



RECOLETOS

Investor
Relations

**INTERIM RESULTS
FIRST HALF OF 2003
(January – June)
RECOLETOS GRUPO DE COMUNICACIÓN S.A.**

With regard to the first half results, we highlight the following:

1. **Consolidated Revenues** slightly up (+0.5%) compared to the first half of last year, reaching €119.83 million as **advertising revenues increase by 0.5%** (-3.2% excluding Argentina, Chile and Portugal) and **circulation revenues** fall by 2.0% (-3.3% underlying).
2. **Direct Costs** and **Central Costs** increase (+4.4% and +4.9% respectively). Excluding activities outside Spain (underlying), Direct Costs increase by 1.3%, in line with our target of maintaining cost growth below Spanish inflation rate.
3. **EBITDA** on a consolidated basis decreases (13.6%) reaching € 25.76 million.
4. The **Extraordinary Result**¹ includes capital gains of € 46.89 million from the sale of our 30% stake in Unidad Editorial S.A. (Unedisa).
5. **Net Profit** amounts to € 41.51 million (vs. € 41.29 million in 1H02).
6. The **net cash position** reaches € 320.92 million.

Comparing the second quarter of 2003 with the same period in 2002:

1. Revenues decrease (-4.9%) as advertising and circulation revenues fall by 6.3% and 7.4% respectively. This performance is affected by the unfavourable comparison with an exceptional second quarter of 2002 (World Football Championship, Champions League, Centenary of Real Madrid) and the presence of the Easter holiday in 2Q03.
2. Underlying Direct and Central Costs increase by 3.5% and 4.8% respectively. This is mainly due to the increase of personnel and printing costs to foster the quality of publications and content.
3. Profitability decreases: EBITDA (-31.6%), EBIT (-35%).
4. Recoletos main titles maintain their leadership despite difficult market conditions. *Marca* 's circulation has increased and the re-launch of *Expansión* has contributed to the stabilisation of its copy sales in the last weeks. According to EGM² our main titles have increased their readership significantly (*Marca*+16,5%, *Expansión*+11,0%, *Telva*+15,6%, *Radio Marca*+11,1%).
5. Trading conditions remain difficult with a weak and erratic advertising market, which has deteriorated significantly in the months of April and May, stabilising in June.

¹ In 2001 the Extraordinary Result included the additional goodwill amortisation of €15.00 million corresponding to Argentina

² EGM "Encuesta General de Medios" compares audience/readership figures for the period October- May

I. CONSOLIDATED PROFIT AND LOSS ACCOUNT

Table 1: Consolidated Profit and Loss Account

Million €	1H2003	1H2002	Var. %
Revenues	119.83	119.26	0.5
Direct Costs	87.03	83.38	4.4
Gross Profit	32.79	35.88	(8.6)
Central Costs	12.27	11.70	4.9
EBIT	20.52	24.18	(15.2)
Interest Income (Expense)	1.94	52.69	--
Goodwill Amortisation	(0.75)	(5.69)	--
Associated Undertakings	0.99	(0.18)	--
Profit on Ordinary Activities	22.70	70.99	(68.0)
Extraordinary Results	46.73	(15.62)	--
Profit before Taxes	69.43	55.37	25.4
Income Taxes	(27.92)	(14.09)	98.2
Net Income	41.51	41.29	0.5
Depreciation	5.24	5.65	(7.2)
EBITDA	25.76	29.83	(13.6)

Below we present the consolidated P&L excluding our operations in Argentina, Chile and Portugal:

Table 2: Consolidated Profit and Loss Account "Underlying"

Million €	1H2003	1H2002	Var. %
Revenues			
Advertising	49.27	50.89	(3.2)
Circulation	52.44	54.21	(3.3)
Others	11.00	10.09	9.0
Total Revenues	112.71	115.19	(2.2)
Direct Costs	78.19	77.21	1.3
Gross Profit	34.52	37.98	(9.1)
Central Costs	12.27	11.79	4.1
EBIT	22.24	26.19	(15.1)
Depreciation	5.15	5.55	(7.1)
EBITDA	27.39	31.74	(13.7)

*Excludes activities in Argentina, Chile and Portugal

II. MARGINS

The margins are as follows:

Table 3: Margins

Million €	1H2003	1H2002
Consolidated:		
Gross Profit / Revenues	27.4 %	30.1 %
EBITDA / Revenues	21.5 %	25.0 %
EBIT / Revenues	17.1 %	20.3 %
Consolidated "Underlying":		
Gross Profit / Revenues	30.6%	33.0%
EBITDA / Revenues	24.3%	27.6%
EBIT / Revenues	19.7%	22.7%

III. OPERATING REVENUES

Total Operating Revenues amount to € 119.83 million, increasing by 0,5%.

a) The following table shows the consolidated operating revenues of Recoletos based on the source of income:

Table 4: Operating Revenues

Million €	1H2003	1H2002	Var. %
Advertising	53.91	53.62	0.5
Circulation	54.13	55.24	(2.0)
Other revenues	11.78	10.40	13.3
Total Revenues	119.83	119.26	0.5

Advertising revenues increase by 0.5% (down 3.2% excluding Argentina, Chile and Portugal) showing a significant deterioration in 2Q03, especially in the months of April and May. The advertising downturn continues to have the most severe impact on Business and Finance (-2,5%, underlying -14,4%). Advertising revenues in Sports decrease by 1.3% mainly due to the unfavourable comparison with 2Q2002 (World Football Championship, Champions League, Real Madrid's Centenary). We estimate that the exceptional calendar of sporting events had an impact of about 2 mill € in 1H02 advertising revenues. Therefore, on a comparable basis, advertising revenues in Sports had a satisfactory performance in this first half of 2003.

Growth in advertising revenues is also shown in Women's interest (+11.7%), Medical (+9.3%) and Youth (+5.1%).

Circulation revenues decrease by 2.0% due to lower sales of Expansion (-5.7%) and exceptional products and publications of the Sports division, while Marca's circulation increases by 3.6%. Excluding activities outside Spain, circulation revenues at consolidated level decrease by 3.3%.

b) Regarding the development of revenues by content areas³, Women's Interest (+9.8%), Youth (+8.7%) and Health (+7.7%) show remarkable growth rates. Business and Finance benefits from the integration of our publications outside Spain. Sports remains, with 56.3%, the largest contributor to group revenues.

³ P&L accounts with regard to the several content areas are shown from Chapter VIII of this note.

Table 5: Revenues by content areas

Million €	1H2003	% of total	1H2002	Var. %
Sports	67.50	56.3	69.59	(3.0)
Business & Finance	32.27	26.9	31.43	2.6
Women's Interest	7.41	6.2	6.75	9.8
Medical	4.77	4.0	4.43	7.7
Youth	2.16	1.8	1.99	8.7
Others	5.72	4.8	5.07	12.8
Total Revenues	119.83	100.0	119.26	0.5

In Sports, advertising revenues (-1.3%) and circulation revenues (-3.4%) decrease. Copy sales of *Marca* rise by 3.6% to an average daily circulation of 378,374. *Marca*'s market share in the first five months of 2003 reaches 48.2% (vs. 49.5% in January-May 2002, Source: AEDE).

Revenues from Business and Finance decline by 2.6% due to lower advertising (-2.5%) and higher circulation revenues (+4.2%). Excluding activities outside Spain, advertising revenues in Business and Finance decrease by 14.4% and circulation revenues by 4.3%. *Expansión* had an average daily circulation of 46,388 (-5.7%) in 1H03.

Women's Interest shows advertising revenues increasing significantly (+11.7%), while circulation revenues stabilise. *Telva* magazine had an average monthly circulation of 142,478 in 1H03.

Medical and Youth show increasing advertising revenues (+9.3% and +5.2% respectively).

IV. DIRECT COSTS

Consolidated Direct Costs increase by 4.4% and 1.3% excluding activities outside Spain. Raw materials – mainly newsprint – and marketing are down 8.8% and 5.2% respectively. Personnel and printing costs increase by 10.2% and 21.3% respectively.

Direct costs decrease in underlying Business and Finance (-2.7%).

The breakdown of Direct Costs by content divisions is as follows:

Table 6: Direct Costs by content divisions

Million €	1H2003	1H2002	Var. %
Sports	43.36	42.91	1.0
Business and Finance	29.23	27.25	7.3
Women's interest	5.42	5.00	8.3
Medical	3.74	3.69	1.4
Youth	1.80	1.65	9.1
Others	3.48	2.88	20.8
Total Direct Costs	87.03	83.38	4.4

V. CENTRAL COSTS

Central costs increase by 4.9% reaching € 12.27 million as a result, mainly of higher personnel costs, which make 53% of total central costs.

VI. GROSS PROFIT

Gross Profit by business areas show the following development:

Table 7: Gross Profit by business areas

Million €	1H2003	1H2002	Var. %
Sports	24.14	26.68	(9.5)
Business and Finance	3.03	4.18	(27.4)
Women's Interest	1.98	1.74	14.0
Medical	1.03	0.74	39.1
Youth	0.36	0.34	6.9
Others	2.25	2.20	2.3
Total Gross Profit	32.79	35.88	(8.6)

Note: Gross Profit= Revenues less Direct Costs, it does not include Central Costs

Consolidated Gross Profit decreases by 8.6%. The key developments are:

- Deterioration in Sports' Gross Profit due mainly to decreased advertising revenues (which make 33% of the total revenues for this division) and lower circulation revenues (65% of total revenues).
- Worsening in Business and Finance as a result of the advertising downturn. Advertising revenues make 59% of the total revenues of this content division and have fallen by 2.5%.
- Improvement in Women's Interest Gross Profit due to the outstanding performance of advertising revenues.
- Gross Profit in Medical and Youth improved, thanks to increasing advertising revenues.

VII. NET PROFIT

- Net Profit increases, reaching € 41.51 million. It includes capital gains amounting to € 46.89 million obtained from the sale of Recoletos' 30% stake in Unidad Editorial S.A. (Unedisa).

VIII. SPORTS

This business area shows decreased revenues due to the unfavourable comparison with 2Q02 (increased advertising revenues and sale of additional publications due to the exceptional sports calendar). *Marca* continues increasing its circulation (+3.6%) and readership⁴ (+16.5%), with 2,4 million readers daily. *Marca*'s web page traffic reached in June 145 million page views.

⁴ EGM "Encuesta General de Medios" measuring readership for the period October-May.

Table 8: Results of the Sports Area

Million €	1H2002	1H2001	Var. %
Revenues			
Advertising	22.87	20.41	12.1
Circulation	45.13	42.62	5.9
Others	1.59	0.79	102.3
Total Revenues	69.59	63.81	9.1
Direct Costs	42.91	41.19	4.2
Gross Profit	26.68	22.62	17.9
Gross Profit / Revenues	38.3%	35.4%	

IX. BUSINESS AND FINANCE

In Business and Finance revenues continue being hit by the advertising downturn. Circulation revenues increase due to the integration of our activities in Portugal and Chile. Despite falling circulation of *Expansión* (-5.7%), readership⁵ has increased by 11.0% reaching 131,000 readers daily (market share of 59.5%).

Table 9: Results of Business and Finance Area

Million €	1H2003	1H2002	Var. %
Revenues			
Advertising	18.95	19.44	(2.5)
Circulation	8.72	8.37	4.2
Other	4.60	3.62	27.0
Total Revenues	32.27	31.43	2.6
Direct Costs	29.23	27.25	7.3
Gross Profit	3.03	4.18	(27.4)
Gross Profit / Revenues	9.4%	13.3%	

Table 10: Results of Business and Finance Area "underlying"

Million €	1H2003	1H2002	Var. %
Revenues			
Advertising	14.31	16.71	(14.4)
Circulation	7.03	7.34	(4.3)
Others	3.81	3.29	15.9
Total Revenues	25.15	27.35	(8.0)
Direct Costs	20.39	20.95	(2.7)
Gross Profit	4.76	6.39	(25.6)
Gross Profit / Revenues	18.9%	23.4%	

Excludes Argentina, Chile and Portugal

⁵ EGM for the period October-May

X. WOMEN'S INTEREST

Women's Interest revenues increase significantly due to a remarkable performance in advertising, allowing margins to improve. *Telva* reaches copy sales of 142,478 and increases its readership⁶ by 15.6% (296,000).

Table 11: Results of Women's Interest Area

Million €	1H2003	1H2002	Var. %
Revenues			
Advertising	5.59	5.00	11.7
Circulation	1.69	1.69	0.0
Others	0.13	0.06	128.8
Total Revenues	7.41	6.75	9.8
Direct Costs	5.42	5.00	8.3
Gross Profit	1.98	1.74	14.0
Gross Profit / Revenues	26.8%	25.8%	

XI. MEDICAL

This area has experienced an increase in advertising revenues and margins thanks to cost control.

Table 12: Results of Medical Area

Million €	1H2003	1H2002	Var. %
Revenues			
Advertising	4.73	4.33	9.3
Circulation	0.04	0.04	0.0
Other	0.00	0.05	--
Total Revenues	4.77	4.43	7.7
Direct Costs	3.74	3.69	1.4
Gross Profit	1.03	0.74	39.1
Gross Profit / Revenues	21.6%	16.7%	

XII. YOUTH

Increasing advertising revenues have caused improvement in Gross Profit.

Table 13: Results of Youth Area

Million €	1H2003	1H2002	Var. %
Revenues			
Advertising	2.08	1.98	5.1
Circulation	0.07	0.00	--
Other	0.01	0.01	0.0
Total Revenues	2.16	1.99	8.7
Direct Costs	1.80	1.65	9.1
Gross Profit	0.36	0.34	6.9
Gross Profit / Revenues	16.6%	16.9%	

⁶ EGM "Encuesta General de Medios" for the period October-May

XIII. CASH-FLOW

Table 14: Cash-flow

Millions of €	1H2003	1H2002	Var. %
Net Income after Minority	41.25	41.15	0.2
Depreciation	5.26	5.65	(6.8)
Goodwill Amortisation	0.75	5.69	(86.9)
Extraord. Goodwill Amortisation Argentina	0.00	15.00	--
Provisions with regard to fixed assets	0.23	1.46	(84.5)
Other Adjustments	(47.94)	(50.58)	(5.2)
Net Cash provided by Operating Activities	(0.46)	18.37	(102.5)
Change in Working Capital	17.48	18.37	(4.9)
Net Capex	69.04	117.46	(41.2)
Net Cash used in Investment Activities	86.52	135.83	(36.3)
Equity Financing	0.00	0.00	--
Net Debt Financing	0.00	0.00	--
Dividend Payment	(5.87)	(1.96)	200.0
Other changes in Shareholders' Equity	0.66	0.64	(150.0)
Net Cash provided by Financing Activities	(5.21)	(1.32)	294.5
Net Increase in Cash and Cash Equivalents	80.85	152.87	(47.1)

XIV. CONSOLIDATED BALANCE SHEET

Table 15: Consolidated Balance Sheet

Million €	2003	2002
	June	December
Fixed Assets:	95,23	113,98
- Tangible Assets	63,43	58,08
- Intangible Assets	4,07	5,73
- Financial Investments	27,73	50,18
Goodwill on Amortisation	17,40	26,83
Accounts receivable	55,01	47,12
Stocks	5,26	5,91
Cash and Cash Equivalents*	320,92	240,04
Other Assets	4,51	2,64
Total Assets	498,33	436,52
Shareholders Equity	381,89	345,86
Minority Shareholders	1,01	1,10
Provisions	12,02	12,26
Long-term Liabilities	3,13	3,62
Short-term Liabilities	100,27	73,68
Total Debts	498,33	436,52

* It includes, at December 2002 and June 2003, 32.97 million € SIMCAV (Investment Trust) investment

XV. OTHER RELEVANT ISSUES

Recoletos agreed on March 2003 to sell to RCS Editori SpA its 30% stake in Unidad Editorial S.A. (Unedisa). The sale, valued at € 80.00 million including capital gains of € 46.89 million, was completed March 6th 2003.

XVI. IMPACT OF DIFFERENCES IN EXCHANGE RATES WITH ARGENTINEAN CURRENCY

At June 2003, the exchange rates used for the conversion to euros have been the following:

- Profit and Loss account items, at the average exchange rate for the first six months of the year: 3.33 Argentinean pesos/Euro.
- Balance Sheet items, at the official exchange rate at the end of June: 3,21 Argentinean pesos / Euro.

At June 2002 the exchange rates used were:

- the average exchange rate for the January-June period of 2,65 Argentinean pesos/Euro for the Profit and Loss items, and
- the June-end rate of 3,85 Argentinean pesos/Euro, for the Balance Sheet items.

Differences resulting from the application of this conversion method are recorded under "Differences on Currency Translation" within "Shareholder's Equity" on the consolidated Balance Sheet.

XVII. OPERATIONAL FIGURES

OPERATING MAGNITUDES	1H2003	1H2002	%Var.
SPORTS			
Accumulated Marca copy sales	378,374	365,358	3.6
Accumulated Golf Digest copy sales	14,711	13,538	8.7
June page views of marca.com ('000)	145,174	197,000	(26.3)
BUSINESS AND FINANCE			
Accumulative Expansión copy sales	46,388	49,214	(5.7)
Accumulative Actualidad Económica copy sales	18,120	19,992	(9.4)
June page views of Expansióndirecto.com ('000)	18,279	20,762	(12.0)
June page views Expansiónyempleo.com ('000)	1,340	1,198	11.9
WOMEN'S INTEREST			
Accumulative. Copy sales Telva	142,478	147,472	(3.4)
June page views estarguapa.com ('000)	5,075	2,871	76.8
MEDICAL AND YOUTH			
June page views diario medico.com ('000)	803	1,969	(59.2)
June page views tuGueb.com ('000)	1,409	1,054	33.6