



RECOLETOS

Investor
Relations

INTERIM RESULTS
FULL YEAR 2002
RECOLETOS GRUPO DE COMUNICACIÓN S.A.

The consolidated financial results for 2002 demonstrate good progress with particularly strong profit improvement, increased cash flow generation and enhanced financial position.

We highlight the following:

1. **Tight cost control:** Recoletos has offset a decline in revenues – the result of the economic slowdown and advertising downturn – through a successful cost reduction programme. Costs decreased by 17.92 million euros in 2002, an 8.6% reduction on 2001.
2. **Successful re-launch of Marca:** Following its relaunch in April, Marca has gained share and increased circulation, advertising revenues and gross profit.
3. **Improved cash flow:** Cash flow generation has increased as a result of:
 - the improvement in EBIT (+16.0%) up to 43.31 million euros;
 - a 21.76 million euros reduction in working capital, after a programme to reduce stock level and improve payment systems.
4. **Strong balance sheet:** The net cash position reaches 240.04 million euros, reflecting a very sound financial position.

With regard to the results for the twelve months of the year, we highlight the following:

1. **Consolidated Revenues** fell (-4.9%) compared to 2001; **advertising revenues declined by 8.4% and circulation revenues** decreased by 0.8% (-3.7% and +1.0% excluding Argentina and Chile respectively).
2. **Direct Costs** and **Central Costs** were significantly reduced (-8.7% and -7.6% respectively).
3. **EBITDA** on a consolidated basis increased 11.5% to € 54,44 million.
4. **Interest Income** includes capital gains of € 50.80 million from the sale of our stake in RTL.
5. The **Extraordinary Result**¹ includes a non-cash goodwill amortisation charge of € 15.00 million relating to Argentinean ventures.
6. **Net Profit** € 50.27 million (vs. € 7.10 million in 3Q01).

¹ 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 €	2002	2001	Var. %
Revenues	234.47	246.44	(4.9)
Direct Costs	168.63	184.70	(8.7)
Gross Profit	65.84	61.74	6.6
Central Costs	22.54	24.39	(7.6)
EBIT	43.31	37.35	16.0
Interest Income (Expense)	55.61	(2.37)	--
Goodwill Amortisation	(11.48)	(12.21)	(6.3)
Associated Undertakings	0.12	1.01	--
Profit on Ordinary Activities	87.56	23.78	268.4
Extraordinary Results	(17.92)	(13.62)	--
Profit before Taxes	69.64	10.16	--
Income Taxes	(19.36)	(3.07)	--
Consolidated Net Income	50.27	7.10	--
Consolidated Net Income a. Minority	49.57	6.50	--
Depreciation	11.13	11.48	(3.1)
EBITDA	54.44	48.83	11.5

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

Table 2: Underlying Consolidated Profit and Loss Account*

Million €	2002	2001	Var. %
Revenues			
Advertising	96.10	99.76	(3.7)
Circulation	111.94	110.78	1.0
Others	20.73	22.62	(8.3)
Total Revenues	228.76	233.16	(1.9)
Direct Costs	160.48	163.58	(1.9)
Gross Profit	68.29	69.57	(1.8)
Central Costs	22.54	24.40	(7.6)
EBIT	45.75	45.18	1.3
Depreciation	10.89	11.06	(1.6)
EBITDA	56.64	56.24	0.7

*Excludes activities in Argentina and Chile

II. MARGINS

The margins are as follows:

Table 3: Margins

Million €	2002	2001
Consolidated:		
Gross Profit / Revenues	28.1 %	25.1 %
EBITDA / Revenues	23.2 %	19.8 %
EBIT / Revenues	18.5 %	15.2 %
Consolidated without Argentina:		
Gross Profit / Revenues	29.9%	29.8%
EBITDA / Revenues	24.8%	24.1%
EBIT / Revenues	20.0%	19.4%

III. OPERATING REVENUES

Total Operating Revenues amount to € 234.47 million, falling by 4.9%.

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

Table 4: Operating Revenues

Million €	2002	2001	Var. %
Advertising	100.48	109.71	(8.4)
Circulation	113.15	114.04	(0.8)
Other revenues	20.85	22.70	(8.1)
Total Revenues	234.47	246.44	(4.9)

Advertising revenues fell by 8.4% (down 3.7% excluding Argentina) benefiting from the strong performance of Sports. Advertising revenues in Sports increased by 6.4% thanks to Marca's leadership and ability to continue capitalising on the exceptional calendar of sporting events throughout the year.

Growth in advertising revenues is also shown in Women's Interest (+4.3%), Medical (+0.7%) and Youth (+18.2%). The advertising downturn continued to have the most severe impact on Business and Finance (-25.0%. -17.4% without Argentina and Chile).

Circulation revenues decreased by 0.8% due to the consolidation of the Argentinean and Chilean publications. Excluding the latter, circulation revenues at consolidated level increased by 1.0%, thanks to Marca's increase in circulation by 2.7%. Expansión circulation revenues decreased by -8.6%.

b) Regarding the development of revenues by content areas², Sports (+3.3%), Women's interest (+4.7%), Health (+1.9%) and Youth (+18.8%) show remarkable growth rates. Sports remains, with 57.4% the largest contributor to group revenues.

² 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 €	2002	% of total	2001	Var. %
Sports	134.57	57.4	130.33	3.3
Business & Finance	62.96	26.9	80.77	(22.1)
Women's Interest	13.91	5.9	13.29	4.7
Medical	8.31	3.5	8.15	1.9
Youth	3.41	1.4	2.87	18.8
Others	11.31	4.9	11.03	2.5
Total Revenues	234.47	100.0	246.44	(4.9)

In Sports advertising revenues (+6.4%) and circulation revenues (+3.3%) increased. Copy sales of *Marca* rose by 2.7% to an average daily circulation of 381,587. In spite of the slight increase in cumulative circulation, the trend in copy sales reversed in the month of March, showing sustainable increased circulation since then. The re-launch of *Marca* has contributed to this success. *Marca's* market share in 2002 reached 49.1% (vs. 48.2% in 2001. Source: AEDE).

Revenues from Business and Finance declined by 22.1% due to lower advertising (-25.0%) and circulation revenues (-19.3%). Excluding Argentina and Chile, advertising revenues in Business and Finance decreased by 19.8% and circulation revenues by 17.4%, *Expansión* had an average daily circulation of 48.125 (-8.6%).

Women's Interest shows advertising and circulation revenues with sustainable growth (+4.3% and 8.5% respectively), due to the excellent circulation performance of *Telva* magazine (+5.8%) reaching an average monthly circulation of 158.871.

Medical and Youth showed increasing advertising revenues (+0.7% and 18.2% respectively).

Revenues in General Information (Unedisa) increased by 3.2%. *El Mundo's* daily circulation was down 3.5% to 301,302.

IV. DIRECT COSTS

Consolidated Direct Costs decreased by 8.7% as a result of the cost cutting programme initiated in April 2001. Raw materials – mainly newsprint – were down 17.1%. personnel costs down 11.3% and marketing down 5.7%.

Direct costs decreased significantly in Business and Finance (-25.9%, -12.9% excluding Argentina and Chile) and Youth (-7.2%).

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

Table 6: Direct Costs by content divisions

Million €	2002	2001	Var. %
Sports	86.38	83.16	3.9
Business and Finance	54.82	74.03	(25.9)
Women's interest	9.98	9.77	2.1
Medical	7.19	7.25	(0.7)
Youth	2.94	3.17	(7.2)
Others	7.32	7.32	0.0
Total Direct Costs	168.63	184.70	(8.7)

V. CENTRAL COSTS

Central costs decreased by 7.6% reaching € 22.54 million as a result of the cost cutting programme.

VI. GROSS PROFIT

Gross Profit by business areas show the following development:

Table 7: Gross Profit by business areas

Million €	2002	2001	Var. %
Sports	48.19	47.17	2.2
Business and Finance	8.14	6.75	20.6
Women's Interest	3.93	3.51	12.0
Medical	1.11	0.91	22.6
Youth	0.47	(0.30)	--
Others	4.00	3.70	8.1
Total Gross Profit	65.84	61.74	6.6

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

Gross Profit increased by 14.0%. The key developments were:

- Significant improvement in Sports' Gross Profit due mainly to the increase in advertising revenues (which contribute 30.5% of the total revenues for this division) and in circulation revenues (68.4% of total revenues).
- Deterioration in Business and Finance as a result of the advertising downturn. Advertising revenues contribute 60% of the total revenues of this content division and have fallen by 25.0%.
- Improvement in Gross Profit in Women's Interest due to strong growth of circulation and advertising revenues.
- Improve in Medical, due to the decrease of direct costs despite the launch of *Correo Farmacéutico*.
- Gross Profit in Youth improved with increasing advertising revenues and falling Direct Costs.

VII. NET PROFIT

Net Profit increases, reaching € 50.27 million, due to the following factors:

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

VIII. SPORTS

This business area showed a strong increase in Gross Profit due to increasing advertising and circulation revenues. While *Marca* gained share www.marca.es continued to build its audience, reaching 113 million page views in December.

Table 8: Results of the Sports Area

Million €	2002	2001	Var. %
Revenues			
Advertising	41.01	38.54	6.4
Circulation	92.06	89.15	3.3
Others	1.51	2.63	(42.7)
Total Revenues	134.57	130.33	3.3
Direct Costs	86.38	83.16	3.9
Gross Profit	48.19	47.17	2.2
Gross Profit / Revenues	35.8%	36.2%	

IX. BUSINESS AND FINANCE

Revenues in Business and Finance continued to be hit by the advertising downturn and declining circulation. Direct Costs were down 25.9%.

Table 9: Results of Business and Finance Area

Million €	2002	2001	Var. %
Revenues			
Advertising	38.03	50.70	(25.0)
Circulation	17.14	21.24	(19.3)
Other	7.80	8.83	(11.7)
Total Revenues	62.96	80.77	(22.1)
Direct Costs	54.82	74.03	(25.9)
Gross Profit	8.14	6.75	20.6
Gross Profit / Revenues	12.9%	8.4%	

Table 10: Results of Business and Finance Area, underlying

Million €	2002	2001	Var. %
Revenues			
Advertising	33.64	40.75	(17.4)
Circulation	15.93	17.98	(11.4)
Others	7.68	8.76	(12.3)
Total Revenues	57.25	67.49	(15.2)
Direct Costs	46.67	53.56	(12.9)
Gross Profit	10.58	13.93	(24.0)
Gross Profit / Revenues	18.5%	20.6%	

Excludes Sadei & Mind Opener

X. GENERAL INFORMATION. UNEDISA

At Unedisa (in which Recoletos owns a 30% stake) revenues increased and higher costs caused a deterioration in profitability. El Mundo's average daily sales declined by 3.5% to 301.302.

Table 11: Unedisa Results

Million €	2002	2001	Var. %
Revenues	239.43	232.02	3.2
Operating Costs	242.77	226.28	7.3
EBIT	(3.33)	5.74	--
Interest Income (expenses)	(2.18)	(2.16)	(0.8)
Goodwill Amortisation	(1.03)	(1.04)	(1.2)
Associated Undertakings	0.67	0.42	--
Profit on Ordinary Activities	(5.86)	2.95	--
Extraordinary Results	0.36	(2.33)	--
Profit before Taxes	(5.50)	0.62	--
Income Taxes	3.31	0.28	--
Profit after Taxes	(2.19)	0.90	--
Depreciation	11.19	11.72	(4.5)
EBITDA	7.86	17.45	(55.0)

XI. WOMEN'S INTEREST

Women's Interest revenues increased and maintained margins at good level thanks to increasing advertising and *Te/va* copy sales.

Table 12: Results of Women's Interest Area

Million €	2002	2001	Var. %
Revenues			
Advertising	9.96	9.55	4.3
Circulation	3.87	3.57	8.5
Others	0.07	0.16	(55.3)
Total Revenues	13.91	13.29	4.7
Direct Costs	9.98	9.77	2.1
Gross Profit	3.93	3.51	12.0
Gross Profit / Revenues	28.3%	26.4%	

XII. MEDICAL

This area has experienced an increase in advertising revenues and profitability despite de launch of *Correo Farmacéutico*.

Table 13: Results of Medical Area

Million €	2002	2001	Var. %
Revenues			
Advertising	8.10	8.04	0.7
Circulation	0.07	0.08	(2.6)
Other	0.13	0.03	--
Total Revenues	8.31	8.15	1.9
Direct Costs	7.19	7.25	(0.7)
Gross Profit	1.11	0.91	22.6
Gross Profit / Revenues	13.4%	11.1%	

XIII. YOUTH

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

Table 14: Results of Youth Area

Million €	2002	2001	Var. %
Revenues:			
Advertising	3.39	2.86	18.2
Circulation	0.00	0.00	--
Others	0.03	0.01	--
Total Revenues	3.41	2.87	18.8
Direct Costs	2.94	3.17	(7.2)
Gross Profit	0.47	(0.30)	--
Gross Profit / Revenues	13.7%	(10.4)	

XIV. CASH-FLOW

Table 15: Cash-flow

Millions of €	2002	2001	Var. %
Net Income	49.57	6.50	--
Depreciation	11.13	11.48	(3.0)
Goodwill Amortisation	11.48	12.21	(34.8)
Extraord. Goodwill Amortisation Argentina	15.00	5.41	--
Provisions with regard to fixed assets	3.26	6.73	(51.5)
Other Adjustments	(49.52)	(2.48)	--
Net Cash provided by Operating Activities	40.93	39.85	2.7
Change in Working Capital	21.76	(3.09)	--
Net Capex	100.16	(9.15)	--
Net Cash used in Investment Activities	121.92	(12.24)	--
Equity Financing	0.00	1.23	--
Net Debt Financing	0.00	(1.34)	--
Dividend Payment	(1.96)	(10.52)	--
Other changes in Shareholders' Equity	1.86	0.00	--
Net Cash provided by Financing Activities	(0.10)	(10.63)	--
Net Increase in Cash and Cash Equivalents	162.75	16.98	--

The outstanding performance of Working Capital is due to an improvement in the level of Stocks (down 33% compared to December 2001), a reduction in the day sales outstanding ratio, DSO (and therefore the reduction in Accounts Receivable by 2% vs. December 2001) and an increase in the day purchase outstanding ratio, DPO. The latter causes an increase in Short-term Liabilities (by 34.5% vs. December 2001).

XV. CONSOLIDATED BALANCE SHEET

Table 16: Consolidated Balance Sheet

Million €	2002 December	2001 December
Fixed Assets:	113.99	192.60
- Tangible Assets	58.08	58.76
- Intangible Assets	5.73	7.12
- Financial Investments	50.18	126.72
Goodwill on Amortisation	26.83	39.00
Accounts receivable	47.12	48.18
Stocks	5.91	8.87
Cash and Cash Equivalents*	240.04	77.30
Other Assets	2.64	2.13
Total Assets	436.52	368.08
Shareholders Equity	345.86	296.38
Minority Shareholders	1.10	1.02
Provisions	12.26	11.46
Long-term Liabilities	3.62	3.78
Short-term Liabilities	73.68	55.44
Total Debts	436.52	368.08

* 2002: includes 32.97 million € SIMCAV investment

XVI. OTHER RELEVANT ISSUES

On October 14th, Recoletos increased its stake in Economica S.G.P.S. by 50% to 100%. The 50% stake was bought from Media Capital S.G.P.S. for € 11 million.

In October, Radio Marca began broadcasting in five additional cities, with the aim of being the nationwide sports radio network in Spain, as a result of its joint venture with Onda Cero. Radio Marca reaches the cities of Madrid, Valencia, Seville, Bilbao, Vigo, La Coruña and Las Palmas with an extraordinary success in audience.

In July, Recoletos has decreased its stakes in two distribution companies:

- The stake of 23.0% in Distribuidora Terraconense down to 15.0%
- The stake of 31.7% in Valdisme down to 23.75%

Recoletos agreed on December 24th 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

OPERATING MAGNITUDES	2002	2001	%Var.
SPORTS			
Accumulated Marca copy sales	381,587	371,455	2.2
Accumulated Golf Digest copy sales	14,936	15,007	(1.4)
December page views of marca.com ('000)	113,363	75,118	66.3
BUSINESS AND FINANCE			
Accumulative Expansión copy sales	48,125	52,645	(8.6)
Accumulative Actualidad Económica copy sales	20,177	22,739	(11.3)
Dec. page views of Expansióndirecto.com ('000)	11,848	18,088	(26.4)
Dec. page views Expansiónyempleo.com ('000)	1,121	1,102	1.7
GENERAL INFORMATION			
El Mundo. accumulated copy sales	301,302	312,366	(3.5)
December page views El Mundo ('000)	122,405	105,000	16.6
WOMEN'S INTEREST			
Accumulative. Copy sales Telva	158,871	145,119	5.8
December page views estarguapa.com ('000)	3,266	2,488	31.3
MEDICAL AND YOUTH			
December page views diario medico.com ('000)	2,480	2,389	8.9
December page views tuGueb.com ('000)	1,156	1,042	10.9