



RECOLETOS

Investor  
Relations

**FINANCIAL RESULTS  
FIRST QUARTER OF 2002  
RECOLETOS GRUPO DE COMUNICACIÓN S.A.**

The consolidated financial results for the first quarter of 2002 reflect a tough comparison against a very strong first quarter of 2001 and difficult market conditions, with no signs of recovery in economic activity, financial markets or advertising.

Recoletos was able partially to offset declining revenues with a significant reduction in operating costs and continues to focus on profit protection measures.

Due to the deteriorating economic environment in Argentina, Recoletos has taken an additional non-cash Goodwill amortisation<sup>1</sup> charge of € 15.00 million relating to its Argentinean ventures (Sadei and Mind Opener). This is included in the reporting line corresponding to Extraordinary Results. The outstanding goodwill amounts to € 3.79 million.

The sale of our 1.86% stake in RTL to Bertelsmann, which was effective in January 2002, contributed to a strong increase in net profit.

To be more specific we highlight the following:

1. **Consolidated Revenues** down (-16.0%) as **advertising and circulation revenues** fell by 21.7% and 10.6% respectively.
2. **Direct Costs** and **Central Costs** fell significantly (-12.6% and -9.5% respectively) as a result of the cost cutting programme.
3. **EBITDA** on a consolidated basis decreased (-28.9%).
4. **Interest Income** includes capital gains of € 50.80 million from the sale of our stake in RTL.
5. The **Extraordinary Result**<sup>2</sup> includes non-cash goodwill amortisation charge of € 15.00 million relating to Argentinean ventures.
6. **Net Profit** € 31.28 million (vs. € 3.49 million in 1Q01).

<sup>1</sup> In 2001, Recoletos took an additional goodwill amortisation of €5.41 million relating to the Argentinean ventures Sadei and Mind Opener

<sup>2</sup> In 2001 the Extraordinary Result included the additional goodwill amortisation of €5.41 million mentioned before

## I. CONSOLIDATED PROFIT AND LOSS ACCOUNT

Table 1: Consolidated Profit and Loss Account

| Million €                                 | 1Q2002       | 1Q2001       | Var. %        |
|---|--------------|--------------|---------------|
| <b>Revenues</b>                           | <b>51.90</b> | <b>61.76</b> | <b>(16.0)</b> |
| Direct Costs                              | 41.19        | 47.11        | (12.6)        |
| <b>Gross Profit</b>                       | <b>10.71</b> | <b>14.65</b> | <b>(26.9)</b> |
| Central Costs                             | 5.80         | 6.41         | (9.5)         |
| <b>EBIT</b>                               | <b>4.91</b>  | <b>8.25</b>  | <b>(40.4)</b> |
| Interest Income (Expense)                 | 52.29        | (0.07)       | NA            |
| Goodwill Amortisation                     | (2.91)       | (3.02)       | NA            |
| Associated Undertakings                   | (1.02)       | 0.43         | NA            |
| <b>Profit on Ordinary Activities</b>      | <b>53.27</b> | <b>5.58</b>  | <b>854.0</b>  |
| Extraordinary Results                     | (14.93)      | 0.39         | NA            |
| <b>Profit before Taxes</b>                | <b>38.33</b> | <b>5.19</b>  | <b>638.2</b>  |
| Income Taxes                              | (7.06)       | (1.71)       |               |
| Net Income before Minority Interests      | <b>31.28</b> | <b>3.49</b>  | <b>796.9</b>  |
| <b>Net Income after Minority Interest</b> | <b>2.87</b>  | <b>2.71</b>  | <b>6.1</b>    |
| <b>Depreciation</b>                       | <b>7.78</b>  | <b>10.95</b> | <b>(28.9)</b> |
| <b>EBITDA</b>                             | <b>51.90</b> | <b>61.76</b> | <b>(16.0)</b> |

Below we present the consolidated P&L excluding our operations in Argentina:

Table 2: Consolidated Profit and Loss Account excluding Argentina\*

| Million €             | 1Q2002       | 1Q2001       | Var. %        |
|-----------------------|--------------|--------------|---------------|
| <b>Revenues</b>       |              |              |               |
| Advertising           | 20.88        | 25.56        | (18.3)        |
| Circulation           | 25.66        | 28.18        | (8.9)         |
| Others                | 4.60         | 5.46         | (15.8)        |
| <b>Total Revenues</b> | <b>51.14</b> | <b>59.19</b> | <b>(13.6)</b> |
| Direct Costs          | 39.38        | 42.47        | (7.3)         |
| <b>Gross Profit</b>   | <b>11.76</b> | <b>16.72</b> | <b>(29.7)</b> |
| Central Costs         | 5.80         | 6.41         | (9.5)         |
| <b>EBIT</b>           | <b>5.95</b>  | <b>10.31</b> | <b>(42.3)</b> |
| Depreciation          | 2.81         | 2.64         | 6.3           |
| <b>EBITDA</b>         | <b>8.76</b>  | <b>12.95</b> | <b>(32.4)</b> |

\*Excludes Sadei & Mind Opener

## II. MARGINS

The margins are as follows:

Table 3: Margins

| Million €                              | 1Q2002 | 1Q2001 |
|--|--------|--------|
| <b>Consolidated:</b>                   |        |        |
| Gross Profit / Revenues                | 20.6 % | 23.7 % |
| EBITDA / Revenues                      | 15.0 % | 17.7 % |
| EBIT / Revenues                        | 9.5 %  | 13.4 % |
| <b>Consolidated without Argentina:</b> |        |        |
| Gross Profit / Revenues                | 23.0%  | 28.3%  |
| EBITDA / Revenues                      | 17.1%  | 21.9%  |
| EBIT / Revenues                        | 11.6%  | 17.4%  |

## III. OPERATING REVENUES

Total Operating Revenues amount to € 51.90 million, falling by 16,0%.

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

Table 4: Operating Revenues

| Million €             | 1Q2002       | 1Q2001       | Var. %        |
|-----------------------|--------------|--------------|---------------|
| Advertising           | 21.36        | 27.28        | (21.7)        |
| Circulation           | 25.92        | 28.99        | (10.6)        |
| Other revenues        | 4.62         | 5.49         | (15.9)        |
| <b>Total Revenues</b> | <b>51.90</b> | <b>61.76</b> | <b>(16.0)</b> |

Advertising revenues fell by 21.7% (down 18.3% excluding Argentina). The advertising downturn had the strongest impact on Business and Finance (-36.3%, -30.2% without Argentina), Sports (-15.6%) and Youth (-0.5%). Women's interest maintained advertising revenues at good level and Health starts showing a recovery (+1.9%).

Circulation revenues decreased by 10.6% due to lower sales of Marca and Expansion (-4.7% and -19.5% respectively). Excluding Argentina, circulation revenues at consolidated level decrease by 8.9%.

b) Regarding the evolution of revenues by content areas<sup>3</sup>, Health (+3.1%) and Women's interest (+1,4%) show satisfactory growth rates. Sports remains, with 57.5%, the largest contributor to group revenues.

<sup>3</sup> 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 €             | 1Q2002       | % sobre total | 1Q2001       | Var. %        |
|-----------------------|--------------|---------------|--------------|---------------|
| Sports                | 29.82        | 57.5          | 32.35        | (7.8)         |
| Business & Finance    | 13.56        | 26.1          | 20.15        | (32.7)        |
| Women's Interest      | 3.16         | 6.1           | 3.12         | 1.4           |
| Medical               | 2.17         | 4.2           | 2.11         | 3.1           |
| Youth                 | 0.72         | 1.4           | 0.72         | 0.0           |
| Others                | 2.47         | 4.8           | 3.32         | (25.6)        |
| <b>Total Revenues</b> | <b>51.90</b> | <b>100.0</b>  | <b>61.76</b> | <b>(16.0)</b> |

In Sports, advertising revenues (-15.6%) and circulation revenues (-4.3%) decreased. Copy sales of *Marca* fell by 4.7% to an average daily circulation of 353,918. In spite of the decrease in cumulative circulation, the trend in copy sales has reversed in the month of March, with a 3.4% increase in comparison with March 2001. The initial figures for the month of April show also increasing circulation, a month in which the daily newspaper has been re-launched with a new design and enhanced contents.

Revenues from Business and Finance declined by 32.7% due to lower advertising (-36.3%) and circulation revenues (-30.4%). Excluding Argentina, advertising revenues in Business and Finance decreased by 30.3% and circulation revenues by 24.5%. *Expansión* had an average daily circulation of 48,208 (-19.5%).

Women's Interest shows a more satisfactory performance. Advertising revenues were maintained and circulation revenues continued to grow (+4.4%), due to the excellent circulation performance of *Telva* magazine (+8.7%) reaching an average monthly circulation of 154,208.

Medical showed increasing advertising revenues (+1.9%), while Youth revenues were flat on 1Q01.

Revenues in General Information (Unedisa) increased by 1.4%. *El Mundo's* daily circulation was up 2.3% to 311,000.

#### IV. DIRECT COSTS

Consolidated Direct Costs decreased by 12.6% thanks to the cost cutting programme initiated in April 2001, with distribution costs down 22.3%, personnel costs down 20.5% and raw materials – mainly newsprint – down 18.6%.

Direct costs decreased significantly in Business and Finance (-27.0%) and Youth (-19.2%).

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

Table 6: Direct Costs by content divisions

| Million €                 | 1Q2002       | 1Q2001       | Var. %        |
|---------------------------|--------------|--------------|---------------|
| Sports                    | 20.51        | 20.74        | (1.1)         |
| Business and Finance      | 13.66        | 19.73        | (27.0)        |
| Women's interest          | 2.53         | 2.49         | 1.7           |
| Medical                   | 1.79         | 1.65         | 8.7           |
| Youth                     | 0.77         | 0.95         | (19.2)        |
| Others                    | 1.93         | 2.55         | (24.3)        |
| <b>Total Direct Costs</b> | <b>41.19</b> | <b>47.11</b> | <b>(12.6)</b> |

## V. CENTRAL COSTS

Central costs decreased by 9.5% reaching € 5.80 million thanks to the cost cutting programme.

## VI. GROSS PROFIT

Gross Profit by business areas show the following development:

*Table 7: Gross Profit by business areas*

| Million €                 | 1Q2002       | 1Q2001       | Var. %        |
|---------------------------|--------------|--------------|---------------|
| Sports                    | 9.31         | 11.60        | (19.8)        |
| Business and Finance      | (0.11)       | 1.43         | (107.4)       |
| Women's Interest          | 0.64         | 0.63         | 0.4           |
| Medical                   | 0.38         | 0.46         | (17.0)        |
| Youth                     | (0.05)       | 0.23         | NA            |
| Others                    | 0.54         | 0.76         | (28.9)        |
| <b>Total Gross Profit</b> | <b>10.71</b> | <b>14.65</b> | <b>(26.9)</b> |

*Note: Gross Profit= Revenues less direct costs, it does not include Central Costs*

Gross Profit falls by 26.9%. The key developments are:

- Declining Gross Profit in Sports due mainly to the fall in circulation revenues (which make 67% of the total revenues for this division).
- Significant worsening in Business and Finance as a result of the advertising downturn. Advertising revenues make 56% of the total revenues of this content division and have fallen by 36.3%.
- Improvement in Gross Profit in Women's Interest despite difficult market conditions.
- Worsening in Medical, due to the increase of direct costs associated with the launch of *Correo Farmacéutico*.
- Gross Profit in Youth has improved thanks to falling Direct Costs.

## VII. NET PROFIT

Net Profit increases, reaching € 31.28 million, due to the following factors:

- Capital gains amounting to € 50.80 million obtained from the sale of Recoletos' 1.86% stake in RTL.
- Additional amortisation of Goodwill, € 15.00 million, corresponding to our Argentinean subsidiaries, which is included in the reporting line of Extraordinary Results.

## VIII. SPORTS

This business area shows a deterioration in Gross Profit due to falling circulation revenues.

*Table 8: Results of the Sports Area*

| Million €                      | 1Q2002       | 1Q2001       | Var. %        |
|--------------------------------|--------------|--------------|---------------|
| <b>Revenues</b>                |              |              |               |
| Advertising                    | 8.71         | 10.32        | (15.6)        |
| Circulation                    | 20.81        | 21.74        | (4.3)         |
| Others                         | 0.30         | 0.28         | 6.2           |
| <b>Total Revenues</b>          | <b>29.82</b> | <b>32.35</b> | <b>(7.8)</b>  |
| Direct Costs                   | 20.51        | 20.74        | (1.1)         |
| <b>Gross Profit</b>            | <b>9.31</b>  | <b>11.60</b> | <b>(19.8)</b> |
| <b>Gross Profit / Revenues</b> | <b>31.2%</b> | <b>35.9%</b> |               |

*\*Excluding Radio Marca and marca.com*

## IX. BUSINESS AND FINANCE

In Business and Finance revenues have been hit by the advertising downturn and falling publications sales. Direct Costs were down 27%.

*Table 9: Results of Business and Finance Area*

| Million €                      | 1Q2002        | 1Q2001       | Var. %         |
|--------------------------------|---------------|--------------|----------------|
| <b>Revenues</b>                |               |              |                |
| Advertising                    | 7.61          | 11.95        | (36.3)         |
| Circulation                    | 4.18          | 6.00         | (30.4)         |
| Other                          | 1.77          | 2.20         | (19.8)         |
| <b>Total Revenues</b>          | <b>13.56</b>  | <b>20.15</b> | <b>(32.7)</b>  |
| Direct Costs                   | 13.66         | 18.73        | (27.0)         |
| <b>Gross Profit</b>            | <b>(0.11)</b> | <b>1.43</b>  | <b>(107.4)</b> |
| <b>Gross Profit / Revenues</b> | <b>(0.8%)</b> | <b>7.1%</b>  |                |

*\*Excluding Expansión TV, Expansión y Empleo, Sadei & Mind Opener, Ganar.com and Expansióndirecto.com*

*Table 10: Results of Business and Finance Area excluding Argentina*

| Million €               | 1Q2002       | 1Q2001       | Var. %        |
|-------------------------|--------------|--------------|---------------|
| <b>Revenues</b>         |              |              |               |
| Advertising             | 7.13         | 10.23        | (30.3)        |
| Circulation             | 3.92         | 5.19         | (24.5)        |
| Others                  | 1.75         | 2.18         | (19.7)        |
| <b>Total Revenues</b>   | <b>12.79</b> | <b>17.59</b> | <b>(27.3)</b> |
| Direct Costs            | 11.86        | 14.09        | (15.8)        |
| <b>Gross Profit</b>     | <b>0.94</b>  | <b>3.50</b>  | <b>(73.2)</b> |
| Gross Profit / Revenues | 7.3%         | 19.9%        |               |

*Excludes Sadei & Mind Opener*

## X. GENERAL INFORMATION, UNEDISA

At Unedisa (in which Recoletos owns a 30% stake) revenues increased but higher costs caused a deterioration in profitability. El Mundo increased copy sales by +2.3% reaching 311.000 average daily sales.

Table 11: Unedisa Results

| Million €                     | 1Q2002        | 1Q2001       | Var. %         |
|-------------------------------|---------------|--------------|----------------|
| <b>Revenues</b>               | <b>58.11</b>  | <b>57.31</b> | <b>1.4</b>     |
| Operating Costs               | 62.19         | 54.87        | 13.3           |
| <b>EBIT</b>                   | <b>(4.08)</b> | <b>2.44</b>  | <b>(267.0)</b> |
| Interest Income (expenses)    | (0.57)        | (0.22)       | 154.3          |
| Goodwill Amortisation         | (0.04)        | (0.12)       | (65.4)         |
| Associated Undertakings       | (0.94)        | 0.05         |                |
| Profit on Ordinary Activities | <b>(5.63)</b> | <b>2.15</b>  | <b>(362.0)</b> |
| Extraordinary Results         | 0.00          | 0.00         |                |
| <b>Profit before Taxes</b>    | <b>(5.63)</b> | <b>2.15</b>  | <b>(362.0)</b> |
| Depreciation                  | 2.60          | 2.66         | (2.1)          |
| <b>EBITDA</b>                 | <b>(1.48)</b> | <b>5.10</b>  | <b>(129.0)</b> |

## XI. WOMEN'S INTEREST

Women's Interest has achieved revenue growth and maintained margins thanks to increasing *Te/va* copy sales.

Table 12: Results of Women's Interest Area

| Million €                      | 1Q2002       | 1Q2001       | Var. %     |
|--------------------------------|--------------|--------------|------------|
| <b>Revenues</b>                |              |              |            |
| Advertising                    | 2.20         | 2.20         | 0.0        |
| Circulation                    | 0.92         | 0.88         | 4.4        |
| Others                         | 0.05         | 0.04         | 24.8       |
| <b>Total Revenues</b>          | <b>3.16</b>  | <b>3.12</b>  | <b>1.4</b> |
| Direct Costs                   | 2.53         | 2.49         | 1.7        |
| <b>Gross Profit</b>            | <b>0.64</b>  | <b>0.63</b>  | <b>0.4</b> |
| <b>Gross Profit / Revenues</b> | <b>20.1%</b> | <b>20.3%</b> |            |

\*Excluding *estarguapa.com*

## XII. MEDICAL

This area has experienced an increase in advertising revenues and a reduction of margins.

Table 13: Results of Medical Area

| Million €                      | 1Q2002       | 1Q2001       | Var. %        |
|--------------------------------|--------------|--------------|---------------|
| <b>Revenues</b>                |              |              |               |
| Advertising                    | 2.12         | 2.08         | 1.9           |
| Circulation                    | 0.02         | 0.02         | 0.0           |
| Other                          | 0.03         | 0,00         |               |
| <b>Total Revenues</b>          | <b>2.17</b>  | <b>2.11</b>  | <b>3.1</b>    |
| Direct Costs                   | 1.79         | 1.65         | 8.7           |
| <b>Gross Profit</b>            | <b>0.38</b>  | <b>0.46</b>  | <b>(17.0)</b> |
| <b>Gross Profit / Revenues</b> | <b>17.5%</b> | <b>21.8%</b> |               |

\*Excludes Onda Salud y Diario Médico

## XIII. YOUTH

Stable advertising revenues and falling operating costs have caused an improvement in margins.

Table 14: Results of Youth Area

| Million €                      | 1Q2002        | 1Q2001         | Var. %     |
|--------------------------------|---------------|----------------|------------|
| <b>Revenues</b>                |               |                |            |
| Advertising                    | 0.72          | 0.72           | 0.0        |
| Circulation                    | 0.00          | 0.00           |            |
| <b>Total Revenues</b>          | <b>0.72</b>   | <b>0.72</b>    | <b>0.0</b> |
| Direct Costs                   | 0.77          | 0.95           | (19.2)     |
| <b>Gross Profit</b>            | <b>(0.05)</b> | <b>(0.23)</b>  | <b>NA</b>  |
| <b>Gross Profit / Revenues</b> | <b>(6.5%)</b> | <b>(31.8%)</b> |            |

\*Excluding tuGUEb.com



#### XIV. CASH-FLOW

Table 15: Cash-flow

| Millions of €                                    | 1Q2002        | 1Q2001         | Var. %         |
|--|---------------|----------------|----------------|
| Net Income                                       | <b>31.26</b>  | <b>3.49</b>    | <b>795.2</b>   |
| Depreciation                                     | 2.87          | 2.71           | 6.1            |
| Goodwill Amortisation                            | 2.91          | 3.02           | (3.6)          |
| Extraord. Goodwill Amortisation Argentina        | 15.00         | 0.00           |                |
| Provisions with regard to fixed assets           | 0.48          | 0.00           |                |
| Other Adjustments                                | (49.86)       | 0.74           |                |
| <b>Net Cash provided by Operating Activities</b> | <b>2.67</b>   | <b>9.96</b>    | <b>(73.2)</b>  |
| Change in Working Capital                        | 13.17         | (1.39)         |                |
| Net Capex  | 120.01        | (5.41)         | NA             |
| <b>Net Cash used in Investment Activities</b>    | <b>133.19</b> | <b>(6.80)</b>  | <b>NA</b>      |
| Equity Financing                                 | 0.00          | (1.71)         |                |
| Net Debt Financing                               | 0.00          | 0.00           |                |
| Dividend Payment                                 | 0.00          | (10.52)        |                |
| Other changes in Shareholders' Equity            | 1.00          | 0.00           |                |
| <b>Net Cash provided by Financing Activities</b> | <b>1.00</b>   | <b>(12.23)</b> | <b>(108.1)</b> |
| <b>Net Increase in Cash and Cash Equivalents</b> | <b>136.86</b> | <b>(9.07)</b>  | <b>NA</b>      |

#### XV. CONSOLIDATED BALANCE SHEET

Table 16: Consolidated Balance Sheet

| Million €                 | 2002<br>March | 2001<br>December |
|---------------------------|---------------|------------------|
| Fixed Assets:             | 118.06        | 192.60           |
| - Tangible Assets         | 59.25         | 58.76            |
| - Intangible Assets       | 4.46          | 4.71             |
| - Financial Investments   | 54.35         | 129.13           |
| Goodwill on Amortisation  | 21.08         | 39.00            |
| Accounts receivable       | 47.67         | 48.18            |
| Stocks                    | 6.10          | 8.87             |
| Cash and Cash Equivalents | 214.15        | 77.30            |
| Other Assets              | 2.38          | 2.13             |
| <b>Total Assets</b>       | <b>409.45</b> | <b>368.08</b>    |
| Shareholders Equity       | 328.64        | 296.38           |
| Minority Shareholders     | 1.02          | 1.02             |
| Provisions                | 10.43         | 11.46            |
| Long-term Liabilities     | 3.78          | 3.78             |
| Short-term Liabilities    | 65.58         | 55.44            |
| <b>Total Debts</b>        | <b>409.45</b> | <b>368.08</b>    |

## XVI. OTHER RELEVANT ISSUES

Recoletos agreed on December 24<sup>th</sup> 2001 to sell to Bertelsmann AG its 1.86% stake in RTL. The sale, valued at 126.9 million Euros including capital gains of 50,8 million Euros, was completed January 2002.

## XVII. OPERATIONAL FIGURES

| <b>OPERATING MAGNITUDES</b>                     | <b>1Q2002</b> | <b>1Q2001</b> | <b>%Var.</b> |
|---|---------------|---------------|--------------|
| <b>SPORTS</b>                                   |               |               |              |
| Accumulated Marca copy sales                    | 353,918       | 371,381       | (4.7)        |
| Accumulated Golf Digest copy sales              | 14,073        | 13,275        | 6.0          |
| March page views of marca.com ('000)            | 97,039        | 61,550        | 57.7         |
| <b>BUSINESS AND FINANCE</b>                     |               |               |              |
| Accumulative Expansión copy sales               | 48,208        | 59,878        | (19.5)       |
| Accumulative Actualidad Económica copy sales    | 20,685        | 22,198        | (6.8)        |
| Accumulative ganar.Com copy sales               | 7,913         | 11,862        | (33.3)       |
| March page views of Expansióndirecto.com ('000) | 18,830        | 20,202        | (6.8)        |
| March page views Expansiónyempleo.com ('000)    | 1,642         | 1,659         | (1.0)        |
| March page views ganar.com ('000)               | 1,249         | 1,183         | 5.6          |
| <b>GENERAL INFORMATION</b>                      |               |               |              |
| El Mundo. accumulated copy sales                | 311,000       | 304,000       | 2.3          |
| March page views El Mundo ('000)                | 106,100       | 60,100        | 76.5         |
| <b>WOMEN'S INTEREST</b>                         |               |               |              |
| Accumulative. Copy sales Telva                  | 154,208       | 141,871       | 8.7          |
| March page views estarguapa.com ('000)          | 3,084         | 1,788         | 72.5         |
| <b>MEDICAL AND YOUTH</b>                        |               |               |              |
| March page views diario medico.com ('000)       | 1,973         | 2,302         | (14.3)       |
| March page views tuGueb.com ('000)              | 1,716         | 936           | 83.3         |