Through its relationship with News Corp., Televisa expects that the DTH satellite service will continue to negotiate favorable terms for programming rights with both third parties in Mexico and with international suppliers from the United States, Europe and Latin America.

## dth joint ventures



### **Mexico**

Grupo Televisa operates SKY, its DTH satellite joint venture in Mexico, through Innova, S. de R.L. de C.V. ("Innova"). Innova is the pay-TV market leader in Mexico with an approximate 75% market share as measured by the number of gross active subscribers. The Company owns 60% of this joint venture, with its partners, News Corp. and Liberty Media, each owning a 30% interest and a 10% interest, respectively. During the year ended December 31, 2002, the number of gross active subscribers increased by approximately 13,900, or about 2%, as compared to the prior year-end. As of year-end 2002, Innova had approximately 705,900 gross active subscribers, as compared to approximately 692,000 gross active subscribers as of year-end 2001.

Innova primarily attributes its successful growth to its superior programming content, its new enhanced-TV features and its nationwide distribution network with more than 3,300 points of sale. SKY continues to offer the highest quality content in the Mexican pay television industry. Its programming packages combine the exclusivity of Televisa's over-the-air channels with other DTH exclusive channels produced by News Corporation.

During 2002, Innova offered exclusive soccer games and added more channels to enhance its service for subscribers. In addition to sports, news and general entertainment programming, the Company provides Innova with exclusive DTH satellite service broadcast rights to Televisa's four over-the-air broadcast channels, which are among the most popular television channels in Mexico. The Company's DTH satellite service is the only pay television service that offers all of the over-the-air broadcast signals from Mexico City as well as Televisa's channels from Guadalajara, Monterrey, Puebla and Tijuana.

SKY currently provides 169 digital channels (108 video, 29 pay-per-view and 32 audio) of exclusive Spanish-language over-the-air channels, special events, sports and entertainment programming through five basic programming packages: SKY Basic, SKY Fun, SKY Movie City, SKY HBO and SKY Universe. SKY broadcasts special events, such as boxing, reality shows, bullfights, concerts, sports events and movies on its pay-per-view channels.

### **Spain**

The Spanish DTH platform, "Vía Digital," began broadcasting throughout Spain in September 1997, and as of December 31, 2002, had approximately 775,000 subscribers and provided 57 video channels, 30 pay-per-view channels, 31 audio channels and 16 interactive services.

As of December 31, 2002, Grupo Televisa owns 10% of this venture. Its partners, Telefónica de Contenidos, Strategic Money Management Company BV, Galaxy Entertainment Latinoamerica, RTL Grupo Communications and several Spanish broadcasters and newspapers, own 48.6%, 18.8%, 6.9%, 5% and 10.7 % of Vía Digital, respectively. The Company provides programming for two of Vía Digital's channels, while Telefónica de España manages the technical side of the broadcasting service.

### **Colombia**

The Colombian DTH platform commenced operations in December 1997 and as of December 31, 2002, had over 35,000 subscribers and provided 52 video channels, 24 pay-per-view channels and 45 audio channels. Grupo Televisa owns a 15.3% interest in this venture on a fully diluted basis, and its partners include Casa Editorial El Tiempo, S.A., Radio Cadena Nacional, S.A., RTI Comunicaciones de Colombia Ltda. and Pastrana Arango.

### **Chile**

The Chilean DTH platform commenced operations in October 1998 and as of December 31, 2002, had over 52,000 subscribers and provided 68 video channels, 24 pay-per-view channels and 35 audio channels. Grupo Televisa owns a 30% interest in this venture on a fully diluted basis.

# univision

U.S. Hispanic market.



Univision Communications Inc. is the leading Spanish-language media company in the United States. As of December 31, 2002, Univision's operations included: Univision Network, the #1 Spanish-language broadcast television network in the U.S., reaching 97% of U.S. Hispanic television households; TeleFutura Network, the newest 24-hour Spanish-language broadcast television network, reaching 75% of U.S. Hispanic television households; Galavision, the #1 Spanish-language cable television network in the U.S.; Univision Television Group, the owner and operator of 15 full-power and 7 low-power Univision Network television stations and 1 non-Univision full-power television station; TeleFutura Television Group, the owner and operator of 16 full-power and 11 low-power TeleFutura Networks television stations; Univision Music Group, the #1 Spanish-language music recording and publishing company in the U.S.; and Univision.com, the #1 Spanish-language Internet portal in the U.S.

Grupo Televisa supplies programming to Univision under a program license agreement that expires in December 2017. Under this program license agreement, Univision has exclusive rights to broadcast in the United States over the Univision, Galavision and TeleFutura networks substantially all of Televisa's Spanish-language programming, with some exceptions. In exchange for these rights, Univision pays Televisa programming royalties based on combined net television time sales. Univision pays these royalties to the Company each year regardless of the amount of Televisa's programming it uses. In addition, Televisa and Univision agreed to establish a joint venture to operate and distribute a suite of Spanish-language television networks for digital cable and satellite delivery in the United States, on which Televisa's pay-TV programming will be introduced into this market.



# fundación televisa

## Corporate social responsibility.

Televisa, mindful of its social and cultural responsibilities, has assumed a leading role in the transformation of Mexican society through *Fundación Televisa*. The Foundation's primary mission is to provide more opportunities for the education and development of children and young adults in Mexico. The Foundation is also committed to preserving and promoting Mexican culture. Accordingly, the Foundation works in two principal areas: social development and cultural promotion.

On the social side, the Foundation focuses on the education, health and nutrition of children and young adults. Many of our programs partner with Premier League Soccer teams, under which for every goal scored in certain games, Televisa sponsors various acts of philanthropy. Through these efforts in 2002, we equipped 174 schools with computers; donated libraries to 26 schools and created 3 public libraries; co-financed 118 organ transplants; and sponsored 15,185 children in 181 rural and native communities to provide them with better nutrition and a healthier life.

We began a new social initiative in 2002 called *Unidos por Mexico* to attend to the victims of natural disasters. After hurricane Isidore struck the Yucatán peninsula, we were able to enlist the support of other companies, charitable institutions and individual volunteers to help 21,000 families left homeless in 7 districts of Yucatán.

On the cultural side, the Foundation owns a collection of fine art, consisting of prehispanic art, modern art and the *Manuel Álvarez Bravo* photograph collection. In an effort to promote cultural diversity, the Foundation has held numerous exhibits in Mexico, including *Imágenes de un Siglo* and *Parábolas Ópticas* (a collection from the Getty Museum in Los Angeles), both of which showcased Bravo's work. The prehispanic collection has been shown in several international exhibitions, including *The Aztecs* at the Royal Academy of Arts in London, England. Additionally, the Foundation offers a weekly cultural recommendation called *GuiArte*, which is presented on Thursday night during our newscast.

# investor information

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## Common Stock Data

CPO's covering the Grupo Televisa, S.A. A Shares, L Shares and D Shares are listed and admitted for trading on the Bolsa Mexicana de Valores, S.A. de C.V. (the Mexican Stock Exchange) under the ticker symbol "TLEVISACPO". The GDS's, each representing twenty CPO's, are listed on the New York Stock Exchange (traded under the ticker symbol "TV") and the Stock Exchange Automated Quotation System of the London Stock Exchange (traded under the ticker symbol "GTGDS").

## Dividend Policy

The declaration, amount and payment of dividends are determined by majority vote of the holders of the A Shares, generally but not necessarily, on the recommendation of the Board of Directors. The decision will depend on the Company's financial condition, cash requirements, future prospects and other factors deemed relevant, as determined by the holders of A Shares. There can be no assurance that the Company will pay dividends.

## SEC Filings

The Company files and submits reports to the U.S. Securities and Exchange Commission. This Annual Report contains both historical information and forward-looking statements. These forward-looking statements, as well as other forward-looking statements made by the Company or its representatives from time to time, whether orally or in writing, involve risks and uncertainties relating to the Company's businesses, operations and financial condition. A summary of these risks is included with the Company's submissions accompanying this Annual Report with the U.S. Securities and Exchange Commission, and this summary as well as the other filings with and submissions to the U.S. Securities and Exchange Commission are and will be available through the Office of Investor Relations upon written request.

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